Scottish Third Sector Tracker

Wave seven report

Winter 2023

Contents

Introduction

This paper presents the key findings from the seventh wave of the Scottish Third Sector Tracker, data for which was collected in November 2023. The Tracker collects panel data from Scottish third sector organisations to give current insights into the state of the sector, key trends, and developments. The Tracker asks organisations questions relating to their current organisational challenges; demand for their services; paid staff and volunteers; and financial health. Topical questions are included each wave. For wave 7, we asked organisations to tell us how concerned they are about energy costs; challenges in meeting demand for their services; concerns for the individuals and communities they work with; conditions attached to their funding; outlook for the future and about support required to reduce carbon emissions and transition towards net zero.

About the data

The wave seven findings draw on responses from 621 third sector organisations. Surveys were conducted online. Quotas and weighting have been used to ensure the final dataset represents the Scottish third sector in terms of the organisations' location, activity, and turnover.

The dataset contains a mix of quantitative and qualitative responses. Quantitative data were used to generate a series of summary figures and tables that present key insights into the sector over the last four months. A thematic analysis was conducted on qualitative responses to open questions. In each case, the most frequently reported themes have been highlighted. Supporting quotes for these and other noteworthy themes have been provided.

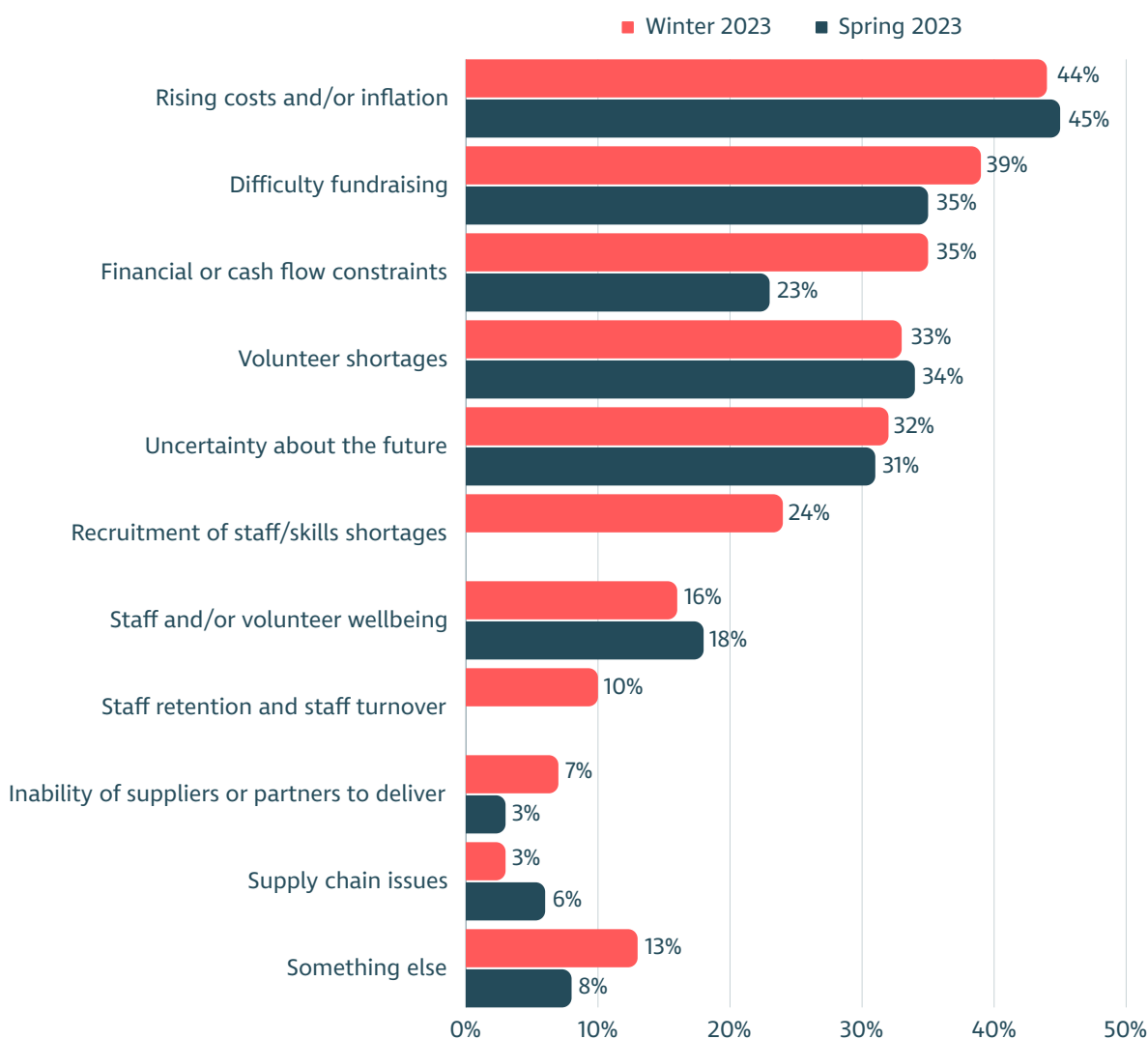All the data for this report have been taken from the Scottish Third Sector Tracker.

Key current challenges for third sector organisations

Organisations were asked about the biggest challenges they had faced since Spring 2023. Ninety- five percent of organisations reported facing challenges, up from 88% in Spring. The response most frequently ranked number one challenge was rising costs and inflation (15% of organisations) and difficulty fundraising, also 15%. Followed closely by volunteer shortages (14%) and financial or cash flow restraints, also 14%.

When considering organisations' top three challenges, the most frequently reported were: rising costs and inflation (44% of organisations), difficulty fundraising (39%), and financial or cash flow restraints, 35%. When aggregated, challenges relating to finances are the most frequent response options selected by organisations, 76% of organisations, up from 71% in the Spring. This is followed by staffing and volunteers, in line with Spring, 62%.

The most significant change from wave 6, is the increase in the number of organisations reporting financial or cash flow restraints as one of their top three challenges – an increase of 12%. For wave 7, we have changed the way we collect data on challenges relating to paid staff – therefore, it's not possible to make a direct comparison with wave 6.
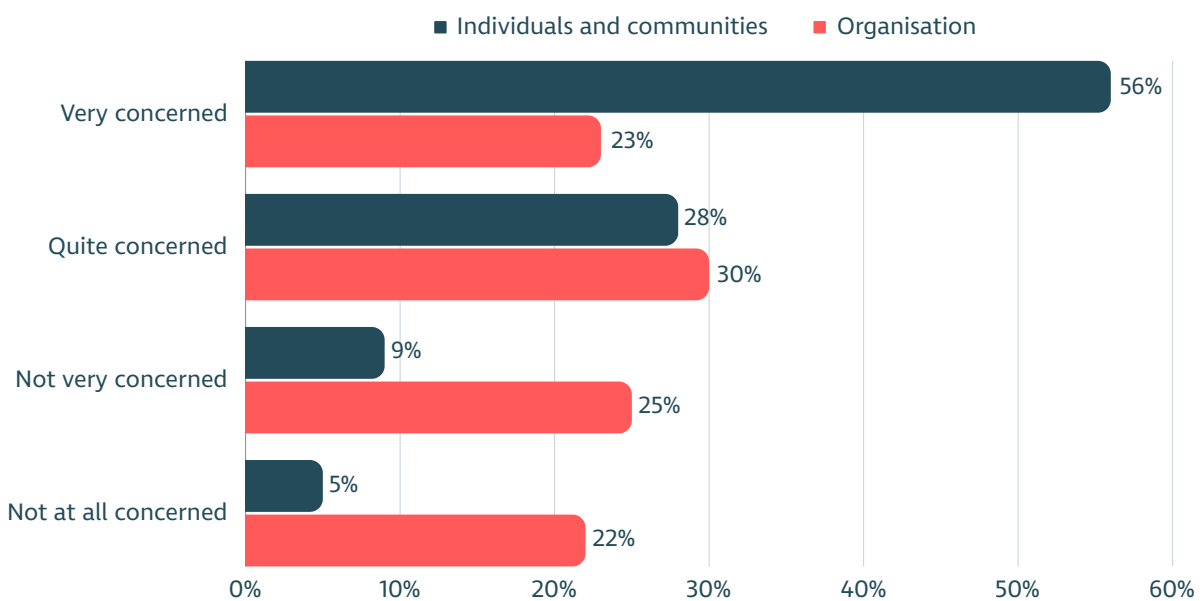
Figure 1. Top three challenges for third sector organisations

■ Winter 2023   ■ Spring 2023

Challenge	Winter 2023	Spring 2023
Rising costs and/or inflation	44%	45%
Difficulty fundraising	39%	35%
Financial or cash flow constraints	35%	23%
Volunteer shortages	33%	34%
Uncertainty about the future	32%	31%
Recruitment of staff/skills shortages	24%	
Staff and/or volunteer wellbeing	16%	18%
Staff retention and staff turnover	10%	
Inability of suppliers or partners to deliver	7%	3%
Supply chain issues	3%	6%
Something else	13%	8%

Energy costs

In this wave, we asked respondents to tell us how concerned they are about rising energy prices, both for their organisation and the individuals and communities they serve. Over half of respondents (56%) are very concerned and 28% are quite concerned about energy prices for the individuals and communities they serve. Fifty-three (53%) are very or quite concerned about energy prices for their organisation.

Figure 2. Concern about energy prices

Legend: ■ Individuals and communities ■ Organisation

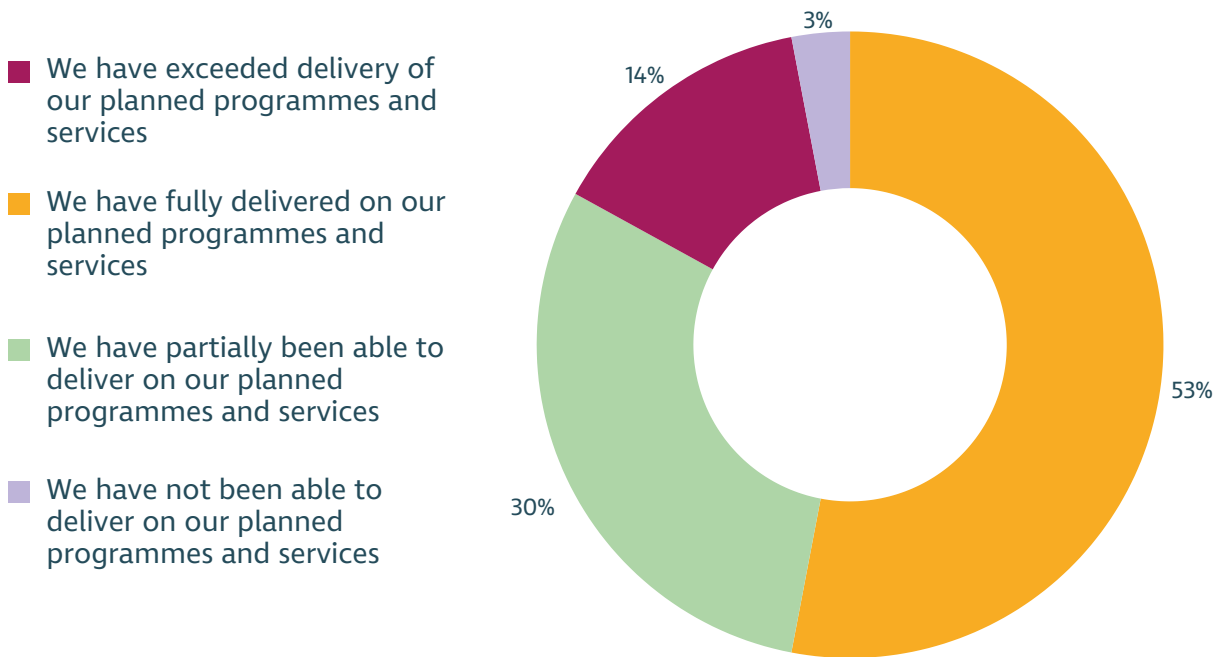| Category	Individuals and communities	Organisation
Very concerned	56%	23%
Quite concerned	28%	30%
Not very concerned	9%	25%
Not at all concerned	5%	22%

Delivery of programmes and services

Respondents are asked which statement best describes the extent to which their organisation has been able to deliver its planned programmes and services. Just over half (53%), think that they have fully delivered their planned programmes and services since Spring 2023, with almost a third (30%) partially delivering and 14% exceeding their planned schedule of work.
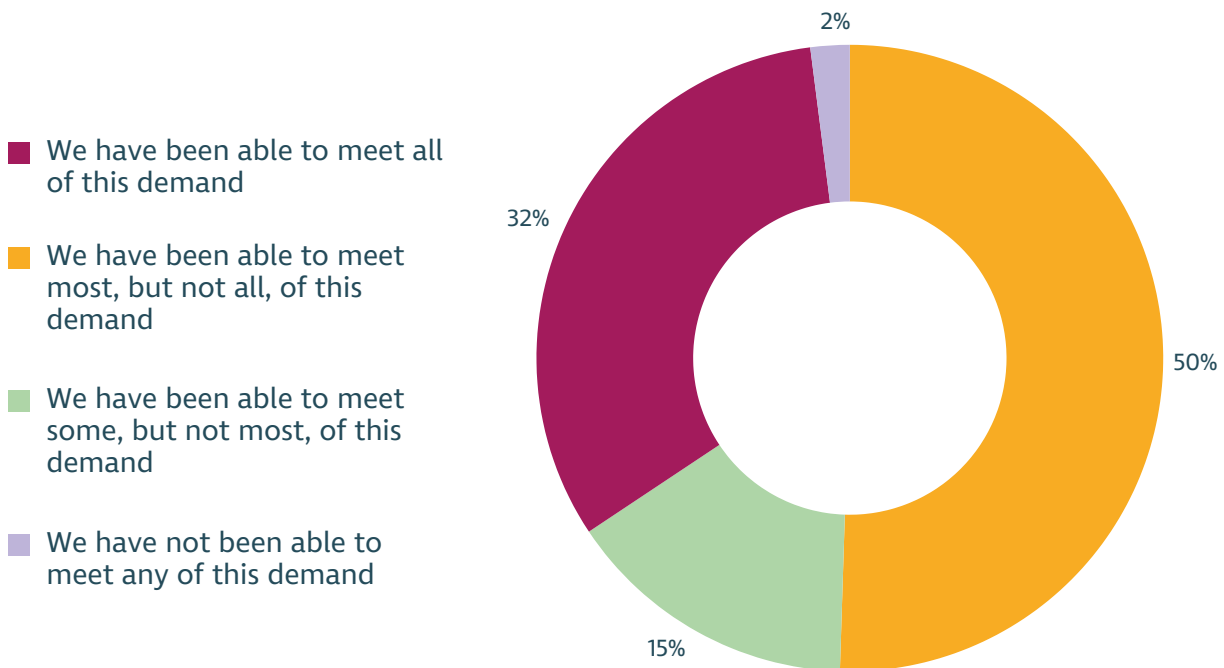
Figure 3. Ability to deliver planned programmes and services

Legend:
- We have exceeded delivery of our planned programmes and services
- We have fully delivered on our planned programmes and services
- We have partially been able to deliver on our planned programmes and services
- We have not been able to deliver on our planned programmes and services

Chart values: 3%, 14%, 53%, 30%

Relatedly, when respondents are asked about their organisations ability to meet demand for their programmes and services, half of respondents think that they have been able to meet most, but not all, the demand for their services. One third (32%) believe that they have been able to meet all the demand and 15% have met some, but not most, of the demand for their services.

Figure 4. Ability to meet demand for programmes and services

Legend:
- We have been able to meet all of this demand
- We have been able to meet most, but not all, of this demand
- We have been able to meet some, but not most, of this demand
- We have not been able to meet any of this demand

Chart values: 2%, 32%, 50%, 15%

This wave we asked those respondents who told us that their organisation had not been able to meet all the demand for their programmes and services, to tell us about the main challenges their organisation had faced in trying to meet this demand. There were 425 responses to this question. The overarching message was a lack of resources. The three most common themes included: challenges relating to paid staff; funding or financial challenges; and a shortage of volunteers.

Over a third of organisations mentioned some aspect of paid staffing as a challenge in trying to meet all the demand for their programmes and services. This commonly included references to difficulties recruiting and retaining skilled staff. There were also mentions of staff working over and above their contracted hours and the impact this was having on their wellbeing, with respondents also reporting an increase in staff illness.

> **"The main thing is having the staff capacity to do everything that people would like us to do. There are delays in recruitment - it takes longer to recruit especially here as we are very remote from the mainland and it's a challenge to get people to move here."**
> Large organisation, Community development

> **"Staff retention - have reduced capacity to be able to deliver. We have had staff challenges so not as many to deliver our core services. Cost of living has meant that our staff have been looking for other work. We are a relatively low paid sector and they have been looking for greater pay."**
> Large organisation, Umbrella body

Similarly, over a third of respondents mentioned funding, fundraising or related financial challenges. Respondents made mention of limited, uncertain or a more competitive funding environment, challenges with fundraising (including increased costs) and cash flow issues.

> **"The main challenge we have faced in being unable to meet the demand for device provision amongst digitally excluded people living in poverty, has been securing funding to purchase devices for distribution. There is still a lingering feeling that digital devices are a luxury instead of the now essential means of accessing vital services and completing digital life tasks. Consequently, it has been difficult to find Funders who see digital device provision as a funding priority."**
> Medium sized organisation, Digital inclusion

> **"Due to lack of developmental and core funding particularly from Scottish Government we have not been able to realise our development plans and therefor are now treading water at best."**
> Medium sized organisation, Education or research

> **"More competitive fundraising reduced our income at the same time as demand is rising. Crisis in living costs fuels poorer mental health, wellbeing and further exacerbates isolation and loneliness. Thus, costs for us are rising and demand outpaces our resources. As result staff work well over their paid hours but there is a limit. We have cut overheads until there is no further savings to be made."**
> Small organisation, Community development

A shortage of volunteers was the third most common theme to emerge from the thematic coding of the open responses. Respondents report struggling to attract and retain volunteers. Some suggest this is due to volunteers having to seek additional employment to supplement their income due to rising costs, others that they just can't recruit people with the right mix of skills, or in the numbers they need to meet demand.

> **"Volunteer retention has been affected due to people needing to seek part time employment to subsidise income instead of volunteering, this puts pressure on existing volunteers with more needing to take time out/breaks for some weeks. We do not receive the same level of interest to recruitment campaigns as we did before."**
> Medium-sized organisation, Health

> **"Volunteers are extremely difficult to find and retain.Previously on our training courses for volunteers we would have 8 or 9 on the courses now it averages out at 2 or 3 attend the course. After the training we hope that our volunteers commit to at least 12 months of volunteering. However, some of the volunteers leave within a few months of training."**
> Medium sized organisation, Families, children or social care

Two other themes worth mentioning are, rising costs and the availability of suitable spaces. As the Tracker has illustrated, costs have increased for the majority of third sector organisations across all areas of operations; materials and supplies; energy and transport; fundraising etc. This has had a detrimental impact on organisations ability to deliver their programmes and services – 57% of organisations reported that rising costs are having a moderate to significant impact on their ability to deliver their programmes and services, an increase from 51% in Spring 2023.

> **We can't open all day as much as we like due to cost of heating the rooms.**
> Small organisation, Community development

> **"A lot of our programmes rely on funding. With the cost-of-living rising people are unable to devote as much to providing funding."**
> Small organisation, Vulnerable children

Finally, some respondents speak of unsuitable (or not large enough) space to accommodate the demand.

> **"The capacity of the facility. The demand has outweighed our ability to deliver what is needed. We have been busy with requests but don't necessarily have the capacity in terms of meeting space which is full at the points that they need it. We have had to turn things down because we are full."**
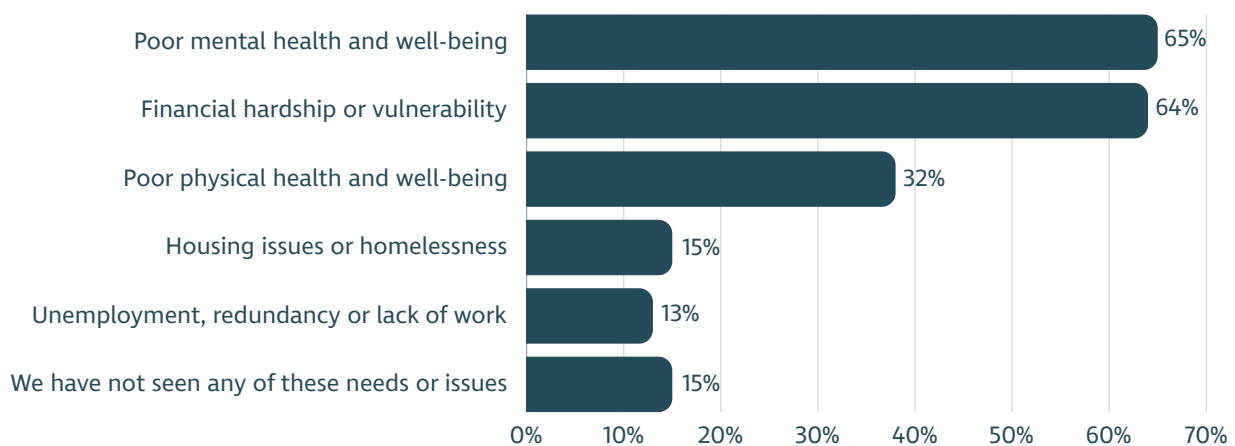> Medium-sized organisation, Community development

> **"Lack of volunteers and the physical space and time that we have to fit all the kids in. Because the premises are shared."**
> Small organisation, Culture and sport

Individual and community issues

This wave we asked respondents to tell us the most significant issues or needs that they have seen among the individuals and communities they serve. Respondents were asked to select and rank the top three most significant needs or issues. The most frequently selected response option was poor mental health and well-being, selected by 65% of respondents, followed by financial hardship or vulnerability, 64%.

Figure 5. Significant needs and issues seen in individuals and communities

Horizontal bar chart showing:
- Poor mental health and well-being: 65%
- Financial hardship or vulnerability: 64%
- Poor physical health and well-being: 32%
- Housing issues or homelessness: 15%
- Unemployment, redundancy or lack of work: 13%
- We have not seen any of these needs or issues: 15%

We then asked respondents, for each of the issues and needs reported, to tell us if they'd seen things improve, get worse or stay about the same over the past four months. Over two thirds of respondents said that they'd seen financial hardship and vulnerability among the individuals and communities they serve become worse. Sixty-two percent of respondents thought housing issues and homelessness had become worse, followed by 59% believing that mental health and well-being had also deteriorated.

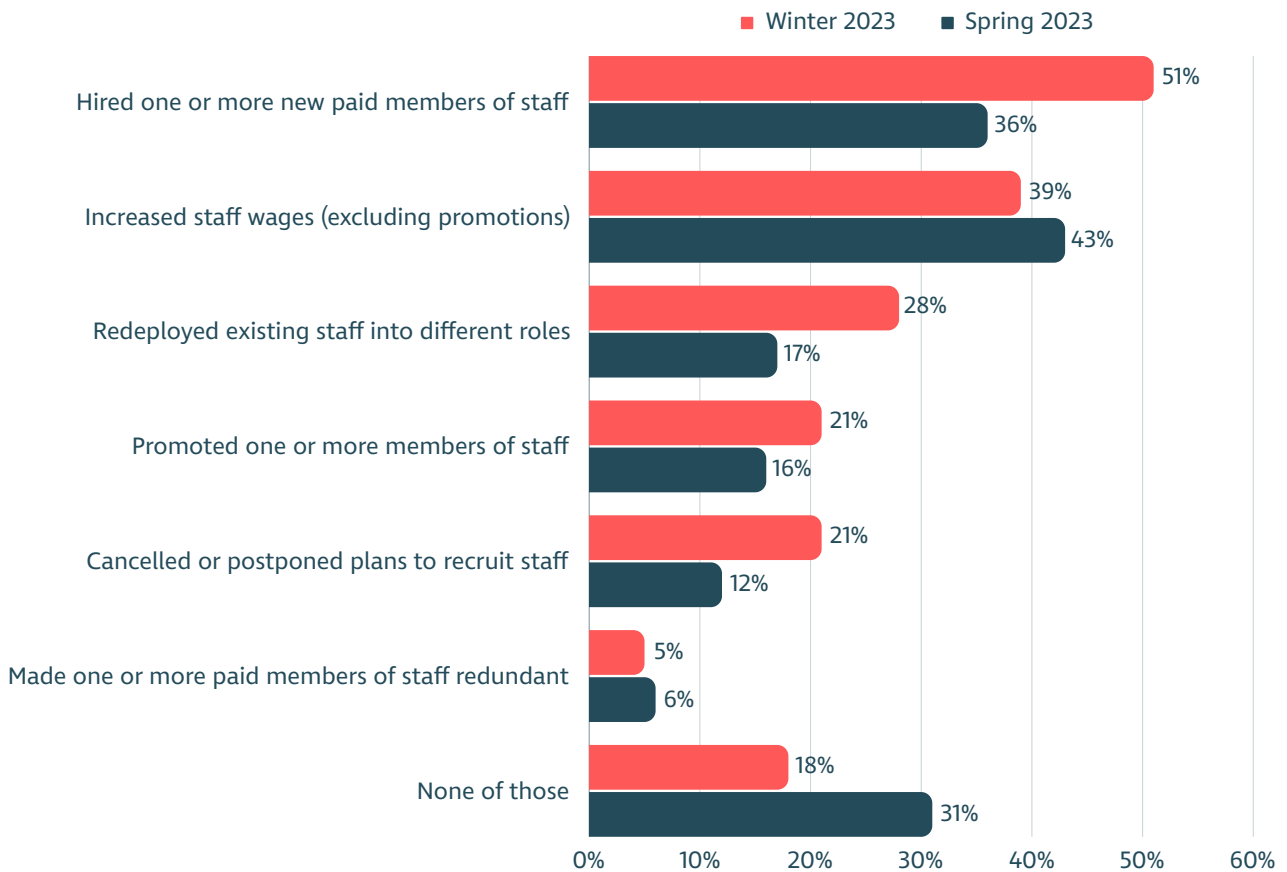**Figure 6. Evaluating individual and community issues and needs**
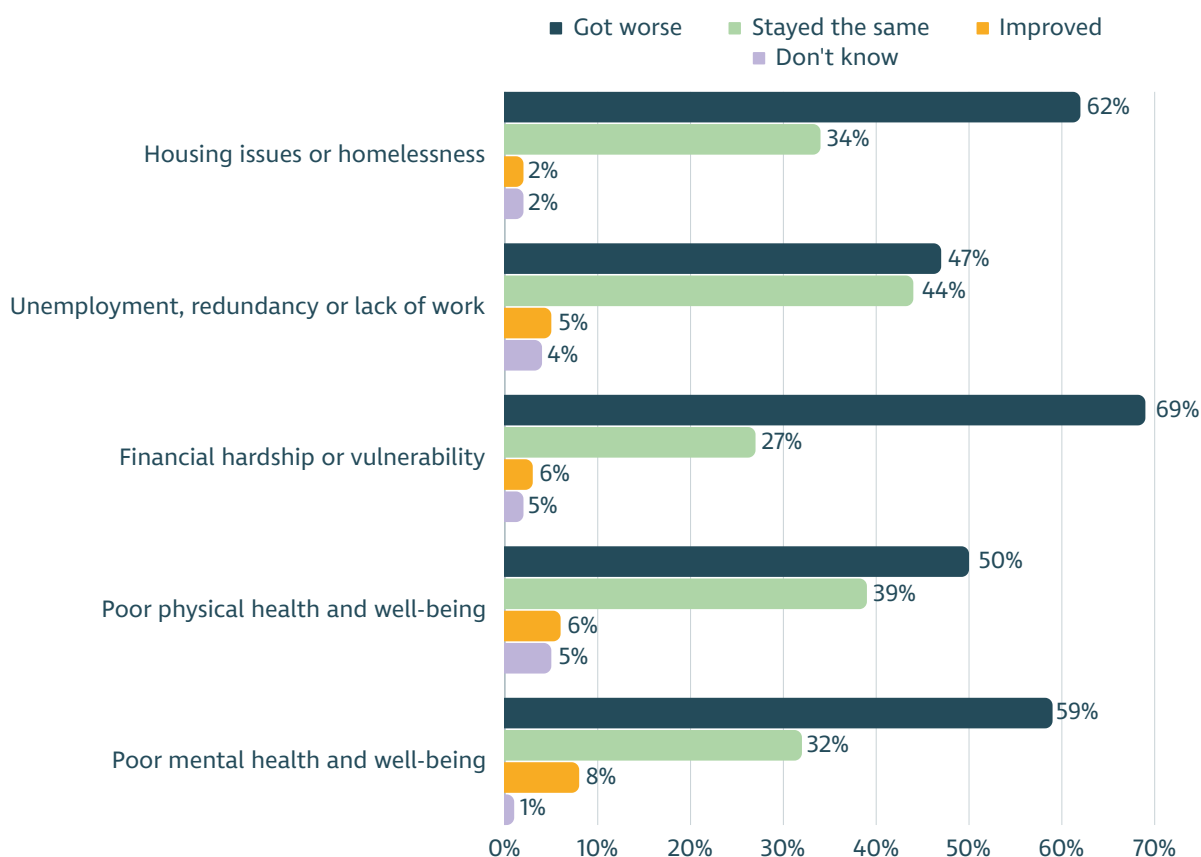
Staffing and volunteering

Organisations were asked if they had increased or decreased staff numbers since Spring 2023. Of the organisations that employed paid staff, 64% said that there staffing numbers hadn't changed, 24% had increased staffing numbers and 13% had fewer staff than in Spring 2023 – these numbers are about the same as wave 6.

Organisations were then asked about the key actions they had taken in relation to paid staff over the last 4 months. Of the organisations that employed paid staff, half reported hiring one or more new paid members of staff, a 15% increase in the four months before Spring 2023. There was a 9% increase in the number of organisations redeploying existing staff into different roles, and a similar number of organisations reported cancelling or postponing plans to recruit new staff.
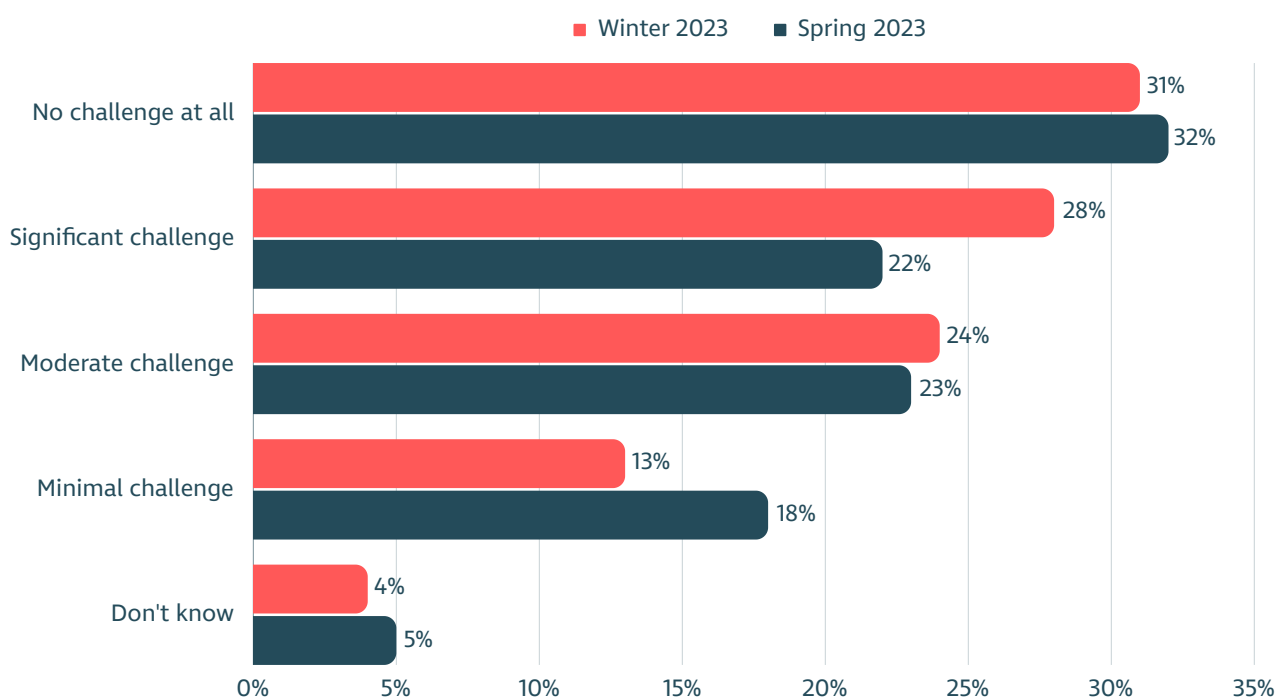
Figure 7. Key actions taken by third sector organisations in relation to paid staff

Legend: ■ Winter 2023 ■ Spring 2023

Action	Winter 2023	Spring 2023
Hired one or more new paid members of staff	51%	36%
Increased staff wages (excluding promotions)	39%	43%
Redeployed existing staff into different roles	28%	17%
Promoted one or more members of staff	21%	16%
Cancelled or postponed plans to recruit staff	21%	12%
Made one or more paid members of staff redundant	5%	6%
None of those	18%	31%

Interestingly, one third (31%) of respondents said that they had faced no challenge at all in recruiting new staff or retaining existing staff. There had however been a 6% increase in the number of organisations reporting significant challenges in recruiting and retaining staff since the Spring 2023.

Figure 8. Challenges recruiting and/or retaining paid staff

Legend: ■ Winter 2023 ■ Spring 2023

	Winter 2023	Spring 2023
No challenge at all	31%	32%
Significant challenge	28%	22%
Moderate challenge	24%	23%
Minimal challenge	13%	18%
Don't know	4%	5%

Volunteering

Volunteering seems to have remained stable in the four months to November 2023, with 64% of organisations reporting no change in volunteering numbers. Nineteen percent of organisations reported having more volunteers, and 17% reported having fewer volunteers. This is broadly in line with Spring, with 18% reporting more volunteers and the same number reporting fewer volunteers. There is a small, but perceptible rise in the number of organisations reporting more volunteers – up from 14% in Winter 2022.

Financial health of third sector organisations

In exploring the overall financial health of organisations, we ask organisations about their turnover, sources of income, financial reserves, cash flow, and confidence in their ability to continue operating.
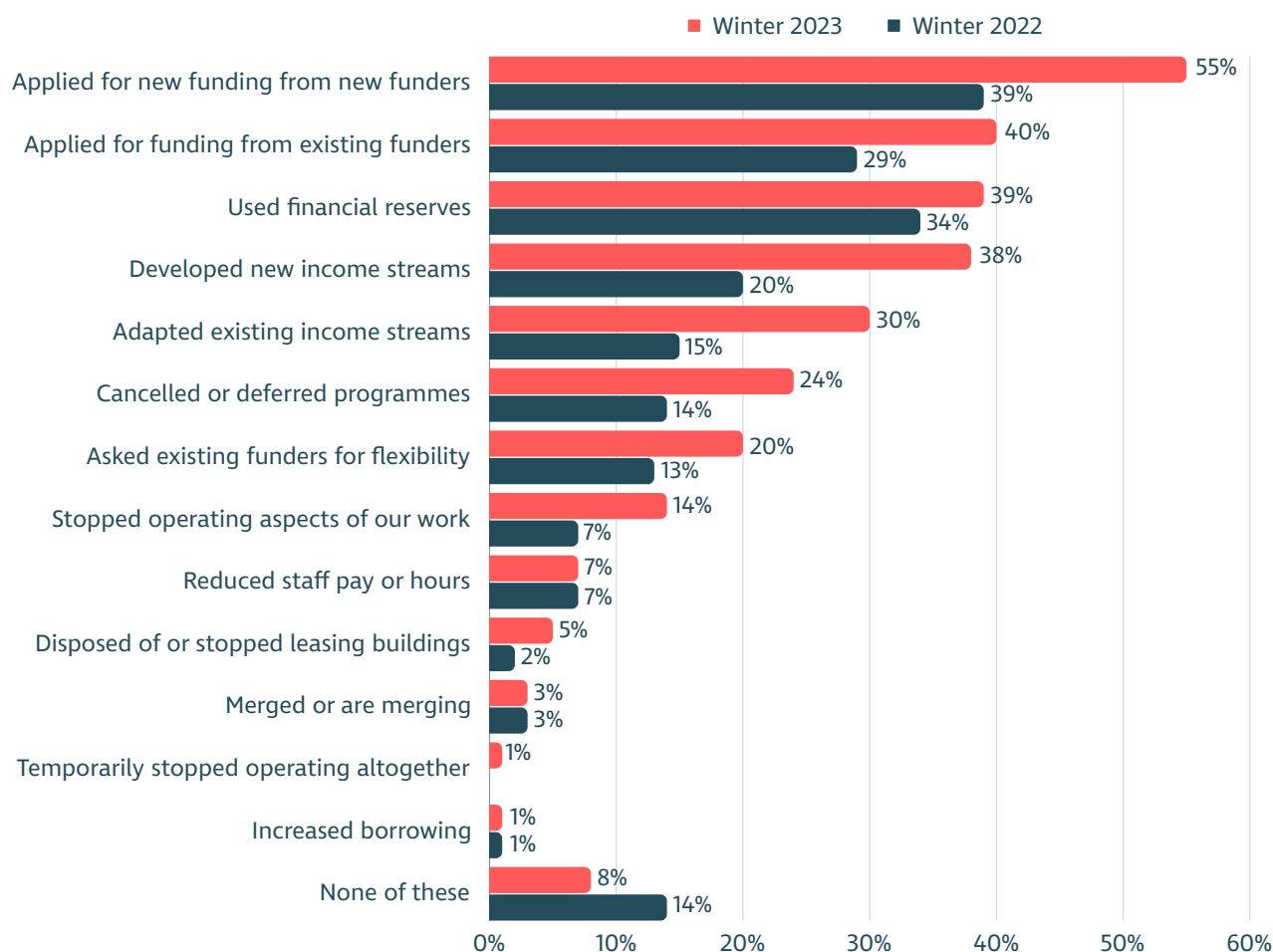
Just over half (54%) of organisations reported that their monthly turnover had stayed about the same over the past four months. Approximately a quarter (23%) reported an increase in average monthly turnover and just over a fifth (22%) reported a decrease. The percentage of organisations reporting a decrease in average monthly turnover has increased by 6% since Spring 2023.

Of the respondents that reported decreased turnover in the last 4 months, 38% thought this to be a medium-term issue lasting more than three months and up to a year. Thirty-seven per cent thought this reduced turnover to be a long-term issue lasting for more than a year, an increase of 7% since Spring 2023.

Ninety-five percent of organisations reported taking actions to mitigate financial challenges that they had experienced since Spring 2023, 3% more than in Winter 2022. Only 5% of respondents say that their organisations have faced no financial challenges in the last four months.

It's clear that more organisations are having to take actions to mitigate against financial challenges. Eighteen percent more organisations report having to develop new income streams, including fundraising in Winter 2023 than one year earlier. Sixteen percent more organisations are applying for new funds from funders they haven't worked with before and 11% are applying for new funds from their existing funders. Worryingly, there's also been a 10% increase in the number of organisations cancelling or deferring planned programmes, projects, and services.

Figure 9. Key actions taken by third sector organisations in relation to financial challenges

Legend: ■ Winter 2023 ■ Winter 2022

| Action	Winter 2023	Winter 2022
Applied for new funding from new funders	55%	39%
Applied for funding from existing funders	40%	29%
Used financial reserves	39%	34%
Developed new income streams	38%	20%
Adapted existing income streams	30%	15%
Cancelled or deferred programmes	24%	14%
Asked existing funders for flexibility	20%	13%
Stopped operating aspects of our work	14%	7%
Reduced staff pay or hours	7%	7%
Disposed of or stopped leasing buildings	5%	2%
Merged or are merging	3%	3%
Temporarily stopped operating altogether	1%	
Increased borrowing	1%	1%
None of these	8%	14%

Funding

Organisations were asked several questions on the topic of funding, specifically on institutional funding sources. For the purposes of this report, institutional funding refers to funding from organisations in the form of grants or contracts, primarily from large organisations such as national or local government and dedicated grant-giving organisations. It does not refer to income received through public fundraising with individuals or groups. Respondents were asked if they had experienced any delays in funding over the past four months, or if any of these funders had decided to reduce or withdraw funding for the year.

For organisations in receipt of institutional funding, a quarter (24%) said that they had experienced delays in receiving funding over the last four months from their local council, 19% said the Scottish Government, and 13% reported delays in funding from another funding organisation.

In terms of reductions in funding or withdrawal of funding from these sources, fewer organisations are reporting cuts or withdrawal of funding in Winter when compared with Spring.

Figure 10. Third sector organisations experiencing cuts or withdrawal of funding
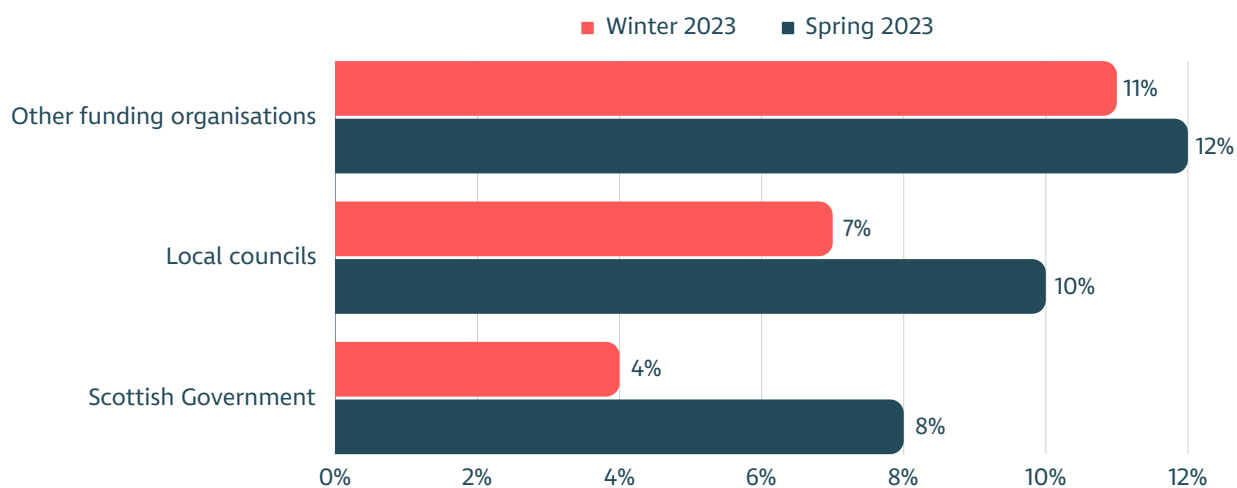
This wave we also asked regularly funded organisations if they believed the conditions attached to their funding had become more or less demanding over the past year. Over half of respondents (55%), thought the conditions had remained about the same, but 39% thought the conditions either a little more demanding (20%) or much more demanding, 19%. Only 3% thought the conditions attached to the funding they receive less demanding than a year ago.

In this wave, we asked respondents who thought that conditions attached to the funding they receive had become more demanding, to tell us in what ways those conditions had become more demanding. This question had 152 responses.

The theme that dominates responses, with around half of all respondents making mention of it, is that reporting/monitoring requirements have become more demanding; either in the level of detail and evidence required, or the frequency.

> **"Over the past few months, there has been a noticeable increase in the requirements related to financial accountability and cost management. This includes providing detailed reports on how funds are allocated, with a stronger emphasis on efficient use of resources."**
> Small organisation, Community development

> **"Often I spend hours on providing funders with feedback, but don't hear anything from them again - it would be good to know what they actually do with this feedback as it's so important for us to be able to learn the strength of such, plus this would obviously impact future applications."**
> Small organisation, Health

> **"We diversified our number of restricted funders. With this, comes an increase in the amount of reporting required to keep funders informed on our progress. This extra burden to capture more feedback, case studies and complete often lengthy reports is time consuming and takes resource away from the main work of the charity. Like most Scottish charities, we do not employ a dedicated fundraiser, so all of this work is done by existing members of staff."**
> Medium-sized organisation, Education and research

In a similar vein, over a quarter of respondents made mention of an increase in the level of detail and evidence needed to submit a funding application, including increasingly complex forms.

> **"Applications are getting more difficult, bureaucratic, lengthy, repetitive – taking up much more time and expertise."**

> **"The Grant Form Applications are increasingly complicated."**

> **"The length and information required. The application forms seem to get longer even though things we do do not change."**

> **"More information is now required to receive the funding."**

Two other related themes that appear frequently include, stricter application criteria placed on funds and the conditions attached to how those funds are spent have become more restrictive or prescriptive.

> **"The pot of money is shrinking among those who want funding, so the terms have become more stringent."**
> Large organisation, Health

> **"There are much more people applying for the same pot of money. The Scottish Government have become more particular on what the funding is spent on. They have become more particular in keeping the budget lines right. You cannot exceed what you claimed to spend on a particular project. It's quite pedantic and it takes up time and energy."**
> Large organisation, Social and mental health care

> **"The requirement to implement Fair Work policy and procedures has been implemented now for next year's funding. There was no notice given, as far as I am aware, of the timing of this requirement."**
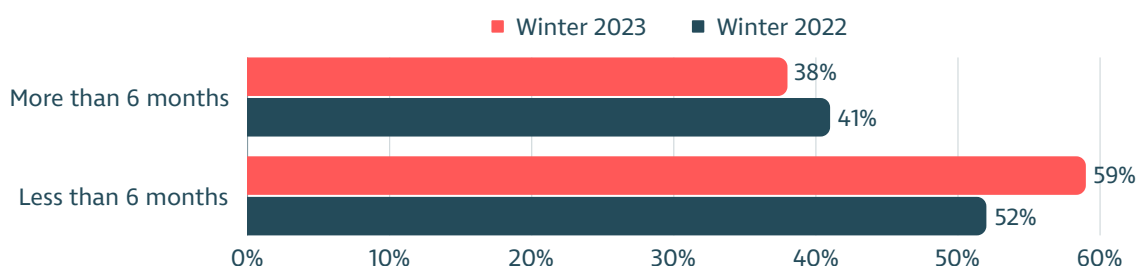> Medium-sized organization, Culture and sport

Finally, there are a couple of themes that underpin those above, namely that competition for funding appears to be more competitive and that funders expectations have increased – the phrase 'doing more for less money' appears frequently in the responses. As does references to static or stand-still funding.

Financial reserves

Organisations are asked three questions about their financial reserves; how many months of financial reserves they have, how important those reserves are to the short to medium term survival of the organisation; and how sustainable or otherwise the organisations current level of use of its reserves to be.

Figure 11 illustrates that there are more organisations in Winter 2023 with less than six months financial reserves than there were a year ago, an increase of 7%.

Figure 11. Organisations with more than and less than 6 months financial reserves

Legend: ■ Winter 2023 ■ Winter 2022

More than 6 months: Winter 2023 38%, Winter 2022 41%
Less than 6 months: Winter 2023 59%, Winter 2022 52%

There has also been a 3% increase in the number of organisations that believe that their reserves are very important or essential to their short to medium term survival, up from 50% in Winter 2022 to 53% in Winter 2023. Despite this, there has been a small decrease in the number of organisations that believe that the current use of their reserves is unsustainable, down from 44% in Spring 2023 to 40% in Winter 2023.

Outlook

Organisations were asked how confident they were that they will still be operating in 12 months' time. Confidence remains high, with 92% of organisations confident that they will still be operating next Winter – a 3% increase from Winter 2022.

For the first time, we asked organisations two questions about their outlook for the next 12 months', for their organisation and the third sector more broadly. As we might have expected, respondents are more positive about the outlook for their own organisation than the Scottish third sector more generally. Thirty-five percent of respondents think that the Scottish third sector will be in a slightly worse position in a year from now, compared with only 20% of respondents who believe the same for their own organisation. There is also a 16% difference between those who believe that the sector will be in a much less positive position (22%) in a year, compared to only 6% who believe the same for their organisation.

Figure 12. Outlook for the future
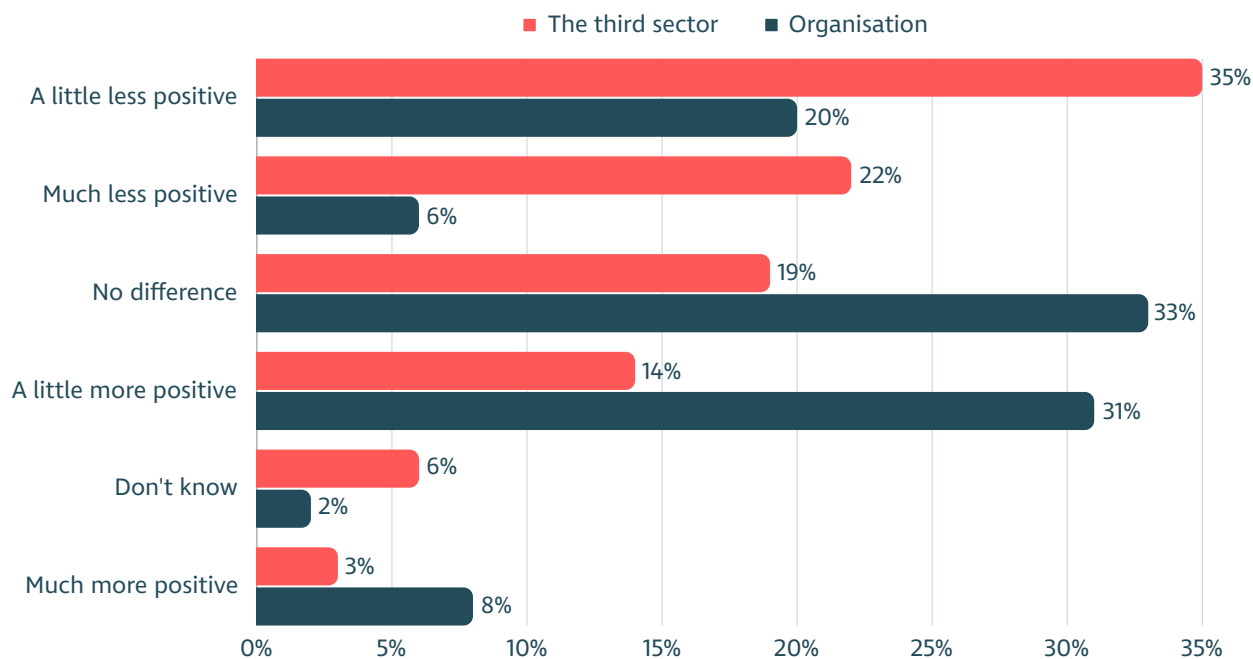
We asked both those respondents that expected their organisation to be in a more positive position in 12 months' time and those who expected their organisation to be in a less positive position, to tell us what trends, changes and challenges they expected their organisation to experience.

There were 230 responses for more positive and 181 responses for less positive. For those that said more positive, there were several key themes to emerge. The most frequently mentioned reason for respondents' positive outlook was the belief that their organisation would be in a better financial position in 12 months' time. This primarily included mentions of securing, or plans to secure, funding, either from existing or new funders, increased fundraising activities and further development of new and existing income streams.

> **"We will be a in a position to apply to larger, national funders in 12 months' time.We will have heard from funders about current bids so will know better where we are with staffing contracts etc."**
> Medium-sized organisation, Families, children and social care

> **"If multi-year funding is achieved then it will be very good outlook as we will have core funding again which we haven't been able to get for the last 12 years or so despite trying!"**
> Small organisation, Culture and sport

> **"Down to our service delivery track record and reputation we are finding our workload increase, this has opened up new income streams, we anticipate this to continue."**
> Medium-sized organisation, Community development

In addition to respondents being hopeful about the financial health of their organisations, many were positive about the outlook for both volunteer and staff recruitment and retention. This was frequently mentioned alongside another key theme; organisations hopes and ambitions of increasing and expanding their programmes of work, activities, and services.

> **"...we have recently appointed an Engagement Officer and are introducing new initiatives to make it easier for new volunteers to come out with us and to maintain engagement with existing volunteers. We are hopeful that this will result in an increased number of volunteers and hopefully some we can recruit to fill long-vacant committee posts."**
> Small organisation, Animals and the environment

> **"More financially secure, be able to retain the current team, maintain staff wellbeing and improve working conditions and facilities and expand the range of opportunities to clients."**
Medium-sized organisation, Health

> **"I am hopeful that our organisation is now more able to offer a holistic service to children and families in their communities and that reporting, and evaluation will evidence the benefit and impact of our approach - and hopefully this will help us be able to secure further funding for all elements of our delivery. In addition, over the past 4 - 6 weeks we have noted a slight upturn in the number of volunteers coming forward, so we are feeling a bit more optimistic just now."**
Medium sized organisation, Families, children and social care

Two final themes that are worth mentioning include, respondents' positivity about improving and developing working partnerships and capital investment, including acquiring more or better space in which to work and provide their services.

> **"I think we try to work collaboratively with other people and other organisations. There has been a period of change in our locality…it's beginning to emerge with the new systems and new ways of working - I think we will be able to tap into that to move our organisation forward."**
Small organisation, Community development

> **"Local and national govt [sic] are having to depend on third sector partners to enable ongoing provision of services. We are rurally isolated, offering services to an area which statutory services find hard to reach, but to which they have statutory obligations. We already work closely with many statutory and community partners and expect this to increase."**
Large organisation, Support, and training

> **"We are putting much needed investment into the centre, to make it more viable…building more relationships."**
Small organisation, Community development

> **"The medium to long term plan is to grow. The organisation wishes to source new premises to expand and support more people."**
Medium-sized organisation, Housing

It is encouraging to hear these positive developments. On the other hand, many organisations are less optimistic about the future. For those respondents that thought the outlook for their organisation was less positive, the key theme was the same as for those with a more positive outlook – the financial health of their organisation. Many respondents thought that their organisation would be in poorer financial health in 12 months' time. This included mentions of standstill, reduced or more competitive funding, the unsustainable use of reserves, challenges fundraising, and continued rising costs (including staff pay).

> **"The funding issues. I am constantly having to apply for new funding. We have to look for new projects to fund core costs. £1000 a month just on electric bill."**
> Medium sized organisation, Community development

> **"Some funding schemes will come to an end. Depending on funding, the local authorities will impact on what they're able to allocate to the third sector. There's more demand and less financial options out there."**
> Medium-sized organisation, Families, children and social care

Similarly, paid staff and volunteer recruitment, retention and wellbeing were frequently mentioned as reasons for holding a less optimistic view. Many respondents mentioned that staff are themselves facing financial hardship and insecure employment, which has a negative impact on their health. Organisations also believe that difficulties with recruitment will continue to be an issue.

> **"The recruit and retention of staff and the well-being of staff and the pressure on financial resources."**
> Large organisation, Health

> **"Continued rising costs for operating services, including staff costs. Staff resilience is reducing after several years of mentally taxing work combined with personal challenges face such as mental health issues, financial hardship, growing costs and job insecurity for some on fixed term contracts due to financial position with short term grants."**
> Large organisation, Families, children and social care

In the background to all of this is uncertainty around rising costs and demand for services. Some respondents believe that they will have to reduce the services they offer as their funding no longer stretches far enough.

Climate crisis

In this wave, we also asked organisations four questions relating to the climate crisis. We asked respondents if their organisation had any policies or procedures in place to i) reduce carbon emissions ii) achieve Net Zero iii) to what extent they thought taking steps to tackle the climate crisis an important part of the way their organisation operates, and an open question about what advice, information and support they would like to help reduce their carbon emissions.

As per figure 13, most organisations in the sector have neither policies or procedures in place to reduce their carbon emissions or achieve Net Zero. Seventy-six percent do not have policies or procedures in place to achieve Net Zero and 57% have no policies or procedures in place to reduce their carbon emissions.

However, when we asked organisations if they thought that taking steps to tackle the climate crisis was an important part of the way that their organisation operates, 65% of organisations thought it important (30% very important) and only 11% thought it unimportant. Perhaps unsurprisingly, 62% of organisations who have a focus on animals and/or the environment believe it to be very important, while only 17% of organisations that have families, children and social care as their remit believe this to be the case.

Figure 13. Policies and procedures
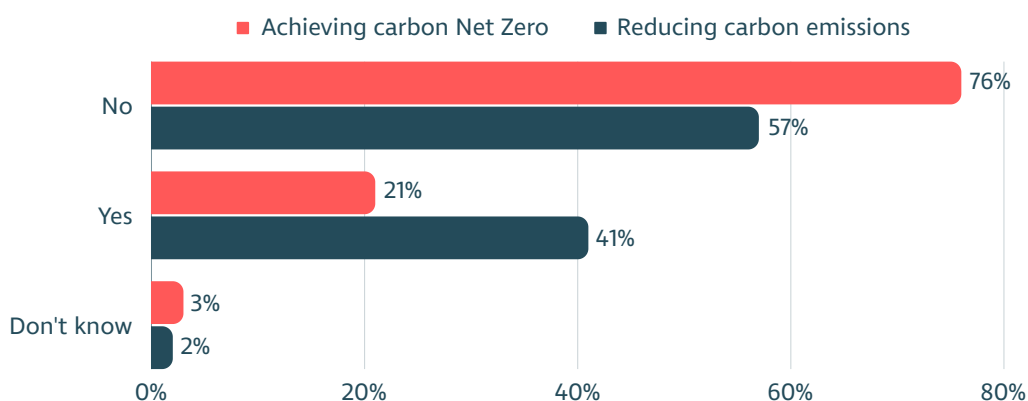
When we asked respondents about the advice, information and support they would like to help reduce their carbon emissions, the most common theme was financial support and advice on the funding available to help their organisation reduce those emissions. There were frequent mentions of organisations wanting support to improve the energy efficiency of their properties and workspaces, including modern heating, lighting, insulation, and solar and wind powered options. There were also mentions of more sustainable methods of transport, including the support to purchase electric vehicles and install charging stations.

> **"Financial support to help reduce carbon emissions from the building by using a more modern heating system."**
> Small organisation, Health

> **"As far as the community council goes, we would like to improve the community centre in a way that is carbon neutral and environmentally friendly, but hopefully the [sic] partnership with the council - as they have the expertise and the funding - will lead to a good outcome."**
> Small organisation, Community development

> **"Essentially there is a lot of advice and information available, it's the funding schemes to transform things - how you work in historic building and how you make them environmentally friendly. I feel we have the information on what needs to be done, it's the funding to implement it that's missing and that's we need."**
> Medium-sized organisation, Culture, and sport

The quote above notwithstanding, the other most frequent response was that organisations would like advice, training, and practical support on how their organisation could reduce their emissions. The level and detail of information wanted/needed varied by organisation, some wanted the basics, others wanted more tailored or in-depth information from trusted sources. Several organisations wanted support to develop and implement policy, including the staff or expertise required to do so.

> **"It is something that we are starting to explore. We are going to an event next month about this topic - so it's something we want to take forward. To what extend we do that and where we find that information - I am unsure at the moment, aside from going on the web. I think we need to work with other village halls and community places to move forward - we need information on what people have done before and what has worked or not for them."**
> Small organisation, Community development

> **"We need more support from a policies point of view - consultants time to help us develop those policies. It falls to the board all the time, but they are over-stretched. Dedicated staff that would take those projects forward."**
> Small organisation, Environment, and animals

> **"A blueprint for policies to reduce carbon. Help with development of a policy to identify how we can be more sustainable in our activates. Also, assessment of our current carbon impact, to then take action."**
> Small organisation, Health

As the respondent above mentions, several organisations also wanted support on how best to measure their organisations carbon emissions, a carbon audit.

Conclusions

The findings from wave seven of the Scottish third sector tracker indicate that financial pressures on third sector organisations continue to grow, with financial and cash flow restraints appearing in the top three challenges for the first time. Seventy-six percent of organisations (up from 71% in Spring) report an element of organisational finance in their top three challenges, with rising costs/inflation and difficulty fundraising the top challenges. There are also more organisations in Winter 2023 with less than six months financial reserves than there were a year ago, an increase of 7%.

It's clear that more organisations are having to take actions to mitigate financial risks, with 18% more organisations reportedly having to develop new income streams in Winter 2023 than one year prior. Sixteen percent more organisations are applying for new funds from funders they haven't worked with before and 11% are applying for new funds from their existing funders. Worryingly, there's also been a 10% increase in the number of organisations cancelling or deferring planned programmes, projects, and services than this time last year.

Moreover, the number of organisations reporting that rising costs are having a negative impact on their ability to deliver services continues to grow. Resource shortages (financial, paid staff and volunteers, primarily) are the key challenges organisations are facing in meeting demand for their services and programmes of work - there's been a 6% increase, since Spring, in the number of organisations reporting that recruitment and retention of staff is a significant issue.

Over half (53%) of organisations are also concerned about energy prices, but significantly more (84%) are concerned about the impact of those prices on the people and communities they serve, with 70% of organisations believing that financial hardship has become worse.

For those organisations in receipt of institutional funding, many thought that the conditions attached to that funding had become more demanding over the past 12 months, with increased reporting and monitoring the most frequent change. There is also between a quarter and a third of organisations reporting delays to their funding over the past 12 months.

Cont.

It's also clear there is work to be done at a sectoral level to address the climate crisis, most organisations do not have policies or procedures in place to reduce carbon emissions or milestones for reaching net zero. This is predominantly down to the perceived lack of support available, both in terms of financial support and knowledge and expertise.

Having said all that, organisations remain confident of their future survival and a third of respondents hold a positive outlook for their organisation over the next 12 months. Respondents are less confident about the future direction of the sector.