



Scottish Third Sector Tracker

Wave eight report

Spring 2024

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Introduction

This paper presents the key findings from the eighth wave of the Scottish Third Sector Tracker, data for which was collected in May 2024. 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 8, we asked organisations to tell us what changes they expect to make in the next 12 months' time to remain operational; what they consider the features of good grant management and proportionate reporting; and what support organisations need to adapt and build resilience to the impacts of the climate crisis.

About the data

The wave eight findings draw on responses from 390 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^[1] 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.

[1] Initial qualitative data analysis supported by AI. Quality assured by author.

Key Findings

Challenges

As of Spring 2024, rising costs and inflation continues to be the biggest challenge for organisations in the sector. It is far from the only challenge, with volunteer shortages; difficulties fundraising; financial and cash flow restraints; and uncertainty about the future all having increased since December 2023. Almost two-thirds (61%) of organisations report that rising costs are having a negative impact on their ability to deliver their services or activities. The costs contributing the most include staffing and energy costs.

In addition, organisations provided more details on the challenges they are facing, they included financial precarity (there has been a significant increase in the number of organisations reporting that the use of their reserves is unsustainable, 60% compared with the 40% in Winter); the often-poor relationships, partnerships and engagement with the public sector, including a broader sense of the sector being undervalued; governance and reporting challenges, particularly for smaller organisations; and challenges recruiting and retaining volunteers and the wellbeing of staff and volunteers.

Demand for services

Fewer organisations reported being able to meet the demand for their services or activities than in Winter 2023, a 6% drop. The main difficulties in meeting this demand included: staff capacity (54%); raising funds to meet the demand (50%) and volunteer capacity, (41%).

Staff

Just under half of organisations that employ paid staff said that they had had difficulties recruiting or retaining staff, with those reporting difficulties with recruitment attributing it largely to a low number of applicants with required skills. Moreover, the percentage of organisations recruiting new staff had fallen from a half of organisations in the four months to December to a third of organisations since December. Concerningly, the number of organisations reporting that they had made one or more members of staff redundant had doubled from five to ten percent.

Grant-making

In this wave, we asked organisations two questions relating to funding for the sector. The first asked respondents to tell us what they considered the main features of good grant management in the sector and secondly, any improvements they would like to see made to ensure that reporting is proportionate.

The key themes to emerge in response to the first question included flexibility; clear communications; transparency; timely payments; ongoing support and relationships; and a good understanding of the sector and the specific challenges faced by different types of organisations, e.g. small and rural organisations.

When it came to what improvements respondents would like to see made to ensure that reporting is proportionate, the key themes included, the frequency and deadlines for reporting; proportionate reporting based on grant size; flexible and adaptable reporting; feedback on reporting, reducing duplication and simplification and standardisation.

Outlook

For the first time, we asked respondents to tell us what changes they expected their organisation to have to make to remain operational in 12 months' time. The most common themes included funding and fundraising; staffing changes; reducing or adapting activities; and looking for new premises.

Climate resilience

In this wave, we also asked organisations several questions relating to climate resilience. Forty-one percent of respondents expect climate change to have a moderate or severe impact on their organisation, whereas 54% expect a small or no impact. Of those who believed climate change would have an impact, 80% believe it will be important for their organisation to be able to adapt to and/or build resilience to the potential impacts.

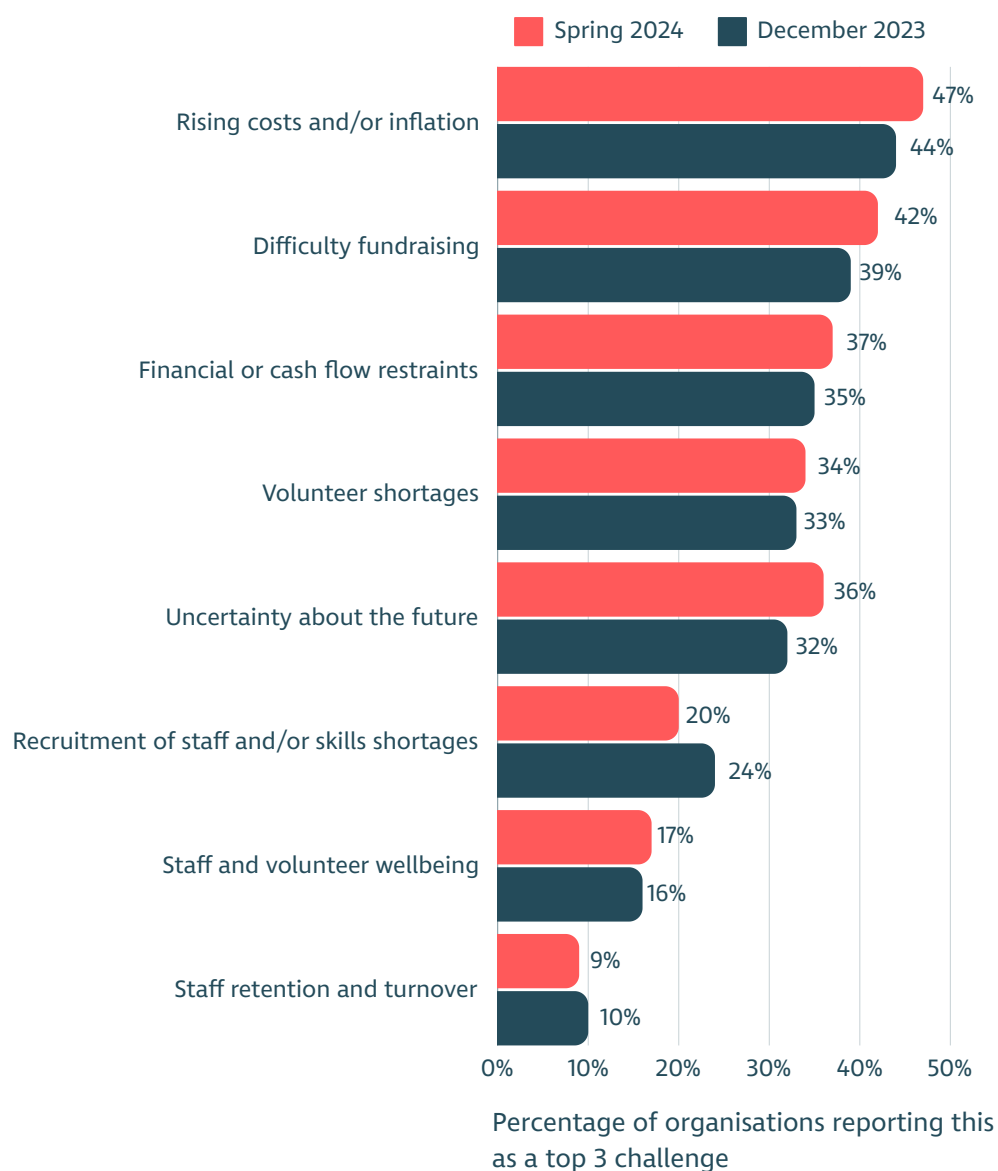
We also asked organisations to tell us what support they need to adapt and build resilience to the impacts of climate change. The key themes to emerge included funding; advice and guidance (including at a national policy level); and staff training.

Current challenges

Organisations were asked about the biggest challenges they had faced since December 2023. Ninety-two percent of organisations reported facing challenges, down from 95% in Winter. The response most frequently ranked number one challenge was rising costs and inflation (18% of organisations) and volunteer shortages, 17%. Followed by difficulty fundraising (15%) and financial or cash flow restraints, (14%.)

When considering organisations' top three challenges, the most frequently reported were: rising costs and inflation (47% of organisations), difficulty fundraising (42%), and financial or cash flow restraints, 37%. When aggregated, challenges relating to finances are the most frequent response options selected by organisations, 77% of organisations, up from 76% in the Winter. This is followed by staffing and volunteers, 58%, down from 62% in Winter.

Figure 1. Top three challenges for third sector organisations



This wave we asked respondents to provide additional details about their organisation's current challenges, needs and priorities. There were 137 responses.

The key themes to emerge included, the precarious financial position and funding challenges facing many organisations; the often-poor relationships, partnerships and engagement with the public sector, including a broader sense of the sector being undervalued; governance and reporting challenges, particularly for smaller organisations; and challenges recruiting and retaining volunteers and the wellbeing of staff and volunteers.

For those respondents citing funding challenges, they frequently make mention of short-term funding and call for multi-year funding to support the financial sustainability of their organisation, and to enable planning for the future. Many respondents also make mention of the difficulties securing funding to cover core costs, including adequate funding to pay the real living wage. These issues are exacerbated for smaller organisations who often feel overlooked.

“More funders are requiring that we pay the real living wage to qualify for funding, yet this isn't being recognised by levels of funding increasing or in more flexibility of funding (i.e. covering core costs).”

We need to work towards a more sustainable financial model This requires forwrd [sic] funding for 3- 5 years. 1 year funding is exhausting. applying, using, reporting all in under one year.”

“Having core funding available to cover 3 years instead of the constant need to look at all available funding options and apply to lots of different organisations would be hugely beneficial and allow for long term planning.”

“Funding can be difficult to source for smaller charities and sometimes comes with no flexibility when plans change.”

Many respondents thought there was need for improved relationships, partnerships and genuine engagement involving third sector organisations and the public sector. This was most frequently mentioned when in reference to funders and policymakers. Respondents also wanted to see a shift to more collaborative ways of working, including being thought of as equal partners. This sense of the sector being undervalued permeated responses, with respondents calling for implementation to reflect stated public sector values.



“The recent promise by Scottish Government to provide the Third Sector with timely decisions on grants ahead of the next financial year were clearly broken - as is the warm words that are spoken about multi year funding. The pace of wage inflation in the public sector is way ahead of the third sector and this could have lasting impacts on the third sector’s ability to secure and maintain talent.”



“What we see are the commissioners of our services 'pulling up the drawbridge' in response to the funding cuts rather than working more closely with the Third Sector which as we know can be creative, flexible and fleet of foot in how to deliver the best outcomes with limited resources.”



“Need to shift the balance between commissioners and commissioned services - it should not be a power struggle but equal partnership. LA's have a great deal to learn from Third Sector but very unwilling to truly have Third Sector partners sitting around the decision making tables. Still struggle to have voice heard at times.”

Another common theme was support for staff and volunteers, with many respondents finding it difficult to recruit and retain volunteers and concern around burnout of staff and volunteers. Respondents wanted to see more support made available to help safeguard the wellbeing of their workforce, including guidance on fair pay.



“Staff are exhausted, underpaid and not given the recognition they deserve within the sector. We are increasingly becoming the frontline/first point of contact for a great number of vulnerable people who either don't know how to or don't feel able to access the support services they need.”



“We are experiencing (bu)runout [sic]/ welfare issues in some staff difficulties in recruiting volunteers and retaining staff. This is mainly due to increased costs and general levels of stress in everyone.”



“The second major issue is staffing. We cannot afford to pay staff the same rate as some of the large multinational companies that we are in competition with for staff. Add to that that staff need to be qualified and physically capable of the job, which precludes a lot of people, and we are struggling to attract people who are able but can get paid significantly more elsewhere.”

For small organisations in particular, the burden of governance and reporting were cited as challenges; taking up a lot of time and resources that could be better spent fulfilling their organisation’s primary objectives.



“There are far too many governance demands on small charities who also rely on volunteers e.g. To submit end of year accounts, re-register with the pension regulator, respond to local government requirements for feedback, develop policies. It is the same level for charities with a multi million pound turnover and one like ours which is less than £100,000. We know what to do but it takes time and resources from the main task of provide services.”

Rising costs

As mentioned above, 47% of respondents reported rising costs and/or inflation in their top three challenges. As a result of these challenges, 62% (up from 57% in Winter) of organisations believed that rising costs had either significantly (17%) or moderately (44%) affected their ability to deliver their core services or activities since December 2023. A further 28% believed their ability to deliver had been affected in this time, albeit minimally. Only 10% of organisations reported no impact at all.

This wave, we asked respondents to tell us which of the following costs had a negative impacted on their organisations ability to deliver its core programmes or services. Almost half of respondents said either staffing costs or energy costs, 47% and 46% respectively and a third said business support costs. Twenty-nine percent of respondents opted to tell us about costs not listed in the response options. The most common responses included: food costs, particularly in the context of community cafes; insurance costs; materials and supplies; volunteer expenses; and costs associated with IT and digital platforms.

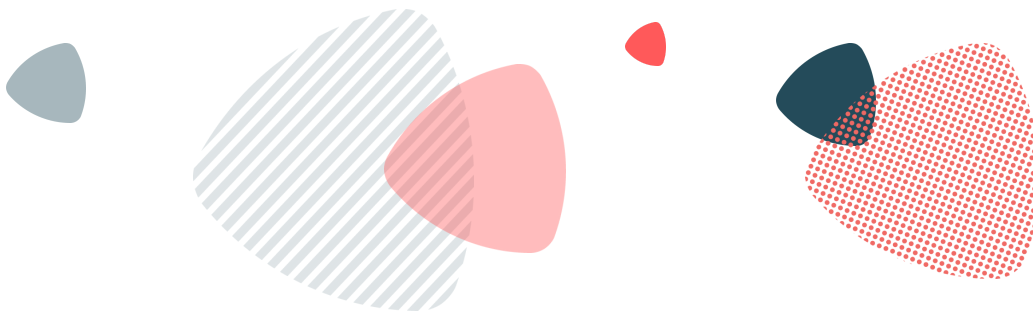
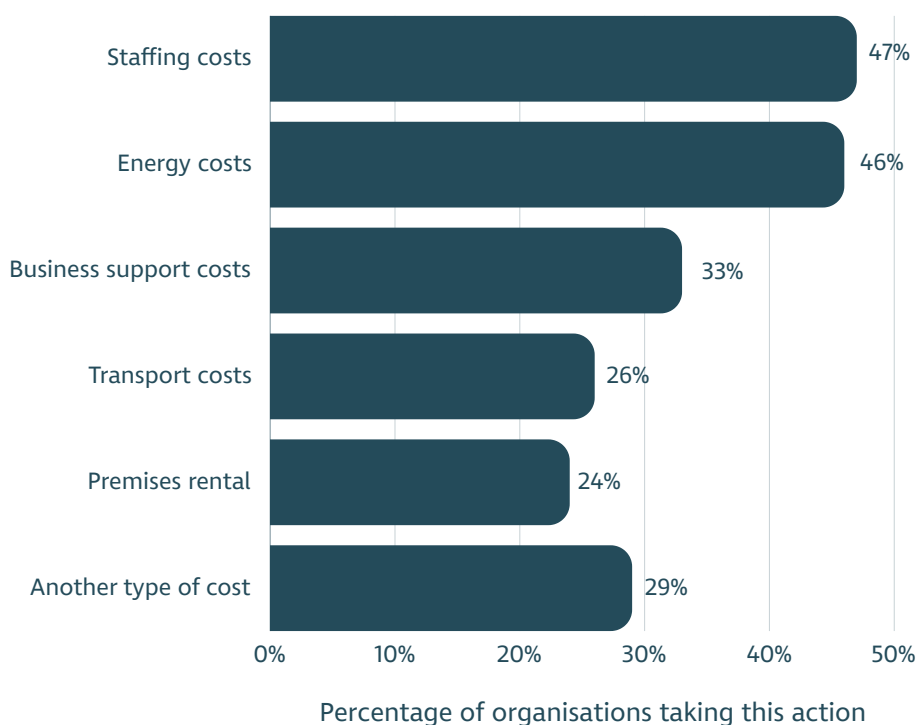


Figure 2. Costs having a negative impact on service delivery



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. Sixty-seven percent of respondents reported that their organisation was able to meet or exceed their planned programmes of work over the past four months, in line with Winter 2023, but down from Spring 2023, 74%.

Relatedly, 77% of respondents thought their organisation had the capacity to meet most or all the demand for their core services across the last four months, this is down from 83% in Winter. For the organisations who had been unable to meet increased demand, the main difficulties included: staff capacity (54%); raising funds to meet the demand (50%) and volunteer capacity, (41%).

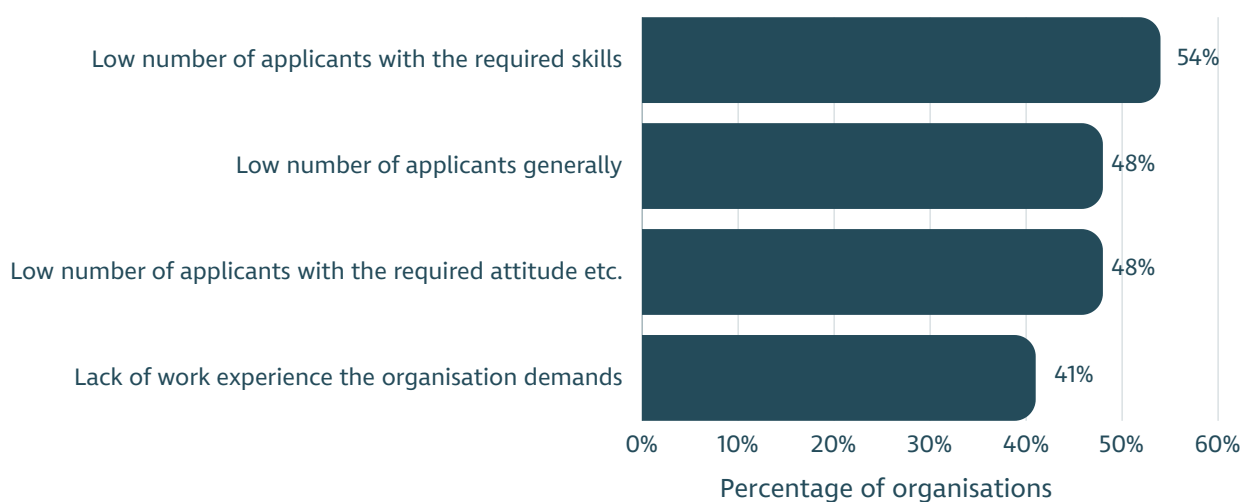


Staffing and volunteering

Since December 2023, organisations have faced some challenges in terms of recruitment and retention. When it comes to paid staff, 43% of organisations who employ them have found recruitment and/or retention moderately or significantly challenging since December 2023.

For those organisations that have had challenges with recruitment, just over half (54%) said that a low number of applicants with the required skills was the main reason for struggling to recruit.

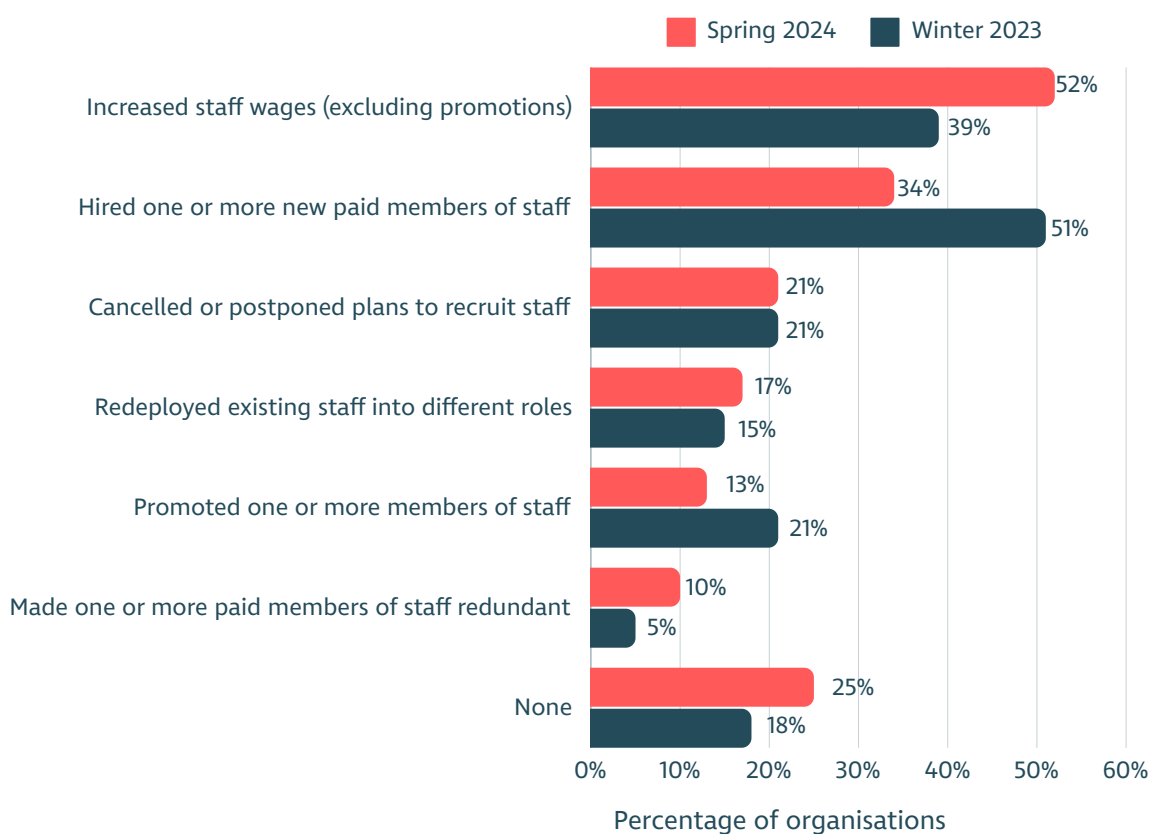
Figure 3. Challenges recruiting paid staff



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 increasing staff wages, but those recruiting new staff had fallen from a half of organisations in the four months to December to a third of organisations since December. Concerningly, the number of organisations reporting that they had made one or more members of staff redundant had doubled from five to ten percent.



Figure 4. Key actions taken by third sector organisations in relation to paid staff



Turning our attention to volunteers, 54% of organisations that have volunteers reported that recruitment and/or retention had been a significant to moderate challenge since December 2023. The most frequent reported reason was that fewer people were coming forward to volunteer (69%), followed by people having less time to volunteer (47%); volunteer fatigue/burnout (42%) and a lack of staff or volunteers time to support new volunteers (40%).

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.

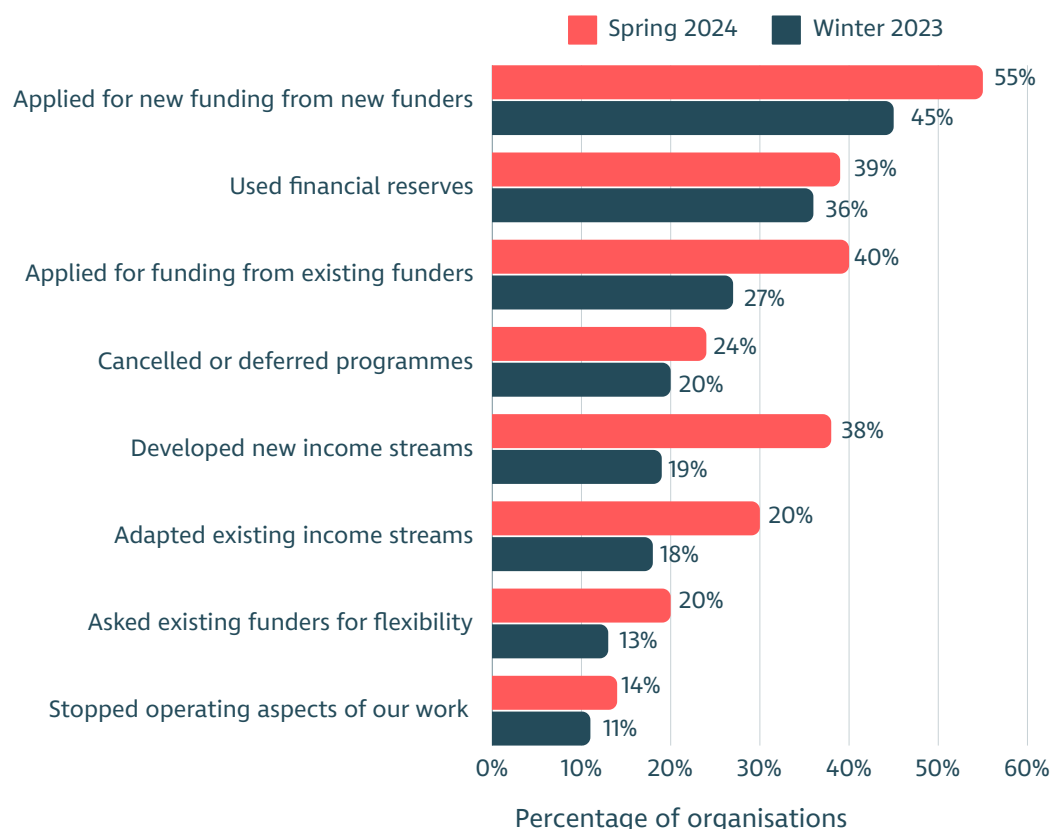
Just over half (55%) of organisations reported that their monthly turnover had stayed about the same over the past four months. Approximately a fifth (21%) reported an increase in average monthly turnover and the same percentage (21%) reported a decrease. These numbers are broadly in line with December 2023.

Of the respondents that reported decreased turnover in the last 4 months, 82% thought that this reduction would last for at least another three months. This is an increase from the 75% in December.

Eighty-eight percent of organisations reported taking actions to mitigate financial challenges that they had experienced since December 2023, a reduction of 7% in the four months up to December.

Respondents reported taking various measures in response to financial challenges over the four months preceding May 2024. Forty-five percent of panellists applied for funding from new funders, and 27% applied for new or additional funding from existing funders. Thirty-six percent had used their financial reserves, and 20% cancelled or deferred future planned programmes or projects.

Figure 5. Key actions taken by third sector organisations in relation to financial challenges



For those respondents that had applied for new or additional funding since December 2023, 42% had been mostly or entirely successful, while 34% had been mostly or entirely unsuccessful.

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 organisation's current use of its reserves are.

The percentage of organisations holding less than 6 months' financial reserves remains stable at 58%. Similarly, the number of organisations that believe that their reserves are very important or essential to their short to medium term survival is 55%, an increase of 2% since Winter. However, there has been a significant increase in the number of organisations reporting that the use of their reserves is unsustainable, 60% compared with the 40% in Winter.

Grant-making

In this wave, we asked organisations two questions relating to funding for the sector. The first asked respondents to tell us what they considered the main features of good grant management in the sector and secondly, any improvements they would like to see made to ensure that reporting is proportionate. There were 243 responses to the first question and 210 to the second.

They key themes to emerge in response to the first question included flexibility; clear communications; transparency; timely payments; ongoing support and relationships; and a good understanding of the sector and the specific challenges faced by different types of organisations, e.g. small and rural organisations. There were also mentions of long-term funding and funding for core costs and outcome focused funding which are more hallmarks of grant making than grant management.

The most frequently mentioned feature was flexibility in how the grant is used, including the ability to adjust to new or changing needs or to reallocate resources. Relatedly, less restrictive funding was also considered a feature of good grant management, although that too could be considered more applicable to grant making than management.



“...giving flexibility to fundees to change purpose of funding or allowing for unrestricted funding over restricted grants.”



“Flexibility around changing need and being able to negotiate with a funder for example when match funding for a project has been significantly reduced and we've needed to redesign a programme as a result.”



“Flexibility in using funds and the ability to keep any unspent income at the end of the grant period.”

Secondly, open and regular communication between funders and recipient organisations was considered a fundamental component of good grant management. Respondents also wanted meetings prior to the start of the funding and regularly throughout the funding period to help build relationships and mutual understanding.



“Positive funder relationships work best for us when honest and clear communication happens.”



“A line of communication to a grants officer looking after your grant. It is useful for grant systems to have a CRM function attached that allows grant officers to notate previous conversations so that you do not have to restate the same information every time you call to resolve the same issue.”

In terms of transparency, this applied to both the grant management process and the application process. Respondents wanted clear and straightforward criteria when applying for funding and similarly, clear guidelines and expectations from the start of the funding period.



“A clear, straightforward and transparent application process with good communications at all stages.”



“Good clear application process; clear and fair grant agreements (that allow the appropriate level of financial support for staff management etc.)”

Timely payments were also mentioned when respondents were asked about the hallmarks of good grant management, although again this could be considered more a feature of grant making than grant management.

Respondents believe that ongoing support and good relationships are key to good grant management, regular feedback from grant makers and an active interest in the project help to make the relationship feel less transactional. Relatedly, funders should have a good understanding of their funded organisations and the sector more broadly.



“Trusted relationships between parties - understanding each other.”



“Funders taking the time to build up a relationship with organisations. This leads to trust and, hopefully, awards of unrestricted funding for organisations to use as they see fit.”



“A good understanding of the sector and its challenges. Ability to be flexible about how and when grants are used, to enable organisations to respond to emerging need.”

When it came to what improvements respondents would like to see made to ensure that reporting is proportionate, the key themes included, the frequency and deadlines for reporting; proportionate reporting based on grant size; flexible and adaptable reporting; feedback on reporting, reducing duplication and simplification and standardisation.

The most common response was the frequency and deadlines for reporting. Many respondents suggested extending reporting periods from quarterly to every six months or annually. They also suggested allowing more time for reporting, particularly around the end of the financial year.



“Less frequently - one funder decreased funding but requested an increase from one annual report to quarterly reporting from January 2024.”



“Over frequent reporting tends to be too onerous both for the person receiving the grant, and for those administering it. Six-monthly reporting feels about right, so that there is a level of assurance for the grant giver, but so that the grant receiver does not spend all the time in reporting.”



“Ensure that reporting is proportionate to the size of the grant! Frequency is also a factor, as an enormous proportion of time and energy is spent on reporting, which detracts from service delivery.”

Second was proportionate reporting based on the size of the grant. Respondents understood that large grants often require detailed reporting but thought that reporting requirements for smaller grants should be less onerous, ‘lighter touch’.



“Currently, reporting on grants takes an inordinate amount of time. The number of staff hours spent on reporting is often not proportionate to the size of the grant. It is also not consistently requested - for example, different departments of the Scottish Government ask for different levels of reporting.... There seems to be no relation between the amount of the grant and the level of reporting.”



“We have some funds (less than £20k pa) which require quarterly reporting - this seems excessive...perhaps there could be a mid-term quick questionnaire e.g. anything change, everything on track.... Reporting does not always seem to be based on risk management of the activity funded but on 'typical' demands regardless of grant size.”



“Reporting could be proportionate based on funding size. In the last year I have completed reporting for a grant of less than £4000 from local authority which required significantly more reporting and evidencing of spending - more so than grants which were over 10 times greater in financial value.”

A similar number of respondents thought that reporting could be more flexible and adaptable, this was most frequently mentioned with reference to funding for creative projects. Respondents felt that reporting requirements should change as the project evolves and that rigid metrics are not always a suitable way to assess a project.



“Some of the reporting templates are very poor and badly designed. An arbitrary wordcount on each response is not helpful, as some outcomes require only a brief explanatory narrative, while others are more complex. Frequently the same information is asked for in separate questions.”



“[A] more flexible attitude and understanding of how grants are used, funders are mainly in an office based environment with no practice [sic] skills back ground often don’t understand the complex nature of projects on site.”



“Difficult if it is a rigid "format", just looking at numbers as our work is broader than some of the information asked for, i.e. a lot of nurture and emotional support that doesn't always fit in to a time frame and due to the mental health of the clients we work with, it's not always possible to get feedback when "we need it" due to where they are.”

Respondents also expressed frustration at not receiving feedback, or even acknowledgment of submitted reports. Respondents want constructive feedback from funders.



“Most of our reporting is proportionate, but it is frustrating when you don't receive any feedback, as considerable work goes into reporting.”

Finally, respondents would like to see less duplication and a simplified and standardised reporting procedure. Respondents want a standardised approach to reporting across funders to make the process easier and to reduce duplication. Respondents suggested a simplified approach, such as using one report for multiple funders, or to use existing reports (annual reports, board reports etc.) if appropriate.



“As charities are required to report on their work to their beneficiaries through annual reports, could funders accept existing reports rather than requiring specific reports which are much harder to replicate across different grants?”



“I think that reporting works best when it can form part of the overall reporting of the organisation. We have an evaluation framework, and where possible that should form the core of what we report back to re funders.”



Outlook

Organisations were asked how confident they were that they will still be operating in 12 months' time. Confidence remains high, with 87% of organisations confident that they will still be operating next Spring – a 3% decrease from Spring 2023 and a 5% decrease since Winter.

For the first time, we asked respondents to tell us what changes they expected their organisation to have to make to remain operational in 12 months' time. There were 205 responses to this question. The most common themes included funding and fundraising; staffing changes; reducing or adapting activities; and looking for new premises.

By far the most common response was funding and fundraising. Many respondents mentioned the need for increased fundraising, applying for new grants and trying to diversify their income sources. Specific mentions included, applying for more core funding, organising more fundraising events and looking for new funders.



“The organisation will exist in 12 months, however the size and future of the organisation will be impacted massively on the ability to secure additional core funding to replace current grants.”



“Source additional funding for core services and staff (which also supports the volunteer service).”



“Due to multi year funding ending last year more time will have to be spent on funding applications. This can be very time consuming for smaller charities.”



“We are currently reviewing the sustainability of some services where securing funding has been a persistent challenge. There is very proactive [sic] engagement with funders/prospective funders on this. We will continue to actively seek new funding. We are considering further investment in fundraising staffing.”



“...the next 12 months will see more time devoted to grant fundraising to ensure staff and volunteers are retained; services meet demand as far as possible and the organisations are sustainable.”

Staffing changes was the second most common theme, with respondents mentioning both reducing staff numbers and increasing staff capacity, the latter most often mentioned in relation to administrative roles. Recruiting more volunteers was also mentioned and respondents noted their concern about staff and volunteer burnout and wellbeing.



“I believe we need to be very economically minded to sustain our level of operating. Challenges around a 9% rise in minimum wage makes things more difficult as Grant Funding and at times trading doesn't allow the opportunity to increase costs at this same level. This has also created uncertainty amongst staff whom due to wage increases elsewhere and jobs with less accountability and responsibilities are becoming more attractive and with less pressure around reliance on year on year funding applications, some of these other jobs have the security of being permanent and without this added pressure, allowing them to plan better around mortgages, starting families, having a car etc.”



“Due to proposed reduction in grants and service contracts the staff compliment may need to be reduced if alternative [sic] funding streams are not secured.”



“Significant reduction in staff numbers and capacity to better match the income available from funders and new fundraising campaign. We will need to put a greater emphasis on partners contributing financially when seeking to work with us.”



“Either that pending applications for funding are acceptable or staff redundancies.”



“We are looking for revenue funding to employ staff. Some of our volunteers including me are in danger of burn out.”

Thirdly, respondents mentioned having to adapt their activities. For some this involved reducing the volume or range of activities, or the way in which they are delivered – i.e. online rather than in person. Several respondents mentioned expanding their activities into new areas to meet demand and a few mentioned potential mergers to remain solvent.



“We currently have 6 months of funding to continue as we are. If enough funding does not come through to continue as we are. We will have to reduce the amount of sessions we run. This could mean stopping a number of groups, reducing staff hours and not working with long term freelancers any longer.”



“Further restrict services through prioritising only the most urgent referrals; continued hold on recruitment and not replace any staff who retire/leave.”



“Increased funding from more providers to afford increased staff - essential to deliver a critical mass level of activity to achieve meaningful impact.”

Finally, a few respondents mentioned the need to find more, or more suitable, spaces to work or deliver their activities, including new office space. This was often mentioned in relation to expanding the organisation or the activities it delivers.



“We are also looking at every single spend and how we can cut down on them and also looking into a capital project to try and purchase where we are to give us an asset.”



“Reduction in external services to ensure spend is only on essential items. Potential review of current office space leased with review of potential merges [sic] of offices.”



Climate resilience

In this wave, we also asked organisations several questions relating to climate resilience. Forty-one percent of respondents expect climate change to have a moderate or severe impact on their organisation, whereas 54% expect a small or no impact.

Of those who believed climate change would have an impact, 80% believe it will be important for their organisation to be able to adapt to and/or build resilience to the potential impacts. Only 16% reported that this would be unimportant.

We also asked organisations to tell us what support they need to adapt and build resilience to the impacts of climate change. There were 177 responses to this question. The key themes to emerge included funding; advice and guidance (including at a national policy level); and staff training.

Many respondents are knowledgeable about the climate crisis and are already taking steps to build resilience to its impacts. The major barrier is financial; funding is the most requested type of support. Capital investment is needed to upgrade and improve buildings; purchase electric vehicles and modernise equipment.



“Funding for investment - we want to adapt our activities, but some positive sustainable choices cost more or have very long financial payback which puts them out of our financial reach.”



“We need to make our hall more environmentally friendly - we have an old building so we need to update it, insulate it better, do what we can to upgrade its systems and install solar panels. For this we will need grants.”



“Funding to improve building to become more climate friendly and to save on electricity costs.”



“Currently to use greener energy we have to pay more. This is unbelievably stupid and the govt [sic] should ensure that fossil fuel energy costs more or is not available. We would like to install solar panels - we have a south facing roof and there should be easy access to grants for such installations.”

Many respondents are knowledgeable about the topic, but want to see more funding, advice and guidance made available, particularly from Scottish Government.



“We deliver our service within an old property and our energy costs are very high. Accordingly, we would hope that relevant advice and guidance would be offered by Scottish Government to allow us to take practical steps to minimise energy use and thereby costs, whilst providing access to funds and services that will allow us to increase energy efficiency through introduction of alternative sources of heating and other technological advances such as solar panels, heat source pumps. We are unaware of other areas where we would need to build resilience thereby would hope that appropriate guidance and support would be offered by Scottish Government in order that we can mitigate areas that will impact on our business negatively.”



“Funding and local government support to make changes to our listed building is required to meet growing climate change challenges.”



“We will need access to information on government policy, as well as additional funding to deal with new issues.”



“Our interaction so far with anything to do with climate change has been confusing and overwhelming. We require support to navigate all the technical aspects of climate friendly changes whether that is to do with buildings or transport. We need to be able to replace non-climate friendly items with like for like...”

The responded below also highlights the difficulties in navigating a changing policy landscape.



“We are required to consider this issue in detail, for example in our recent core funding application we were required to answer several questions on how we were mitigating and managing the impact of climate change and preparing for the future. During this period the Scottish Government abandoned its own Net Zero target which meant that we were having to comply with an out of date and unrealistic target for our sector.”

Finally, respondents need resources to develop their staff/hire qualified staff and create a policy suitable for their organisation.



“Funding to have staff capacity to write and support policies and actions plans.”



“Resource (both time and staff) - no one in our senior team has the capacity (or expertise) to take this on currently.”

Conclusions

The findings from the eighth wave of the Scottish third sector tracker suggest that many organisations continue to face a challenging operating environment. Rising costs and inflation remains the most pressing challenge, with six in ten organisations reporting a negative impact on their ability to operate due to these cost increases. An equal number report that the use of their financial reserves is becoming unsustainable, jeopardising their continued survival.

Many organisations are having to adapt to continue to deliver services, including adapting or reducing services in some areas, increasing fundraising and staff restructuring (including redundancies). Demand for services continues to be high, with an increasing number of organisations struggling to meet this demand.

This wave organisations also set out the support they would like to see made available to help them adapt to the impact of the climate crisis and what they consider the hallmarks of good grant management.

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