



A tale of two sectors


*An analysis of the VCSE Sector Barometer, in partnership with NTU
National VCSE Data and Insights Observatory*

Anoushka Kenley, Dr Beth Kitson & Jack Larkham

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Pro Bono Economics uses economics to empower the social sector and to increase wellbeing across the UK. We combine project work for individual charities and social enterprises with policy research that can drive systemic change. Working with almost 500 volunteer economists, we have supported over 500 charities since our inception in 2009.



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Summary

As the fourth winter since Covid's emergence approaches, the easing of financial concern that is taking place in much of the rest of the economy has not yet been felt by the charity sector. After a year in which inflation meant that the value of donations, grants, and contracts diminished, and donors reduced contributions, many charities remain in challenging financial straits. More than a third (35%) of small and medium charities and over four in ten (44%) large charities reported that their finances deteriorated in the past three months.

The sector faces its usual seasonal influx of demand on the back of already heightened need following both the cost of living crisis and the pandemic. The results from the latest wave of the quarterly VCSE Sector Barometer show that these limited improvements in the economy have not yet fed through into any real decrease in demand for charities' services. Indeed, three-quarters (76%) of large charities reported growing demand for their services in the past three months, the same proportion as this time last year.

The tale of two sectors in the charity sector is deepening. As organisations work hard to adapt to these new, seemingly permanent, higher levels of demand, there are distinct differences between how large and small charities are faring.

The largest charities, which possess well over half the sector's financial resources, are increasing their capacity to step up to the demand challenge. They have done this primarily by expanding their workforce. Charities have employed more people every quarter since the end of 2021, and the most recent Bank of England data shows that charities are increasing their pace of recruitment. The charity sector workforce grew by over 5% in the third quarter of this year, almost double the 2.8% growth seen in the private sector. In part, the increased pace of recruitment reflects a looser labour market overall, but it has been helped by improved wage growth in the sector, which means charities are better able to compete with the private sector for new employees.

Meanwhile, among medium and large charities, concerns about future finance, which have loomed large since the beginning of the pandemic, appear to be abating. This time last year, around half of medium and large charities (44% and 56% respectively) expected their finances to deteriorate over the next three months; this now sits at just under a third (28% and 31% respectively). Yet the financial picture for charities overall remains stark, with

almost two-fifths (36%) reporting that their financial position has deteriorated over the past three months.

But it is small charities that appear to be struggling the most currently. These organisations, which make up 80% of the charity sector by organisation, are vital to many communities, but have found weathering the last three-and-a-half-years, since the start of the pandemic, particularly challenging. Close to one in four (24%) small charities report that their finances improved this quarter, compared to around three in ten medium and large charities (31% and 29% respectively). Financial pressures for small charities are being compounded by difficulties recruiting volunteers. Where larger charities can more easily take steps to increase their capacity by growing their workforce, small charities are often highly reliant on volunteers. The great volunteering decline nationally is hitting small charities hard – almost six in ten (59%) small charities report that recruiting volunteers is a major concern for them, compared to 15% of large charities.

For charities of all sizes, the combination of increased demand, challenges recruiting volunteers and, until recently, recruiting enough paid staff to deal with growing demand, is impacting staff workload. Alongside the impacts of the cost of living crisis, this is taking its toll on staff wellbeing. Three in ten (30%) charities report increased rates of staff burnout over the past year, while a quarter (25%) report increased absence due to sickness. These pressures are not unique to the charity sector, with sickness absence across the economy reaching a 20-year high in 2022. Nonetheless, many charity sector leaders are taking clear steps to try to address these issues for their staff, from offering flexible working opportunities, to providing financial wellbeing training, mental health support or paid-for social activities. But for smaller charities with limited resources, this support is much harder to provide.

While the wider economic picture is beginning to improve, this will take time to translate into meaningful changes in the lives of many users of charity services. The result is continued pressure on a sector managing both growing demand and ongoing financial pressure. Where they can, charities are taking steps to increase their capacity by expanding and supporting their workforce. But the pressure might be felt most by charities that do not have this option and are reliant on volunteers, particularly small charities with few or no paid staff at all.

76%

The infographic consists of four circular data points arranged in a cluster. Each point features a percentage value and a descriptive sentence. The circles are styled with different colors and thicknesses: a light blue circle at the top right, a dark blue circle at the middle left, a white circle at the bottom left, and a dark blue circle at the middle right. The text is centered within each circle.

of large charities reported growing demand for their services in the last three months

59%

of small charities said volunteer recruitment is a main concern for their organisation

30%

of charity employers said that reports of burnout or exhaustion have risen in the last year

In the last 12 months

60%

of charity employers have provided their staff with access to mental health support

Despite an increase in confidence over the last year, escalating need is an issue for the majority of charities

With substantial swathes of the charity sector focused on supporting people in financially precarious situations and dealing with the associated fallout, the cost of living crisis - arriving on the heels of the pandemic - has had a protracted impact on demand for charitable services.¹ One year ago, the crisis was at its peak, with banks withdrawing mortgage products in anticipation of a significant rise in interest rates, inflation at a 40-year high,² and the Office for Budget Responsibility (OBR) forecasting that over the next two years UK households would be facing the biggest fall in real terms disposable income since records began.³

The 12 months that have followed have been incredibly difficult for households and charities alike, but have turned out to be less painful than the worst expectations. The UK economy has so far avoided a recession, inflation has steadily fallen from its October 2022 peak⁴ and strong pay growth throughout 2023 has led to real terms pay increasing for the first time in nearly two years.⁵

Yet despite these signs of the cost of living crisis starting to abate, results from the latest wave of the quarterly VCSE Sector Barometer show that these limited improvements in the economy have not yet fed through into any real decrease in demand for charities. Increasing demand remains a leading concern across the sector, with nearly four in ten (38%) small charities, six in ten medium (59%) charities and half of large charities (49%) citing it as one of the three biggest concerns for their organisation.

Figure 1 compares charity sentiment from November 2022 and September 2023. It shows the proportion of charities which reported that demand for their services had either increased or decreased over the three months preceding the survey. As can be seen, there has been little change in the percentage of charities experiencing an increase in demand at present

¹ N Sykes et al, [Breaching the Dam: An analysis of the VCSE Sector Barometer](#), Pro Bono Economics and Nottingham Trent University's National VCSE Data and Insights Observatory, December 2022.

² J O'Halloran, [PBE Reacts: ONS inflation statistics](#), Pro Bono Economics, October 2022.

³ Office for Budget Responsibility (OBR), [Economic and fiscal outlook – November 2022](#), November 2022.

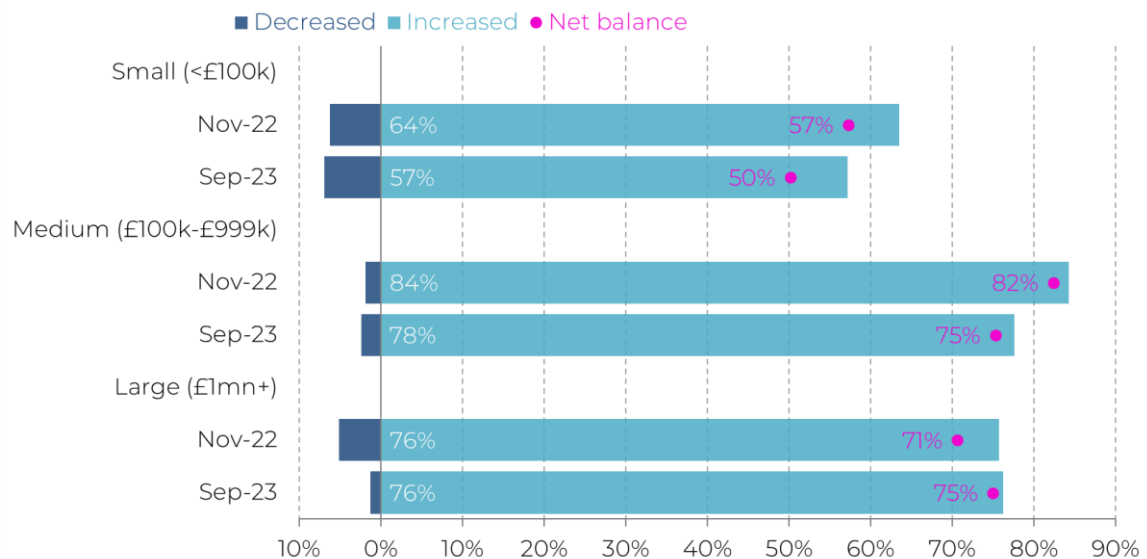
⁴ Office for National Statistics (ONS), [Statistical bulletin, Consumer price inflation, UK: September 2023](#), October 2023.

⁵ Office for National Statistics (ONS), [Statistical bulletin, Average weekly earnings in Great Britain: October 2023](#), October 2023.

when compared to results from November 2022. Just over three in four of the medium and large charities (78% and 76% respectively) responding to the most recent survey reported that demand had increased. This represented a slight fall for medium-sized charities and no change for larger organisations, compared with the picture reported at the end of last year.

Figure 1. The proportion of charities reporting rising levels of demand remains high

Proportion of respondents reporting decrease/increase in demand for their services over the previous three months, November 2022 and September 2023, by size



Notes: Wave 1 conducted 7-21 November 2022, N=177 large, 267 medium, 192 small. Wave 4 conducted 13-27 September 2023, N=80 large, 170 medium and 245 small. Residuals are 'Stay the same' and 'NA/Don't know'

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Waves 1 and 4.

This finding is mirrored by data elsewhere. The Trussell Trust recently found that half of people claiming Universal Income ran out of food in August, leading to increased use of food banks compared to the same period in 2022.⁶ Meanwhile, referrals for charitable support in 2023 to date by Citizens Advice are 16% higher than they were in the same period last year.⁷

⁶ H Barnard, [The cost of living crisis is getting worse: what should the government do next?](#), The Trussell Trust, September 2023.

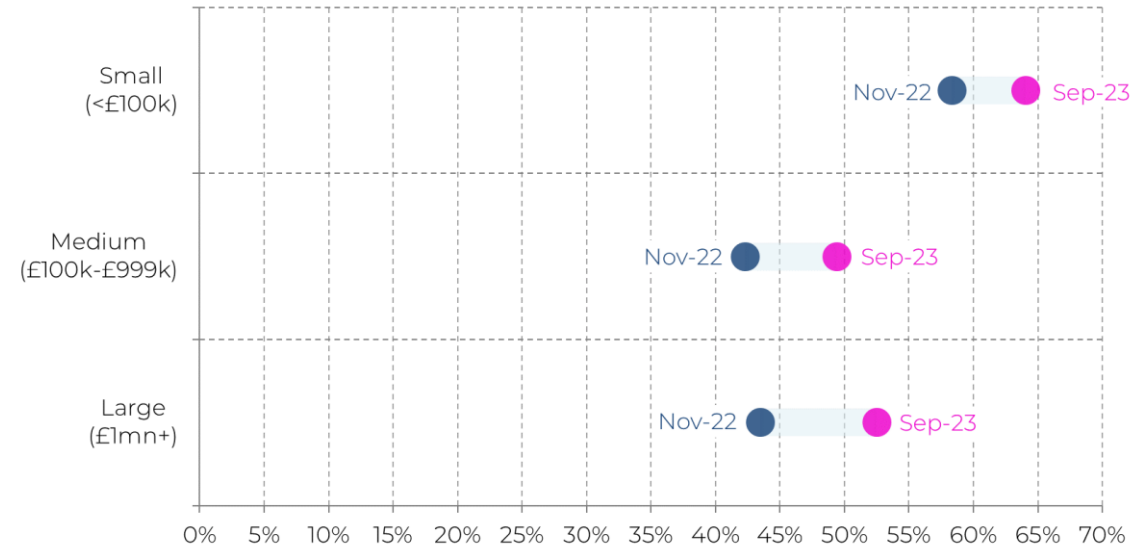
⁷ PBE analysis of Citizens Advice data, [Advice Trends Sept 2023](#), October 2023.

The Barometer suggests that charities are beginning to adapt to this long-term elevated demand, with the sector’s capacity to meet the challenge having improved slightly over the past year. Figure 2 compares results from November 2022 and September 2023, and highlights the modest improvement in the proportion of charities reporting that they expect to be able to meet demand in the near future.

Nearly two in three (64%) small charities and around half of medium and large (49% and 53% respectively) charities now report that they will be able to meet the needs of their beneficiaries, up from 58%, 42% and 44% respectively in November 2022.

Figure 2. Charities believe that they are now more likely to meet demand compared to last November

Proportion of respondents reporting that they expect to meet demand for their services over the next three months, November 2022 to September 2023, by size



Notes: Wave 1 conducted 7-21 November 2022, N=177 large, 267 medium, 192 small. Wave 4 conducted 13-27 September 2023, N=80 large, 170 medium and 245 small.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Waves 1 and 4.

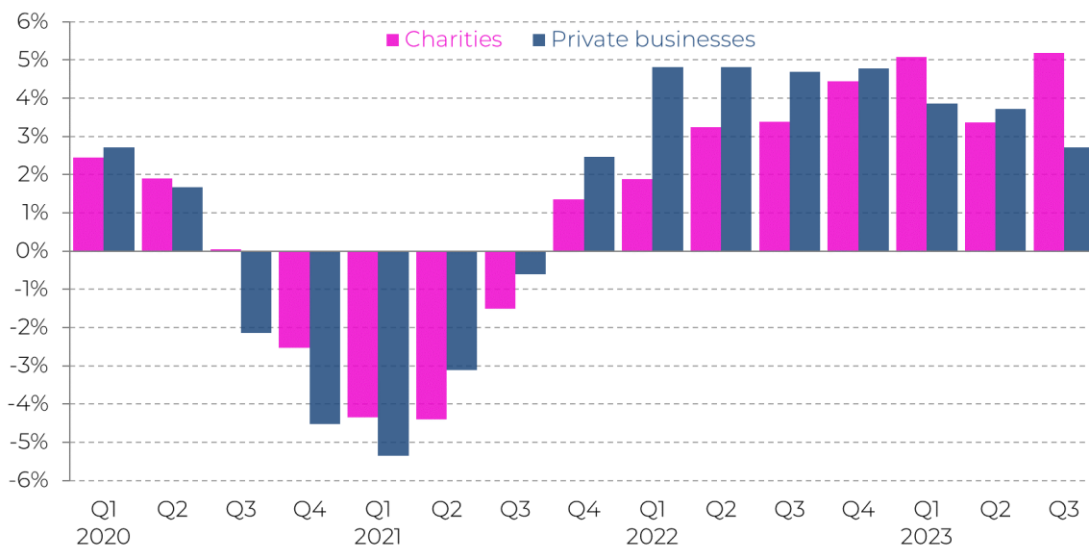
Wages have grown and recruitment challenges have eased, enabling strong workforce growth in the sector

Much of the charity sector’s improved ability to meet demand may be a result of increased capacity. Faced with escalating need, charities have

scaled up staffing in order to address the rising tide of demand.⁸ In every quarter of the last year, charities have been more likely to report that the size of their paid workforce had increased rather decreased over the previous three months. And as Figure 3 shows, this has resulted in the highest levels of annual workforce growth in recent years, with charity sector hiring outperforming the private sector in both Q1 and Q3 2023.

Figure 3. Workforce growth has been relatively strong for charities in much of 2023

Quarterly annual rate of realised workforce growth for charities and private businesses, Q1 2020 to Q3 2023



Notes: Realised employment growth data are based on the question: 'How many people does your business currently employ (including part-time), and how many people did you employ 12 months ago?' Growth is calculated using Davis, Haltiwanger and Schuh (DHS) growth rates. This is the change between two periods, divided by the average of those two periods.

Source: PBE analysis of Bank of England Decision Maker Panel, Q1 2020 to Q3 2023.

This expansion in capacity has been in part enabled by a steady loosening of the labour market over the past 12 months. This time last year, charity employers were contending with a number of factors limiting their ability to recruit staff. Low levels of unemployment, combined with rates of economic inactivity that were considerably higher than they had been pre-pandemic, meant that finding workers was a challenge for many

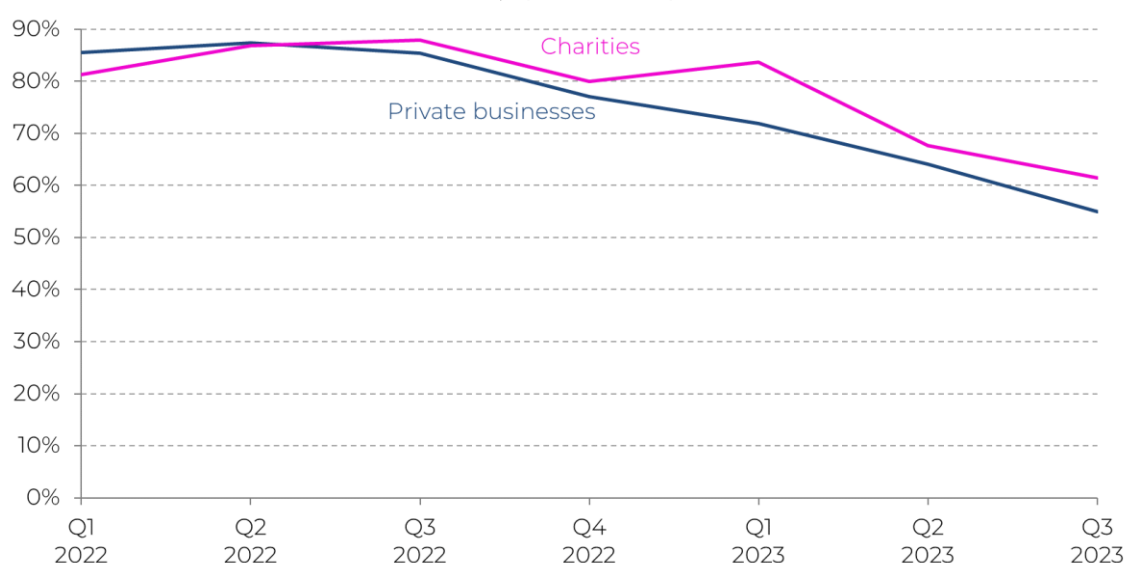
⁸ J Larkham and M Mansoor, [Running hot, burning out: An analysis of the VCSE Sector Barometer](#), Pro Bono Economics and Nottingham Trent University's National VCSE Data and Insights Observatory, March 2023.

organisations, ultimately resulting in historically high levels of job vacancies across the economy.⁹

These recruitment challenges had serious knock-on consequences for charities managing the impact of the cost of living crisis on beneficiaries and staff.¹⁰ Last year, four in ten (40%) charities experiencing recruitment difficulties said they had paused some operations as a result.

Figure 4. Recruitment is still difficult, but the challenge is less acute than it was 12 months ago

Proportion of charities and businesses saying that trying to recruit new employees is harder than normal at the moment, Q1 2022 to Q3 2023



Notes: Data based on responses to the question: "Are you finding it easier or harder than normal to recruit new employees at the moment?"

Source: PBE analysis of Bank of England Decision Maker Panel.

From an employers' perspective, the current conditions in the labour market have improved slightly in recent months. Although the rate of economic inactivity has ticked up slightly, vacancies have steadily fallen and are now below 1 million.¹¹ As can be seen in Figure 4, the proportion of charities saying that recruitment is harder than normal has fallen to just

⁹ Office for National Statistics (ONS), [Statistical bulletin, Labour market overview, UK: December 2022](#), December 2022.

¹⁰ J Larkham and M Mansoor, [Running hot, burning out: An analysis of the VCSE Sector Barometer](#), Pro Bono Economics and Nottingham Trent University's National VCSE Data and Insights Observatory, March 2023.

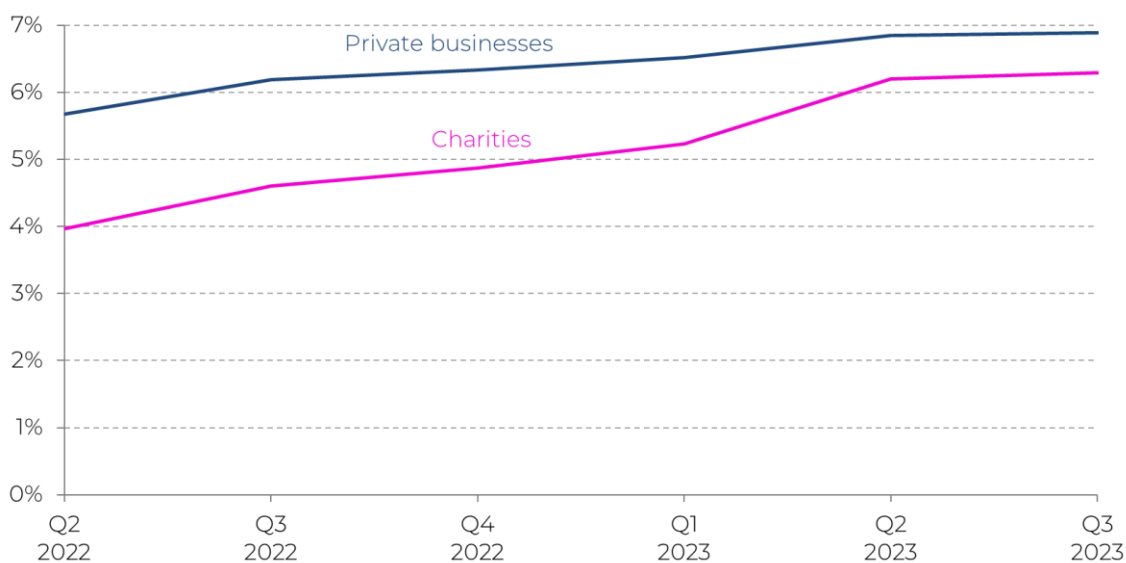
¹¹ Office for National Statistics (ONS), [Statistical bulletin, Labour market overview, UK: September 2023](#), September 2023.

over six in ten (61%), down from a peak of just under nine in ten (88%) in Q3 2022.

While the macro conditions of the labour market have played a part in easing recruitment difficulties for charities, part of this improvement could also be explained by strong wage growth in the sector, which has likely enabled charities to compete more effectively with businesses.

Figure 5. In recent months, charities have managed to close some of the wage growth gap with the private sector

Realised growth in wages, quarterly annual rate, Q2 2022 to Q3 2023, charities and private businesses



Notes: Realised wage growth data are based on the question: 'Looking back, from 12 months ago to now, what was the approximate % change in your average wage per employee?'

Source: Bank of England Decision Maker Panel, Q2 2022 to Q3 2023.

As can be seen in Figure 5, throughout 2022, annual pay growth in the charity sector was consistently lower than it was in the private sector. In the middle of the year, the gap sat at 1.7 percentage points, and it remained around that level into 2023. The most recent data from the Bank of England's Decision Maker Panel survey shows that charities have been able to ramp up pay growth throughout 2023.¹² This has enabled the sector to close much of the pay growth gap with private businesses. However, the overall pay gap is likely to still be significant, and larger than it was prior to the cost of living crisis. Pro Bono Economics (PBE) analysis of pre-cost of

¹² See [here](#) for an explainer of the Decision Maker Panel. PBE is grateful to staff at the Bank, who provide a cut of DMP data which enables comparison of charities and private businesses.

living pay levels showed that charity staff were already paid 7% less per hour on average than workers in other sectors.¹³

Alongside the need to remain competitive in the labour market, wage growth in the charity sector is partly explained by the rise in the statutory National Living Wage and National Minimum Wage that took effect in April 2023.

That charities have been able to close some of the pay growth gap with businesses has likely also emerged as a result of improvements to the charity sector's financial resilience over the last year.

Charities' financial outlook is less gloomy than it was last winter

Just at a time when more people were turning to charities for support, economic turmoil was also having serious financial repercussions for the sector. Inflation eroded the value of existing donations, reserves, grants, and contracts,¹⁴ while surveys indicated that people who gave to charity were likely to be curtailing their donations.¹⁵

The financial outlook for many charities last winter was consequently bleak. Almost half of large charities (49%), more than four in ten (42%) medium charities, and over one in three (35%) small charities said their financial position had deteriorated in the previous three months. More than half (55%) of all charities that held reserves said they were using them to meet current operating costs. Most alarmingly, almost six in ten (56%) large charities, more than four in ten (44%) medium charities, and almost four in ten (38%) small charities expected their finances to deteriorate in the near future.

But as Figure 6 demonstrates, though the balance remains tilted slightly towards financial deterioration, the picture for medium and large charities has improved somewhat since this time last year. More than four in ten (44%) large charities said their finances had deteriorated, while almost three in ten (29%) said they had improved - a slight improvement on 49% of large charities experiencing a deterioration and one quarter (25%)

¹³ J O'Halloran, [The price of purpose? Pay gaps in the charity sector](#), Law Family Commission on Civil Society, August 2022.

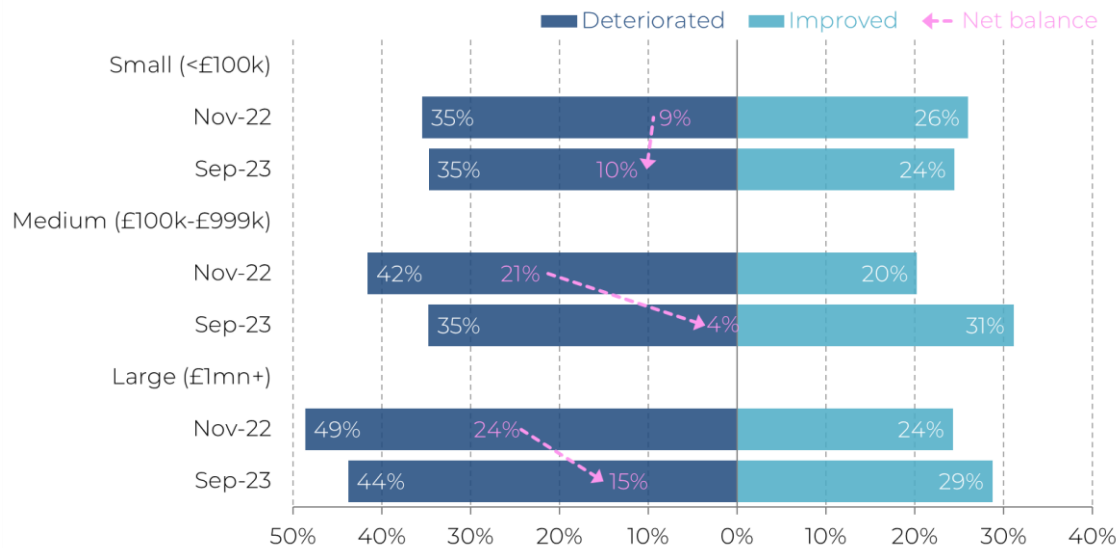
¹⁴ J O'Halloran and N Sykes, [The cost of giving: What UK charities need to know about inflation](#), Pro Bono Economics, September 2022.

¹⁵ M Whittaker and J Larkham, [A fraying net? Six charts that highlight the challenges facing charities in the cost of living crisis](#), Pro Bono Economics, September 2022.

reporting an improvement in November last year. For medium charities, the improvement has been even more pronounced, with almost a third (31%) reporting an improvement in the last three months, up from a fifth (20%) reporting the same at the end of last year.

Figure 6. Overall charities are still reporting that their finances are deteriorating, but the picture has improved for some

Proportion of respondents reporting that their financial position deteriorated/improved in the last three months, November 2022 to September 2023, by size



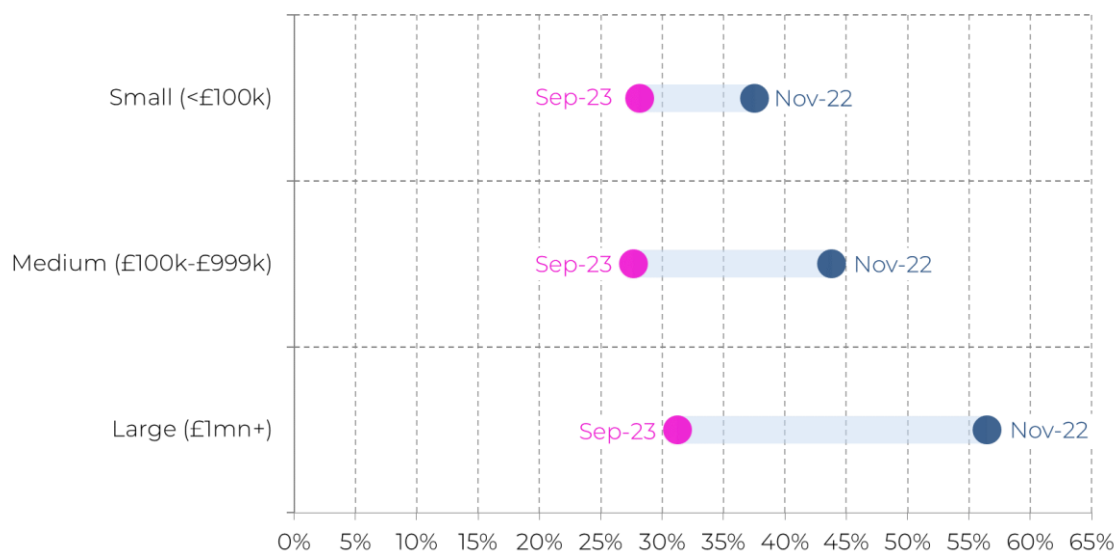
Notes: Wave 1 conducted 7-21 November 2022, N=177 large, 267 medium, 192 small. Wave 4 conducted 13-27 September 2023, N=80 large, 170 medium and 245 small.
 Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Waves 1 and 4.

Further indication of the improvement in the sector’s financial outlook since the peak of the crisis last winter can be found in the change in charities’ expectations for their finances. As Figure 7 demonstrates, over the last year, there has been a dramatic fall in the proportion of charities expecting their finances to deteriorate in the short term.

The biggest drop in pessimism can be observed among medium and large charities, with nearly one in three (28% and 31% respectively) reporting that they expect their finances to deteriorate over the next three months. This represents a significant improvement compared to a year ago, when more than four in ten (44%) medium charities and almost six in ten (56%) large charities said that they thought their financial position was set to deteriorate.

Figure 7. The proportion of larger charities expecting their finances to deteriorate in the near future has fallen dramatically in the last year

Proportion of respondents reporting that they expect their finances to deteriorate in the next three months, November 2022 to September 2023, by size



Notes: Wave 1 conducted 7-21 November 2022, N=177 large, 267 medium, 192 small. Wave 4 conducted 13-27 September 2023, N=80 large, 170 medium and 245 small.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Waves 1 and 4.

While this demonstrates a clear improvement in the underlying financial conditions for many charities compared to last winter, it is important not to confuse this with a positive operating environment. Charities are still more likely to have experienced financial deterioration than improvement. They are also more likely to expect their finances to get worse in the near future than they are to think they will improve.

Particularly concerning is the seeming deterioration of the financial position of small charities over the past year. There has been a growth in the proportion of smaller organisations saying that their finances have worsened recently, and a relatively small fall in the proportion expecting their finances to deteriorate in the near future. This sets the fortunes of small charities in stark contrast to medium and large charities that have in general indicated an improvement in their circumstances.

One explanation for these diverging fortunes may be found in the differing nature of smaller charities' sources of finance. Smaller charities receive more than half (54%) of their income from the public, making them more

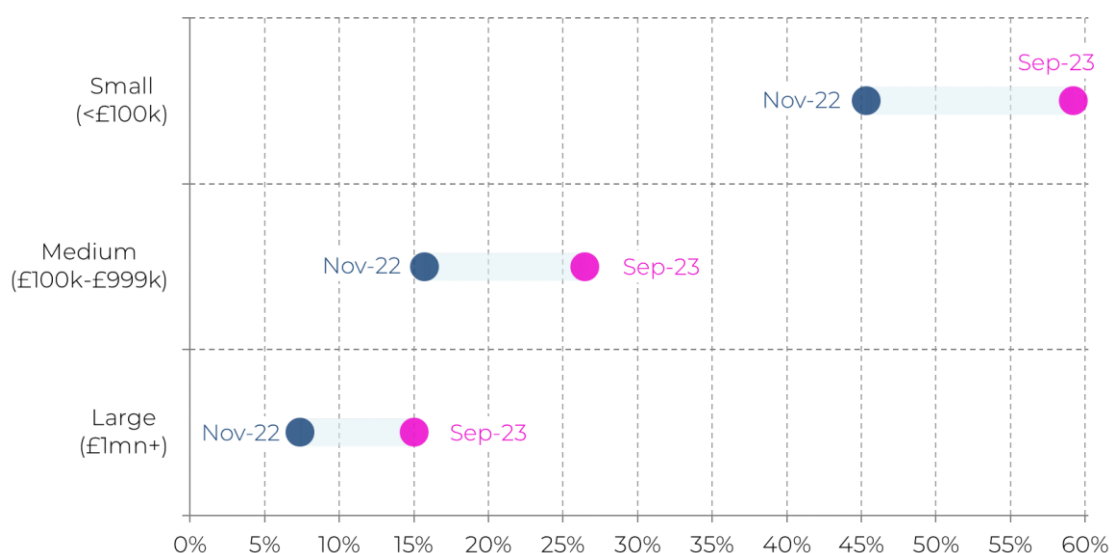
reliant on this source of income than other charities, and therefore more likely to be exposed to declines in household incomes.¹⁶

Compounding the financial difficulties facing small charities are escalating concerns about volunteer recruitment.

Over the past year, charities of all sizes have been increasingly likely to cite volunteer recruitment as a main organisational concern. Small charities, which make up more than 80% of organisations in the sector¹⁷, are much more likely to be reliant on volunteers, and are therefore more affected by challenges with recruitment.

Figure 8. Concerns about volunteer recruitment are considerably higher than they were at the end of last year

Proportion of respondents identifying volunteer recruitment as a main organisational concern, November 2022 to September 2023, by size



Notes: Wave 1 conducted 7-21 November 2022, N=177 large, 267 medium, 192 small. Wave 4 conducted 13-27 September 2023, N=80 large, 170 medium and 245 small.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Waves 1 and 4.

As can be seen in Figure 8, the proportion of small charities saying that volunteer recruitment is a worry has leapt in the last year. Almost six in ten (59%) reported that securing more volunteers was a main organisational concern for them, up from nearly half (45%) at the end of last year. This has

¹⁶ N Tabassum and B Fern, [UK Civil Society Almanac 2023](#), National Council for Voluntary Organisations, October 2023.

¹⁷ N Tabassum and B Fern, [UK Civil Society Almanac 2023](#), National Council for Voluntary Organisations, October 2023.

meant that concerns around volunteer recruitment is now as prevalent as concerns about income, among small charities.

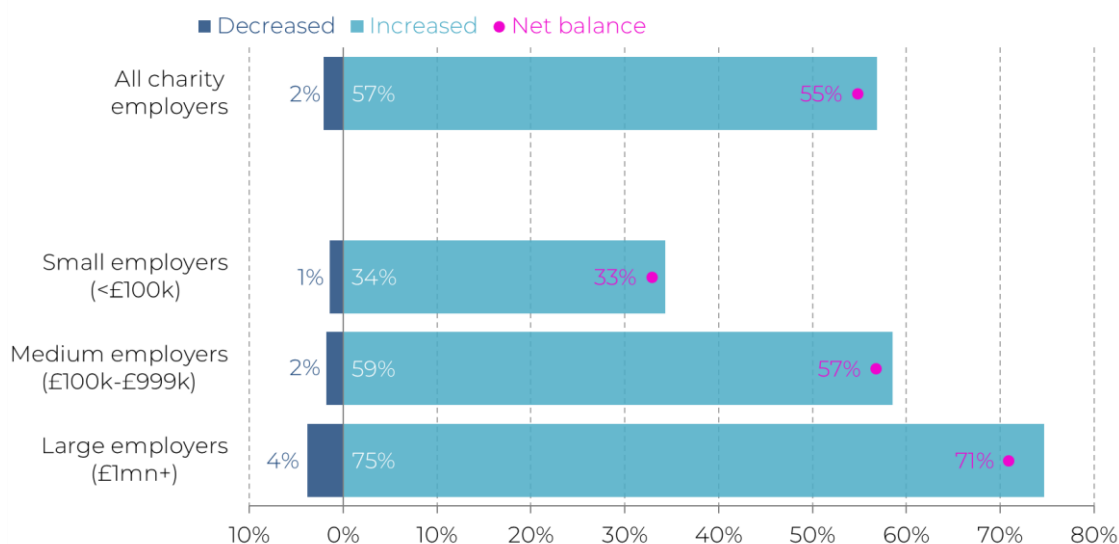
Charity staff at the frontline of supporting people hit by the cost of living crisis have been affected both professionally and personally

As demand in the charity sector has escalated, it has had an impact on the sector's workers. In this latest Barometer, more than three in ten (31%) charities reported that there has been an increase in their staff working outside of their normal hours, or during annual leave, over the last year. And despite challenges easing throughout 2023, almost two-thirds (64%) of large charities and just under half (49%) of medium charities that said they are currently experiencing recruitment difficulties subsequently reported that staff are working additional hours as a result.

In addition to the professional challenges the sector's workforce have faced, it is clear that many workers have also been struggling with their own personal finances. Figure 9 goes some way to revealing the extent of that impact. Overall, almost six in ten (57%) charity employers reported that there had been an increase in staff struggling with the cost of living in the past 12 months, with only one in fifty (2%) saying there had been a decline. Among large charities, the impact is seemingly even more acute, with three-quarters (75%) reporting an increase in staff struggling with the cost of living over the last year.

Figure 9. The cost of living crisis has had a significant impact on charity employees in the last year, particularly at larger organisations

Proportion of charity employers reporting decrease/increase in staff struggling with the cost of living compared to 12 months ago, all employers and by size of employer



Notes: Survey conducted 13-27 September 2023, N=334 charity employers, 79 large, 164 medium, 70 small and 21 who did not disclose their annual income and were therefore not allocated to a size banding.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Wave 4.

There has also been an impact on the wellbeing of staff in the sector over a protracted period of time. Research undertaken by PBE in 2021 found that three in four (75%) charity leaders were concerned about wellbeing, stress, and burnout among their paid staff.¹⁸ Other surveys undertaken at the time also produced similarly alarming results. Nine in ten (94%) charity workers reported they had felt stress, overwhelm or burnout.¹⁹ Meanwhile, nearly half (44%) of charity CEOs said that they had considered quitting since the start of the pandemic, as a result of the increased pressures placed on them.²⁰

With little time for organisations and staff to recover from the impact of the pandemic, it is likely that the cost of living crisis has further eroded the

¹⁸ J Larkham, [Hysteresis in the making? Pandemic scars and the charity sector](#), Law Family Commission on Civil Society, November 2021.

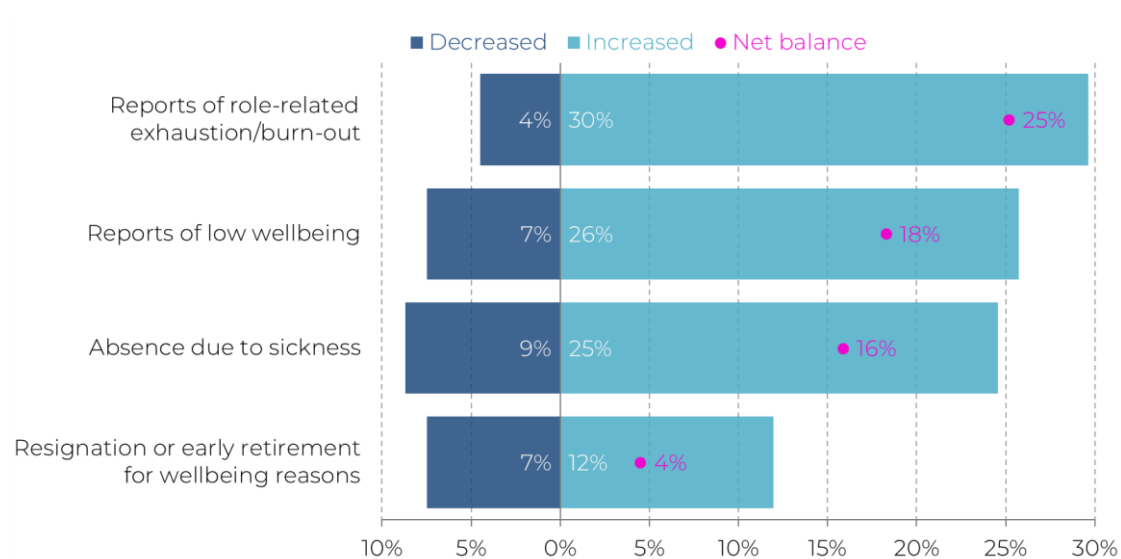
¹⁹ A Ricketts, [Nine in 10 charity workers have felt stress, overwhelm or burnout over the past year, survey shows](#), Third Sector, January 2021.

²⁰ S Delahunty, [Almost half of charity leaders have considered leaving the sector due to pandemic pressures, survey finds](#), Third Sector, 10 May 2021.

wellbeing of staff within the sector. As Figure 10 shows, three in ten (30%) charities reported an increase in staff reporting burnout, or exhaustion, in relation to their work over the past year. In addition, just over a quarter (26%) said reports of low wellbeing were on the rise, while a quarter (25%) had seen an increase in sickness absence.

Figure 10. Charities report that the wellbeing of many workers in the sector is worse than it was 12 months ago

Proportion of charity employers reporting decrease/increase in various wellbeing indicators compared to 12 months ago



Notes: Survey conducted 13-27 September 2023, N=334 charity employers.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Wave 4.

“Our workload has risen so much over the last three years... It has felt like we have been firefighting for so long... This year everything seems to have caught up with us and two members of staff went off on long-term sick from work-related stress, both of whom finally left.”

- Respondent from medium-sized charity

This has occurred at the same time that sickness absence has risen across the entire economy. Rates of absence due to sickness spiked considerably in 2022, pushing them to the highest level in almost 20 years.²¹ A growing proportion of people of working age are reporting that they have at least

²¹ Office for National Statistics (ONS), [Sickness absence in the UK labour market: 2022](#), April 2023.

one long-term health condition - with mental health conditions the most prevalent.²² And this pattern seems likely to have continued over the course of 2023, with the number of people out of work due to long-term sickness increasing to a record high.²³

The vast majority of charity employers have taken steps to respond to declining wellbeing among their workforce

Given the extent to which the sector has been under strain, it is arguably surprising that reports of burnout and low wellbeing have not been more widespread. In part, the effects of the cost of living crisis have likely been reduced by charity employers proactively providing a range of benefits to staff in the last year. Financial benefits have, unsurprisingly, been central to the sector's response, with the sector providing immediate support through putting up wages as noted above. But as Figure 11 shows, many charities are also providing additional foundations for their workers to build up financial resilience. Seven in ten (70%) charities reported that they have also covered staff expenses, while just over one in four (27%) reported that they have provided financial wellbeing awareness training, or resources, to employees.

Support for employees has also gone beyond the financial, with many organisations taking a comprehensive approach to workplace wellbeing, including personal, physical and mental health initiatives. Flexible and part-time working opportunities are clearly a top priority, offered by almost nine in ten (86%) charities, while six in ten (60%) said they provided access to mental health support. Almost half (47%) said they have provided paid-for social activities, while a further third (33%) and a fifth (19%) have given staff access to free health interventions, such as eye tests and flu vaccinations respectively.

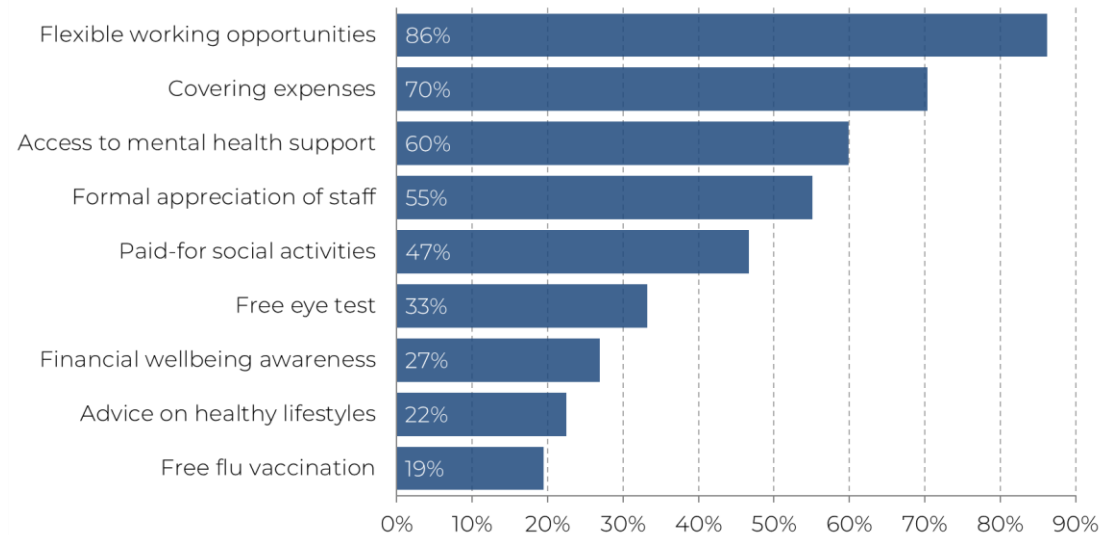
Such measures are promising signs that charities are aware that wellbeing strategies are powerful tools for recruitment, retention, and productivity. A resilient and supported staff are essential for a resilient and supportive sector.

²² D Morgan, "[Too Ill to Work](#)": A deeper look at what the figures show, Office for National Statistics, July 2023.

²³ Office for National Statistics (ONS), [Employment in the UK: September 2023](#), September 2023.

Figure 11. Charities have provided a variety of personal, financial, social and health benefits to their staff over the last 12 months

Proportion of charity employers reporting that they have offered the following wellbeing benefits to staff over the past 12 months



Notes: Survey conducted 13-27 September 2023, N=334 charity employers.

Source: Pro Bono Economics and Nottingham Trent University National VCSE Data and Insights Observatory, VCSE Sector Barometer, Wave 4.

Perhaps due to the combination of a higher prevalence of reported wellbeing issues and more substantial financial resources at their disposal, large charities have been the most active in trying to support the wellbeing of their staff. More than eight in ten (84%) large charities said they have covered expenses, 28ppts higher than the proportion of small charities (56%). In addition, large charities have been over five times more likely than small charities to offer their staff support with financial wellbeing awareness (52% versus 9% respectively). While almost nine in ten (85%) large charities say that they have provided their staff with access to mental health support in the last year, almost three times the proportion of small charities (30%) offering the same.

Conclusion

While the economy overall makes gradual improvements, the charity sector is still facing the fallout of the pandemic, the cost of living crisis and the surrounding economic chaos of recent years. For most charities, that means adapting to a continued upward trajectory of demand, and for many it means doing so in the face of sustained financial challenges.

For those charities with the resources to do so, growing need for their services is being managed by expanding the paid workforce and doing what they can to avoid staff burnout. But for many organisations, volunteers provide the mainstay of delivery. While recruiting paid staff has become easier in recent months, recruitment of volunteers remains a big concern. This could be the biggest obstacle in the way of charities being able to meet demand in the coming months, as winter brings a fresh round of challenges and pressures for the sector.

There is an evident and growing tale of two sectors emerging within the charity sector, as it looks to recover from these extended pressures. While large and medium-sized charities have been able to staff up to better meet demand and are becoming slowly more optimistic about their financial fortunes, the reverse is true for smaller organisations, which also experience the volunteer shortage much more intensely. In some instances, the gap between the experiences of small charities and their larger counterparts is widening.

As the largest charities continue to expand their financial share of the sector year-on-year, the smallest charities, which make up just over 80% of charitable organisations, must rise up the agendas of policymakers and sector leaders.



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