



Testing our Resilience

The impact of the cost of living crisis on volunteering and volunteers

Final report – 27 September 2022



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- **Scottish Government Third Sector Unit** – for their review of the draft report and contributions relating to the funding context.

Glossary of terms

Formal volunteering is defined as “..... Giving up time to help any groups, clubs or organisations in an unpaid capacity”.

Informal volunteering is defined as “Any unpaid help individuals have given to other people or to improve your local environment, that is apart from any help given through a group, club or organisation, excluding help given to a relative”.

Mutual aid is considered to be a subset of formal volunteering and is defined by Volunteer Scotland as a category of unpaid help “...through an informal group set up by people in your area to support and help others in your local community”. The key distinguishing feature is that the volunteering is provided through non-constituted groups without legal/charitable status. This category refers specifically to groups on Facebook, WhatsApp, etc. set up to support communities or issues in society.

Infrastructure organisations are involved in supporting or coordinating volunteering across an area or sector and include Third Sector Interfaces (TSIs), local authorities and other relevant partners such as Health and Social Care Partnerships and national umbrella bodies.

Volunteer-Involving Organisations (VIOs) refers to any organisations which engage volunteers in the delivery of their organisation’s functions or service delivery. This includes organisations in the third, public and private sectors.

Third Sector Interfaces (TSIs) provide a single point of access for support and advice for the third sector within local areas. There is a TSI in each local authority area in Scotland.

TSI Scotland Network is the network of 32 TSIs across Scotland and is supported to carry out its main functions by the Third Sector Unit of Scottish Government.

Summary

Research background

The catalyst for the research was a growing realisation that by August 2022 the increased cost of living was a major crisis. We need to better understand the role of volunteering in the crisis, the challenges it will face, and how best to address them.

Therefore, the report focuses on the impact of the cost of living crisis on people, organisations and communities in Scotland, and the impact this is likely to have on volunteering and volunteers.

The research evidence for the report was based on a rapid literature review and press search. The work was completed from 24 August to publication on 27 September 2022.

Findings

Cost of living and people – the potential impacts on volunteering and volunteers

- **Increased demand for volunteering services** – as in COVID-19 volunteering will be at the frontline in society's response – not just in helping with advice and guidance on financial issues and running food banks, but also in helping with wider societal issues exacerbated by the cost of living crisis.
- **Number of volunteers** – the impact of reduced disposable income could impact on people's willingness to volunteer. However, there are also arguments that volunteering may be more attractive as people take the opportunity to 'get out of the house' and into a warm volunteering environment, meet people and get respite from the challenges they are facing at home.
- **Health and wellbeing of volunteers** – just like any other sections of society, volunteers are also susceptible to cost of living impacts including financial stresses, mental ill-health, isolation and loneliness.
- **Cumulative impacts on volunteers** – the adverse legacy impacts from COVID-19 on volunteers, combined with the constant stream of 'bad news' stories may result in cumulative negative impacts on volunteers greater than those associated with the cost of living crisis itself. This could result in not just practical barriers to volunteering through increased costs, but also emotional ones, such as apathy to volunteering, poorer attendance and potentially withdrawal from volunteering altogether.

Cost of living and organisations – the potential impacts on volunteering and volunteers

- **An overall reduction in demand for volunteers** – for those Volunteer Involving Organisations (VIOs) having to reduce or cease services altogether due to the adverse financial impacts of the cost of living crisis.
- **But also, an increased demand for volunteers** – for those VIOs whose support is relevant to tackling the financial, health and wellbeing, and wider societal challenges from the cost of living crisis.
- **Less resource to manage volunteers** – this could include the removal of volunteer manager/coordinator posts to save costs and the reduction in hours allocated to volunteer management.
- **Volunteers replacing paid roles** – the potential for role substitution as organisations try to maintain service delivery in the face of a contracting headcount for paid staff.

Cost of living and communities – the potential impacts on volunteering and volunteers

- **Targeting Scottish Index of Multiple Deprivation (SIMD) quintiles 1 and 2** – the demand for volunteering support will be highest in Scotland's poorest areas and therefore voluntary support should be targeted at our poorest communities in SIMD Q1 and Q2.
- **Formal volunteering** - there is likely to be a major increase in demand for the services of voluntary organisations and volunteers, particularly in our poorest communities, where health and wellbeing support will be critical. However, as evidenced in COVID-19, societal needs are likely to be much wider and will encompass a range of issues exacerbated by the cost of living crisis such as substance abuse, domestic and sexual abuse, crime, homelessness, etc.
- **Informal volunteering** – the scope for individuals helping neighbours and friends with the cost of living challenges is likely to be more limited compared to the contribution of informal volunteering during COVID-19. However, there will still be really important contributions in the provision of support such as:
 - Keeping in touch with someone who is at risk of being lonely
 - Providing transport or accompanying someone away from home
 - Helping the elderly and those with disabilities and long-term health conditions with routine household tasks.

- **Places to volunteer** – the increased cost of heating, and higher operating costs for buildings generally, are likely to affect the places where people volunteer.

Areas for Action – the ‘Top Ten’

1. **Ensuring VIOs’ volunteering is supported financially** – including an extension of the Energy Bill Relief Scheme beyond six months for the third sector; and a new fund to support the implementation of specific actions, such as 3 and 4 below.
2. **Responding to increased demand for services** – through the development of creative solutions between the voluntary sector and partners.
3. **Increasing the recruitment, and improving the retention, of formal volunteers** – by addressing recruitment methods and the resources required.
4. **Investing in volunteer management** – provision of a fund and other support to help VIOs manage and coordinate their volunteering function more effectively.
5. **Protecting the health and wellbeing of volunteers** – provision of guidance and support for VIOs to help them protect their volunteers’ health and wellbeing.
6. **Focusing volunteering support where it is needed most** – targeting support at deprived areas where poverty is greatest; and at disadvantaged groups such as disabled people and those with long-term health conditions.
7. **Ensuring volunteers do not replace paid roles** – all VIOs should adhere to the principles of the ‘Volunteer Charter’.
8. **Facilitating the engagement of informal volunteers** – review the scope for targeted communication campaigns to help inform local communities how they can best help each other.
9. **Influencing Government policy** – the contribution of formal and informal volunteering in helping to address the crisis has to be communicated to both the UK and Scottish Governments’.
10. **Filling the evidence gaps** – to identify research gaps and address these as appropriate during the course of the crisis – see Appendix.

1. Introduction

1.1 Scope of the report

The catalyst for this report was the growing realisation that by August 2022 the increased cost of living was really becoming a crisis of magnitude. Unlike COVID-19 when there was an official crisis declaration on 24th March 2020 by the Prime Minister, the ever worsening cost of living crisis evolved over the six month period since the invasion of Ukraine. Through discussions internally and externally Volunteer Scotland took the decision to review the evidence on the crisis to date, and to share our analysis with partners and wider publics.

The report specifically focuses its attention on the impacts of the cost of living crisis on volunteering and volunteers. Its geographic focus is Scotland, but additional evidence has also been drawn upon from the wider UK to supplement Scottish data.

Understandably, the major focus in the UK to date has been on the impact of the crisis on people and organisations, and how these problems can be addressed. However, based on our rapid literature and press review there appears to be much less evidence and discussion on how the cost of living crisis is impacting volunteering and volunteers and how this is likely to change over time.¹ There are specific topics covered such as the volunteer expenses issue highlighted by the Community Transport Association; or the support provided by national bodies such as SCVO providing information and guidance that is not volunteering specific.^{2, 3} But what we have not found is a more strategic and wide-ranging analysis of the issues relating to volunteering and the cost of living crisis.

As evidenced so clearly in society's response to COVID-19, volunteering has a critical role to play in any crisis; and the greater and longer the crisis the more important this role is.⁴ During the pandemic, volunteers and volunteer involving organisations delivered an incredible record of work, which this report considers essential to the context of the current cost of living crisis and to future crises.

¹ Volunteer Scotland recognises that there may be important evidence relating to volunteering which it has missed. This is probably inevitable given the short timescale for this study and the fact that new evidence was being published daily on the cost of living crisis.

² [Community Transport Association AMAP campaign](#): 'A fair deal for volunteers'

³ [The cost of living and the RunningCostsCrisis](#): SCVO

⁴ 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

For example, the Scottish National Volunteering Coordination Hub – led by the British Red Cross – has seen over 58,445 volunteering hours delivered by 7,567 volunteers in Scotland, across a range of tasks including supporting Covid testing and vaccinations for the period 16 February to 24 March 2022.⁵ This equates to 8 full-time equivalents volunteering for a year. This demonstrates not only the incredible dedication of volunteers in responding to challenges – but sets the context for a sector which has already scaled up to existing crises.

Objectives of the report

There were five objectives underpinning this research:

- Review the context of the current cost of living crisis, with reference to impacts of the crisis on people, organisations and communities, and the implications for volunteering and volunteers.
- Differentiate between the immediate financial impacts of the crisis and how they are addressed; versus the longer-term adverse societal impacts in areas such as mental ill-health.
- Consider the impacts of the crisis on both formal and informal volunteering.
- Where possible, distinguish between COVID-19 legacy impacts and the impacts arising from the cost of living crisis.
- Review the impact evidence and draw out the implications for how volunteering and volunteers should be supported, so this vital contribution to society can be optimised.

Throughout the report there are reflections on what we can learn from COVID-19, also highlighting the differences between the pandemic and the cost of living crisis. As discussed in ‘Building Resilient Communities’:

“.....different emergencies have the potential to make different people vulnerable in different ways.”⁶

It is therefore important to understand this diversity, recognising that vulnerability is dependent on context.

⁵ Unpublished data from the British Red Cross.

⁶ [Building Resilient Communities: Scottish Guidance on Community Resilience](#) – Scottish Government, May 2019

1.2 Methodology

The research evidence for the report was based on a rapid literature review and press search. Relevant evidence from Scotland and the wider UK was sourced from:

- News articles featuring the UK and Scottish Governments' response to the crisis.
- Publications by major charities and umbrella organisations.
- Sources of data tracking such as The Scottish Third Sector Tracker, the 'Understanding Scotland' publications and the Citizens Advice monthly dashboard (England and Wales only).
- British Red Cross insights from their role supporting the COVID-19 volunteering response in Scotland and evidence from their research on loneliness.

In addition, Volunteer Scotland has access to a large body of evidence on the impact of COVID-19 and its impact on the voluntary sector and volunteering, which provides important contextual information leading up to the cost of living crisis. This evidence is most comprehensively documented in 'The Road to Recovery' report.⁷

Volunteer Scotland's draft report was kindly reviewed by the Scottish Government, the British Red Cross and SCVO, the latter helping to quality assure the data drawn from the Third Sector Tracker.⁸ The review of evidence, report writing and feedback from partners was completed between 24 August to publication on 27 September 2022.

1.3 Recognising the report's limitations

This report is designed to stimulate discussion, because it attempts to understand how volunteering and volunteers could be impacted, but in the face of significant limitations. Therefore, it is not intended to be a rigorous research study for the following reasons:

- It is early days in a fast-moving crisis, the impacts of which are not fully understood.
- The day-to-day announcements from the UK Government on support for households and organisations, which has created a 'moving target'.

⁷ 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

⁸ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

- The interaction between UK Government policy on the cost of living and the impact this has on the UK's key economic indicators such as the inflation rate, the interest rate and the value of the Pound.
- The cost of living impacts won't be fully discernible until the energy price rises really start to impact people and organisations during peak energy consumption in winter.
- The lack of comprehensive and authoritative evidence to help understand the issues relating to volunteering. New evidence is emerging daily and it's difficult to track this systematically given the time and resources available for the research.
- The need to move quickly to help share the insights of this research.

In short, we are keen to set down what we know currently from the evidence reviewed; while also being clear on what we don't know – the 'known unknowns' – and where further research will be required. The aim is to provide a contribution to the understanding of the cost of living crisis and the important relationship to volunteering. Therefore, it is hoped that the report will act as a 'think-piece' to identify potential issues, stimulate discussion, and act as a catalyst for more focused research to inform policy and practice as the crisis unfolds. It has relevance to organisations supporting Scotland's third sector and to the Volunteer Involving Organisations themselves.

In particular, Volunteer Scotland would like the report to be a catalyst for discussion with the Scottish Government and partners relevant to addressing the crisis. In particular, the report is addressed at the Cost of Living Task Group which is currently being formed as an immediate priority of the recently published 'Scotland's Volunteering Action Plan', which has a specific theme on 'resilience'.⁹ Also, there's an opportunity to build on the great work during the pandemic of bringing the Scottish Government and key partners in the voluntary sector together.

⁹ [Scotland's Volunteering Action Plan](#): Scottish Government; June 2022

2. Understanding the context

This section examines the impacts of the cost of living crisis: on people, organisations, and communities. The objective is to understand how these impacts have important knock-on consequences for both volunteering and volunteers.

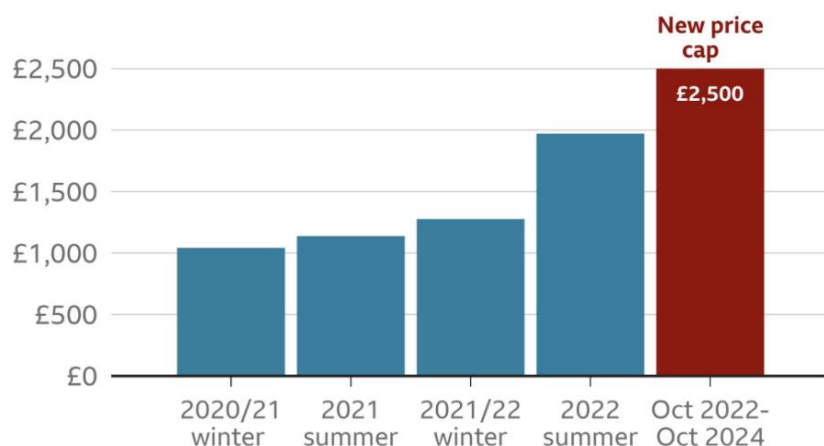
2.1 Impact of cost of living crisis on people

2.1.1 Financial impacts

A major focus of the UK and Scottish Governments has been to alleviate the financial burden on people arising from the major increase in energy costs and inflationary pressures more widely.

Regarding energy costs, the UK Government announced the 'Energy Price Guarantee' on 8th September 2022, which will mean a typical UK household will now pay on average £2,500 a year on their energy bill for the next two years.¹⁰ This caps households' exposure to future energy price rises for the next two years, but it still represents a very significant increase in what they have been paying in the recent past. The energy price cap increased from £1,138 on 1st April 2021 to £1,971 on 1st April 2022.¹¹ Figure 1 shows that the average UK household will be paying more than double for their energy compared to two years' ago.¹²

Figure 1 – Movement in typical UK household energy costs: 2020 - 2024



Source: Ofgem/UK Government

BBC

Note: the graph shows the annual bill for a typical household on a price-capped dual-fuel tariff paying by direct debit.

¹⁰ [Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market](#): UK Government press release, 8 Sept 2022 (accessed 21 Sept 2022)

¹¹ [Ofgem Energy Price Cap And New Govt Price Guarantee Explained](#): Forbes Advisor, 14 Sept 2022 (accessed 21 Sept 2022)

¹² [What is the energy price cap and how high could bills go?](#) Ofgem/UK Government data published by the BBC (accessed 16 Sept 2022).

However, it is not just the increase in energy costs, but also wider inflationary pressures that have to be considered. The following factors are important in understanding the scale and uncertainty of inflationary impacts, and their impact on people's cost of living:

- The UK's Consumer Prices Index (CPI) rate of inflation was 10.1% in July 2022.¹³ Modelling by the Office for National Statistics shows that the CPI rate has not been as high as this in the last 40 years.¹⁴
- CPI reduced marginally to 9.9% in August 2022, but this is still a very high figure.¹⁵ Importantly, this modest decline was driven by the decreasing oil price and lower petrol and diesel costs.
- Unfortunately, the rate of inflation for food prices and housing and household services continue to increase, which are the costs which represent a higher proportion of expenditure for those on lower incomes. For example, the UK inflation rate for 'food and non-alcoholic beverages' was 13.1% in August 2022, compared to 0.3% in August 2021. It is the highest figure since at least 1989, with prices of milk, cheese and eggs among the biggest upward contributors.¹⁶
- Predicting future rates of inflation is fraught with uncertainty due primarily to the volatility of energy prices, specifically oil and gas. Prior to the announcement of the Energy Price Guarantee (EPG), projected rates varied from 13% from the Bank of England to 18.3% by the Resolution Foundation think tank.¹⁷ However, the impact of the EPG has been to lower forecasters predictions. The Bank of England now expects the rate of inflation to peak at 11% in October and then remain above 10% for a few months before starting to come down.¹⁸ The 10% figure is still five times the target rate of 2%.
- Although there is consensus that the inflation rate will fall in 2023, by how much and how quickly is uncertain. However, what is critical to understand is the ratchet effect regarding inflation – the basket of average prices does not come down; its only its rate of increase which slows. People will be facing permanently higher costs, but increasing at a slower rate.

The other key variable impacting people financially is the rate of interest. The Bank of England raised interest rates from 1.75% to 2.25% on 22nd September 2022, which will significantly impact those with mortgages or other forms of borrowing.¹⁹

¹³ [Consumer Price Inflation, UK: July 2022](#): ONS (accessed 13 September 2022).

¹⁴ Ibid

¹⁵ [Consumer Price Inflation, UK: August 2022](#): ONS (accessed 14 September 2022)

¹⁶ Ibid (accessed 21 September 2022).

¹⁷ [UK inflation could hit 18% next year on rising energy bills, experts warn](#) – BBC news, 22 August 2022 (accessed 13 September 2022).

¹⁸ [When will inflation come down?](#): Bank of England, 23 September 2022 (accessed 25 Sept 2022)

¹⁹ [Inflation, Interest Rates & Economy: Bank Rate Rises To 2.25%](#): Forbes Adviser, 22 Sept 2022)

The dramatic fall in the value of the Pound will also contribute to higher inflation and higher interest rates, as the Bank of England seeks to manage inflation.²⁰

2.1.2 Health and wellbeing impacts

The consequence of the cost of living crisis is that it will create major stress and hardship for people, especially for the poorest and most disadvantaged in our communities, as they worry about how they are going to survive financially. For example, research by the Office for National Statistics (ONS) shows that disabled people were more likely than non-disabled people to have reduced their spending on food and essentials because of their increased costs of living (42%, compared with 31%).²¹ Economic factors, such as personal income and the level of deprivation of the area they live in (based on the Index of Multiple Deprivation), also appeared to affect a person's likelihood of having reduced spending on food and essentials.²²

People need not just financial support and guidance on how to try and mitigate the worst impacts of the cost of living crisis, but they will also need health and wellbeing support. The Scottish Third Sector Tracker highlights the deterioration in a series of social indicators during the third wave of the survey (December 2021 to March 2022): see Figure 2.²³

Top of the list is mental health and wellbeing with 72% of organisations identifying this as the key societal issue that has deteriorated. However, there are also linked issues related to the incidence of mental and physical ill-health such as loneliness, financial hardship, fuel poverty and food insecurity.

We also know from Volunteer Scotland's own research on health and wellbeing that these issues are strongly correlated to deprivation, whereby the proportion of the population affected in deprived areas is much higher and the impacts individually tend to be more profound.²⁴

²⁰ [Markets warn sterling slump could lead UK interest rates to triple by next year](#): The Guardian, 26 September 2022 (accessed 27 Sept 2022)

²¹ [What actions are people taking because of the rising cost of living?](#): ONS, 5 August 2022.

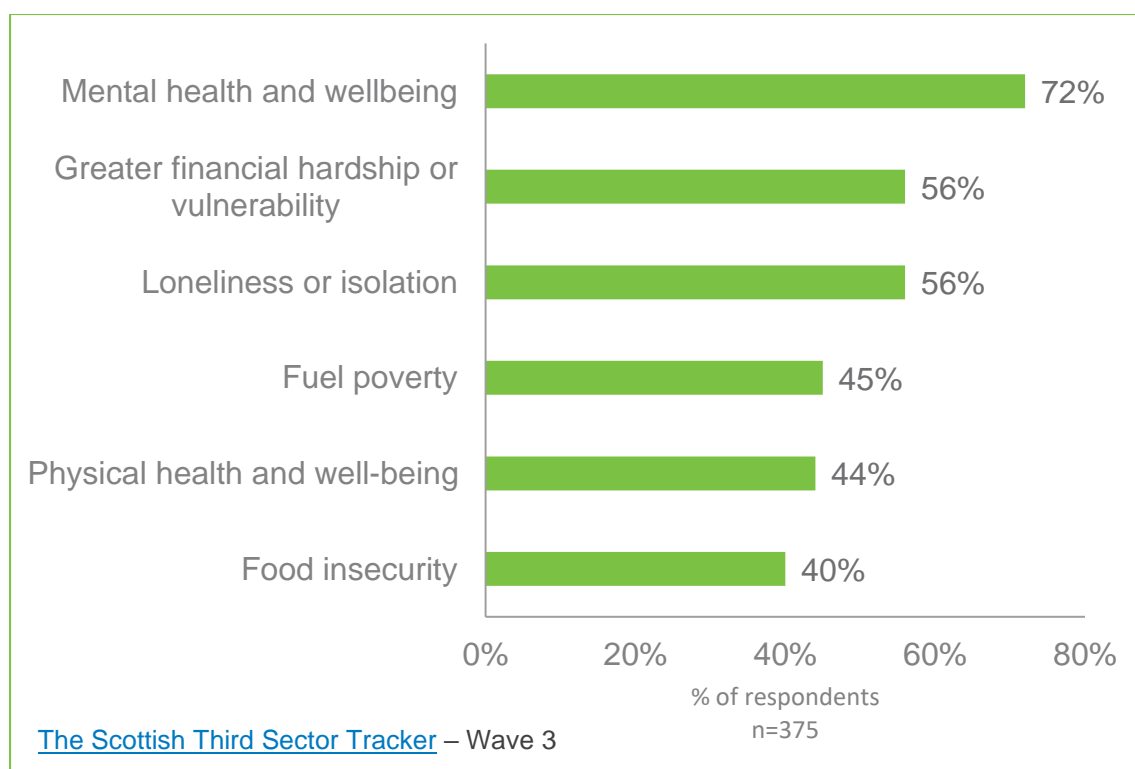
²² Ibid

²³ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

²⁴ [The contribution of volunteering to Scotland's health and wellbeing](#): Volunteer Scotland; October 2019.

This evidence mirrors very closely the adverse impacts of COVID-19, where mental health and loneliness were the top two issues, consistently, throughout the pandemic.²⁵ However, as evidenced in Figure 2, a key difference in the cost of living crisis is that financial and poverty related indicators have increased in relative importance against the non-financial/poverty factors. In particular, loneliness and isolation, at 56%, has a lower level of perceived need compared to during COVID-19, which hopefully indicates an improving situation for this key social indicator.

Figure 2 – ‘Top six’ needs that have become worse in the communities or target groups served by third sector organisations in Scotland (December 2021 to March 2022)



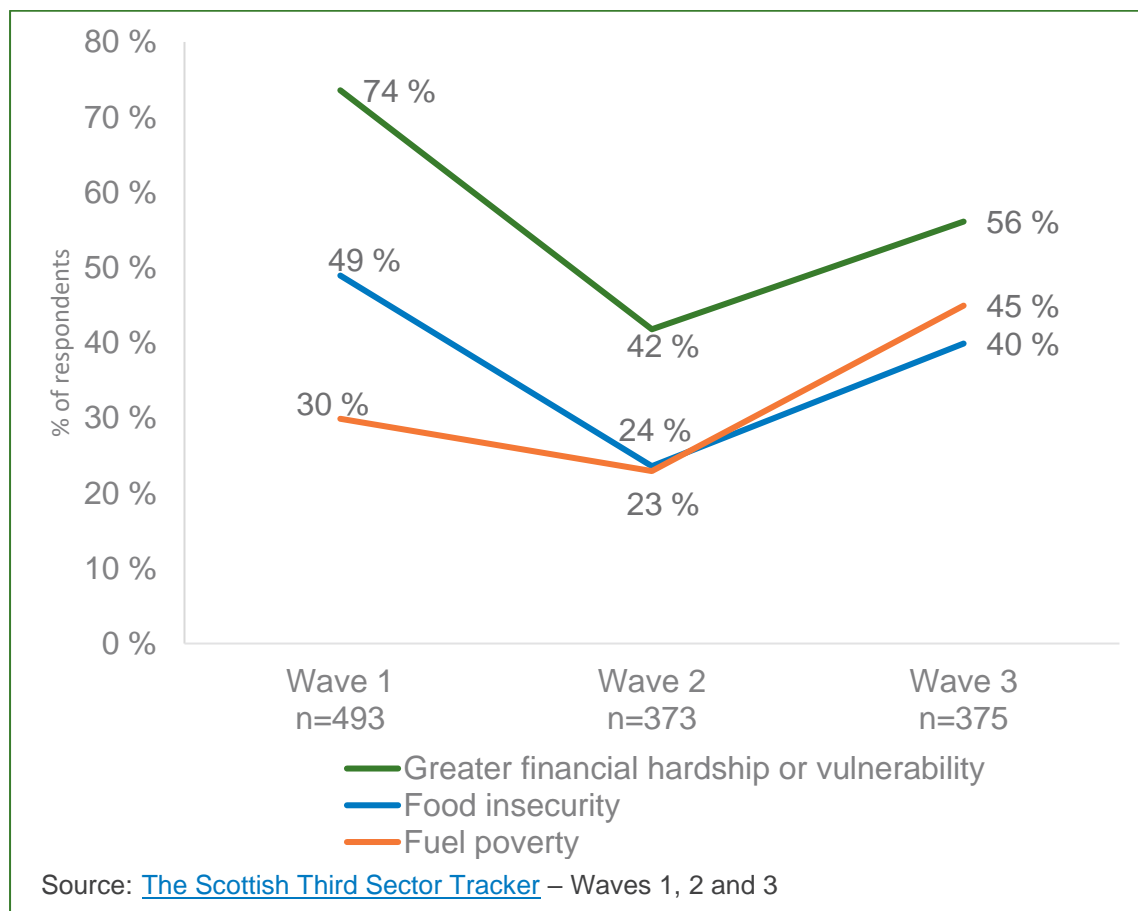
Interestingly, longitudinal analysis of the Third Sector Tracker reveals that there was a marked improvement in the three health and wellbeing indicators (mental health, physical health and loneliness or isolation) between Wave 1 (summer 2021) and Wave 2 (winter 2021), but a relative flatlining between Wave 2 (winter 2021) and Wave 3 (spring 2022).

²⁵ 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

In contrast, although the three indicators linked to cost of living (financial hardship, fuel poverty and food insecurity) also improved between Waves 1 and 2, they deteriorated again between Waves 2 and 3, potentially reflecting the emerging impact of the cost of living crisis: see Figure 3. It will be important to track these variables in successive Waves 4-6 of the Tracker.

There may be a latent problem if the new world of ‘crisis after crisis’ has the effect of further embedding these adverse financial, health and wellbeing impacts into even longer-term and more intractable problems. This is an area for future research.

Figure 3 - Needs that have become worse in the communities or target groups served by third sector organisations in Scotland – longitudinal analysis for cost of living factors between Waves 1 – 3 of The Scottish Third Sector Tracker



There is corroborating evidence on how the financial pressures facing people are already exacting a human toll on people’s health and wellbeing, or will potentially in the future:

- **‘Understanding Scotland’** report published in August 2022, surveyed 2,227 adults aged 16+ over the period 4th – 8th August, and reported that “*Rising prices are depriving people of basic necessities and causing considerable stress.*” The effect of stress is evidenced by over a quarter of respondents (28%) that have lost sleep due to financial anxiety, which increases to over 50% for those who are unemployed or unable to work.²⁶
- **YouGov survey on behalf of the British Red Cross** which surveyed 1,000 Scottish adults in June 2022:²⁷
 - 89% of adults ‘agreed or strongly agreed’ that the increased cost of living will make more people lonely.
 - 53% of adults ‘agreed or strongly agreed’ that they are restricting how much they socialise because the cost of living is going up.

Combined with the onset of winter and increased energy usage, the evidence all points to a potential worsening of the adverse impacts of the cost of living crisis on people – both through increasing financial pressures and deteriorating health and wellbeing.

In the ‘Understanding Scotland – Economy’ report for August 2022, 51% of adults surveyed cited cost of living/inflation as ‘one of the top three issues facing Scotland today’, the most highly rated of all the issues.²⁸ However, a year earlier in September 2021, the figure was only 23% and was ranked fourth in the list of issues.²⁹ This highlights how much more significant the cost of living issue has become over the last 12 months, and how dynamic this crisis is.

2.1.3 Potential impacts on volunteering and volunteers

The literature and press review evidence presented in Section 2.1 has helped Volunteer Scotland to identify potential impacts on people as a consequence of the cost of living crisis, with a specific focus on volunteering and volunteers: see Table 1.

²⁶ [Understanding Scotland Report - Economy](#): Diffley Partnership, using the ScotPulse panel; survey data from 4th to 8th August 2022

²⁷ Unpublished survey data commissioned by the British Red Cross from YouGov. The survey was carried out online between 9th to 13th June 2022, and the figures have been weighted and are representative of all Scotland adults (aged 18+).

²⁸ [Understanding Scotland Report - Economy](#): Diffley Partnership, using the ScotPulse panel; survey data from 4th to 8th August 2022

²⁹ Ibid

Table 1 - Cost of living and people – the potential impacts on volunteering and volunteers

- **Increased demand for volunteering services** – as in COVID-19 volunteering will be at the frontline in society’s response – not just in helping with advice and guidance on financial issues and running food banks, but also in helping with wider societal health and wellbeing issues exacerbated by the cost of living crisis.
- **Number of people coming forward to volunteer formally is uncertain** – the impact of reduced disposable income could impact on people’s willingness to volunteer. This could be due to increased travel costs; and having to work longer hours and taking on multiple jobs, which displaces time available for volunteering. However, there are also arguments that volunteering may be more attractive as people take the opportunity to ‘get out of the house’ and into a warm volunteering environment, meet people and get respite from the challenges they are facing at home.
- **Health and wellbeing of volunteers deteriorates** – just like any other sections of society, volunteers are also susceptible to cost of living impacts including financial stresses, mental ill-health, isolation and loneliness.
- **Cumulative impacts on volunteers** – the adverse legacy impacts from COVID-19 on volunteers, combined with the constant stream of ‘bad news’ stories linked to Ukraine, politics, weather events, etc., may result in cumulative negative impacts on volunteers greater than those associated with the cost of living crisis itself. This could result in not just practical barriers to volunteering through increased costs, but also emotional ones, such as apathy to volunteering, poorer attendance and potentially withdrawal from volunteering altogether.

(See more detailed discussion in Section 3)

2.2 Impact of cost of living crisis on organisations

2.2.1 UK Government support for businesses

Businesses are having to bear the brunt of major cost increases, coupled with declining income due to recessionary and inflation impacts, which are eroding customer orders and people’s spending power. For them it’s not a ‘cost of living’ crisis, but rather a ‘cost of operating’ crisis.

The UK Government responded to these needs through the 'Energy Bill Relief Scheme' which was published on 21st September 2022.³⁰ The scheme will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including all UK businesses, the voluntary sector and the public sector).

Like the 'Energy Price Guarantee' for households it will provide a ceiling for the rise in energy costs, but unlike the two-year protection afforded for domestic customers, the non-domestic customers' Scheme is only in place for six months, from October 2022 to March 2023. However, there will be a review of the scheme after three months to inform decisions on support after March 2023:

*"The review will focus in particular on identifying **the most vulnerable non-domestic customers** and how the government will continue assisting them with energy costs."*³¹

As a consequence, it will be critical for the UK's third sector to provide a unified response to the UK Government in support of the case for extending financial support to charities, community organisations and social enterprises beyond March 2023. As evidenced in Section 2.2, the case should be based on the cost of living impact on voluntary sector organisations being even greater than that faced by typical private sector businesses. They not only have to deal with increasing costs and reduced income, but also in the provision of critical services linked to the cost of living crisis, the demand for which is increasing in direct proportion to the severity of the crisis. A number of commentators have referred to these three intersecting impacts as 'the perfect storm'.^{32, 33}

2.2.2 Increasing costs

Nearly one third of third sector organisations (29%) rated 'rising costs and/or inflation' as one of their top three challenges in Wave 3 of the Third Sector Tracker back in March 2022, up from 14% in Wave 2.³⁴

³⁰ [Government outlines plans to help cut energy bills for businesses](#): UK Government, 21 September 2022 (accessed 21 September 2022)

³¹ Ibid

³² <https://tfn.scot/news/the-worst-crisis-yet-inflation-and-cost-of-living-set-to-ravage-the-voluntary-sector>: Third Force News; 20th May 2022

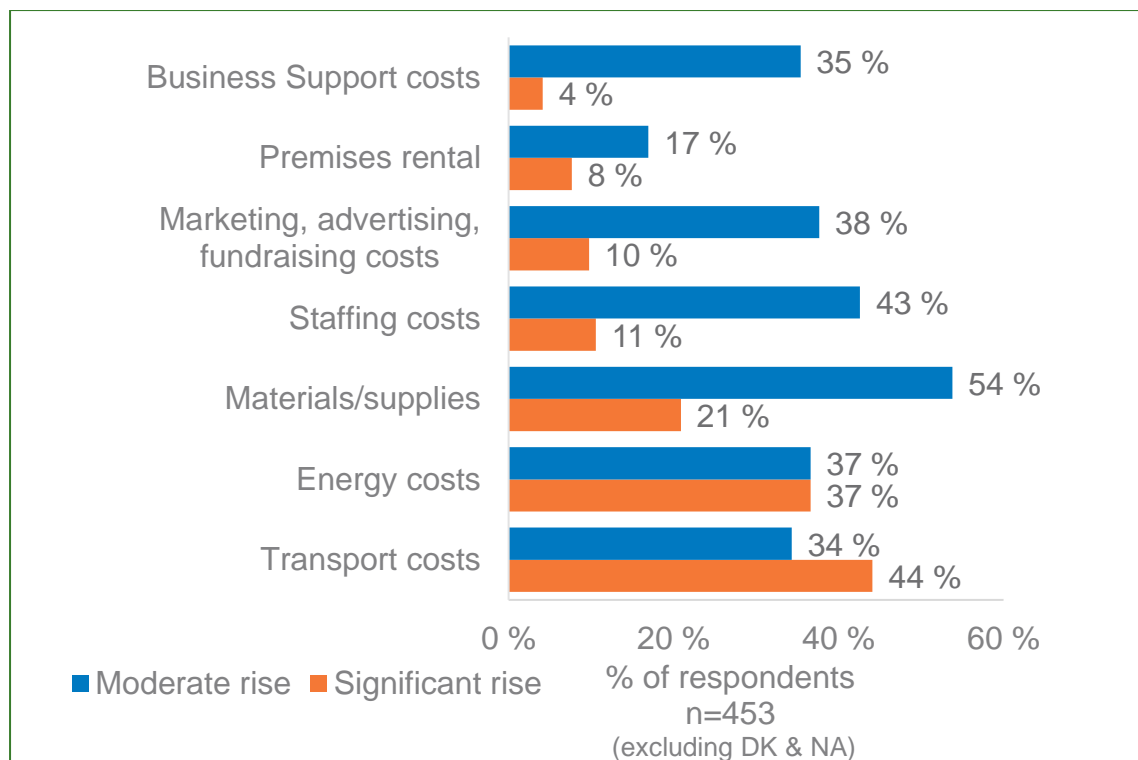
³³ [Increasing demand and falling donations create 'perfect storm' for charities in cost of living squeeze](#): Charities Aid Foundation blog

³⁴ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

By the summer of 2022 draft unpublished results from Wave 4 of the Tracker suggests that this figure had increased to 38% of third sector organisations.³⁵ As the impact of the crisis deepens over the winter, and rises in energy, transport and supplies bite even deeper, the proportion of organisations citing increasing costs as one of their top challenges is likely to rise even further.

The proportion of third sector organisations affected by cost increases, as at March 2022, is illustrated in Figure 4. Top cost increase category was transport costs with 78% of respondents experiencing a significant or moderate rise; closely followed by materials and supplies costs at 75% and energy costs at 74%.

Figure 4 – Proportion of third sector organisations experiencing cost increases by cost category (December 2021 – March 2022)



³⁵ Wave 4 of the Third Sector Tracker had not been published at the time of writing this report, but SCVO kindly supplied this statistic which is draft and subject to QA.

2.2.3 Reduced income

A survey of over 1,000 UK charities by Charities Aid Foundation and ACEVO identified ‘generating income/achieving financial sustainability as the ‘Number one challenge for charity leaders’ – 58% of respondents from the survey period 19th March to 26th May 2022.³⁶ The ‘UK Giving Report 2022’ also highlighted that:

*“The trend towards fewer people giving is now firmly established. For every month of the year in 2021, the proportion of people making a donation was lower than the equivalent month in 2019, suggesting a substantial and established trend.....the results from 2022 thus far are following a similar pattern of declined levels of giving.”*³⁷

Also, one third of respondents to The Scottish Third Sector Tracker (32%) rated ‘difficulty fundraising’ as one of the three biggest challenges facing their organisation – the highest proportion for all of the challenges surveyed.³⁸ Qualitative data from the Tracker gives examples of these fundraising challenges:³⁹

“...fundraising has become harder due to people not having money to purchase raffle tickets or give donations.” Small organisation, Families, Children, or Social Care

“We are struggling to generate the same levels of fundraising income due to rising costs of organising fundraising events.” Small organisation, Community, Economic and/or Social Development

“These [rising costs] have increased our core costs which we have not been able to offset through fundraising.” Large organisation, Youth Work

2.2.4 Increased demand for services

For the period December 2021 to March 2022, 62% of respondents to Wave 3 of the Third Sector Tracker saw an increased demand for their core services or activities, which compares to only 12% that experienced a decrease in demand.⁴⁰

³⁶ [Charity Landscape 2022](#): Charities Aid Foundation and ACEVO

³⁷ [UK Giving Report 2022](#): Charities Aid Foundation

³⁸ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

³⁹ [The Scottish Third Sector Tracker open question analysis - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

⁴⁰ Ibid

Analysis of the Tracker's longitudinal data shows that a similar level of increased demand was experienced in the Wave 2 winter 2021 survey (61% of organisations) and Wave 1 summer 2021 survey (57% of organisations).

Therefore, in each successive survey nearly two-thirds of organisations have experienced increased demand greater than the previous quarter. Furthermore, between winter 2021 and spring 2022 the proportion of organisations that report having the capacity to meet this increased demand has dropped from 83% (Wave2) to 78% (Wave 3).

Drawing upon unpublished data from Wave 4 in summer 2022 which has still to be quality assured, SCVO have provided this assessment of the interaction between demand and supply pressures facing third sector organisations:

"..... but it's becoming clear that the organisations that have been most impacted by rising costs are also the organisations most likely to report an increase in demand for their services, but also most likely to report that they haven't been able to meet this increased demand. Not only are they not able to meet this increased demand, but they're also now starting to be unable to fully deliver on the work they had planned." (SCVO)

In terms of case study evidence, the Citizens Advice dashboard illustrates how the growth in demand for crisis support has been accelerating over the period 2019 – 2022. For example, in England and Wales, they project that in 2022 they will have assisted over 200,000 people with crisis support, compared to less than 140,000 in 2021 and less than 80,000 in 2019.⁴¹

2.2.5 Potential impacts on volunteering and volunteers

The irony of these 'perfect storm' conditions is that those organisations which are critical to supporting society's response to the cost of living crisis are the ones most adversely affected by the crisis. There needs to be targeted and effective support for third sector organisations addressing the financial and societal challenges associated with the cost of living crisis. Without this support they will be delivering fewer services to fewer people, which will inevitably lead to a more severe and more drawn out crisis than would otherwise be the case. In particular, it will have direct impacts on volunteering and volunteers.

The experience of Childline in Glasgow is a good case study of the type of problems facing VIOs across Scotland.

⁴¹ [Citizens Advice cost of living dashboard](#): August 2022

Childline in Glasgow – a case study of the cost of living challenges

Urgent appeal for volunteers as cost-of-living crisis strains families ⁴²

“Childline in Scotland’s biggest city is urgently appealing for volunteers to become counsellors as the cost-of-living crisis increases pressures on young people. The counselling service for children has fewer volunteers than it needs as numbers dropped by 40% during the pandemic when people had to self-isolate and were unable to attend the Glasgow centre. It comes as the cost-of-living crisis puts many families under added stress, which can have an impact on young people’s mental health and family relationships.”

Childline service

The service is run by child protection charity National Society for the Prevention of Cruelty to Children (NSPCC), and is dependent on volunteers for its Glasgow centre so it can continue to be there for children 24 hours a day, seven days a week.

The literature and press review evidence presented in Section 2.2 has helped Volunteer Scotland to identify potential impacts on VIOs as a consequence of the cost of living crisis, with a specific focus on volunteering and volunteers: see Table 2.

Table 2 - Cost of living and organisations – the potential impacts on volunteering and volunteers

- **An overall reduction in demand for volunteers** – as a result of the contraction in services provided by voluntary organisations
- **But, also an increased demand for volunteers** – for those VIOs whose support is relevant to tackling the financial, health and wellbeing, and wider societal challenges from the cost of living crisis.
- **Less resource to manage volunteers** – this could include the removal of volunteer manager/coordinator posts to save costs and the reduction in hours allocated to volunteer management
- **Volunteers replacing paid roles** – the potential for role substitution as organisations try to maintain service delivery in the face of a contracting headcount for paid staff. (See more detailed discussion in Section 3)

⁴² <https://www.heraldscotland.com/news/20906111.urgent-appeal-volunteers-cost-of-living-crisis-strains-families/>: News article in The Herald, 5 September 2022 (accessed 16 September 2022)

2.3 Impact of cost of living crisis on communities

2.3.1 Community resilience

One of the very positive impacts arising from COVID-19 was the way in which communities came together to help each other. This was evidenced by the rapid formation of mutual aid groups, the use of social media platforms which allowed members of a community to ‘work together’, and the increase in neighbours helping each other.⁴³

The latter point refers to ‘informal volunteering’ which saw a major increase in the adult participation rate in Scotland, from 36% in 2018 to 56% in 2020.⁴⁴ All types of informal volunteering activities increased in 2020, the largest increases being:

- The 51% increase in ‘Keeping in touch with someone who is at risk of being lonely’, up from 18% in 2018 to 69% in 2020; and
- The 39% increase in ‘Doing shopping, collecting pensions, collecting benefits or paying bills’, up from 12% in 2018 to 51% in 2020.

Scottish communities demonstrated a level of resilience that was unexpected in terms of both the breadth and depth of the response.⁴⁵ This begs the interesting question as to whether there will be a COVID-19 legacy effect which will help support communities in their response to the cost of living crisis?

It is still early days in the cost of living gestation period, and this may account for why Volunteer Scotland has not identified research investigating the relationship between the community resilience response and the cost of living crisis. This is an area for future research.⁴⁶

However, in the absence of cost of living evidence the following factors should be considered when trying to understand the impact of the cost of living crisis on communities and volunteering:

- **People’s immediate crisis needs are different** – the cost of living crisis requires targeted financial support, advice and guidance to help people manage their finances. This type of support does not lend itself to self-help within communities.

⁴³ ‘The Road to Recovery - Lessons learned from Scotland’s volunteering response to COVID-19’: Volunteer Scotland; February 2022.

⁴⁴ [Volunteering in 2020: Findings from the Scottish Household Survey](#): Volunteer Scotland; April 2022.

⁴⁵ ‘The Road to Recovery - Lessons learned from Scotland’s volunteering response to COVID-19’: Volunteer Scotland; February 2022.

⁴⁶ However, it is quite possible that there is interesting research being undertaken, it’s just that we are not sighted on it.

Contrast this with COVID-19 where the immediate demands focused on food deliveries, collecting prescriptions, helping neighbours with practical tasks, etc., needs where communities were ideally placed to help through mutual aid groups and informal volunteering.⁴⁷ However, the one common need in both crises is the provision of food, clothing, etc., which mutual aid groups supported, alongside formally constituted food banks.

- **People have less time** – as explained in Section 2.1 the cost of living crisis is likely to reduce people’s available time as more people return to work, take on additional hours, or commit to second or third jobs, to help make ends meet. This means there will be less time to volunteer. Contrast this with COVID-19, especially during the first lockdown when a large proportion of the population were on furlough, when people were coming forward in their hundreds of thousands to help out. Adult volunteering participation increased from 48% in 2018 (2.1 million volunteers), to 64% in 2020 (2.9 million volunteers).⁴⁸
- **Complex needs require specialist support** – the longer term impacts from the cost of living crisis, such as adverse health and wellbeing impacts, typically require public and voluntary sector support services with the necessary specialist skills and services. In general, communities are not well placed to deliver this type of support and its why in COVID-19 the evidence clearly showed that formal volunteering played a key role and not mutual aid and informal volunteering.⁴⁹

Therefore, in the absence of hard evidence, our working hypothesis is that there will not be the same breadth and depth of community response for the cost of living crisis that we witnessed during COVID-19, especially during 2020. However, the problems facing communities are likely to be no less severe once the cost of living pressures become more acute. It is possible that the impacts could be equal to or worse than COVID-19 because of the differential impacts of the cost of living crisis.

⁴⁷ ‘The Road to Recovery - Lessons learned from Scotland’s volunteering response to COVID-19’: Volunteer Scotland; February 2022.

⁴⁸ [Volunteering in 2020: Findings from the Scottish Household Survey](#): Volunteer Scotland’s analysis April 2022. This report gives the participation rates, but not data on volunteer numbers which was calculated by Volunteer Scotland based on NRS mid year population estimates for adults aged 16+.

⁴⁹ ‘The Road to Recovery - Lessons learned from Scotland’s volunteering response to COVID-19’: Volunteer Scotland; February 2022.

2.3.2 Differential impacts on communities

COVID-19 and the cost of living crisis have one key thing in common – they affect everyone in society. This universality of impact is why they are so serious and differ from other crises such as storms and flooding, which in a Scottish context tend to have more limited geographical impacts in comparison to overseas natural disasters.

However, there are differences between COVID-19 and the cost of living crisis. During COVID-19 everyone had the potential for catching the disease, from the Prime Minister in London to a retired pensioner living in Linlithgow. It was no respecter of age, location, social classification or wealth. This meant that every community of place across the country was impacted seriously by COVID-19. Even for those communities which had lower infection rates, there was still a big task managing people's needs related to shielding, those who were older, the young not at school, those with a disability and long term health conditions, etc.⁵⁰

In contrast, the greatest adverse impact of the cost of living crisis will be concentrated on those people least able to afford the price rises – the poorest living in our most deprived communities. As a consequence, there will be significant differential impacts across communities of place. There are two main factors at play: lack of discretionary income and the poverty premium.

Lack of discretionary income - for the poorest in society non-discretionary expenditure such as food, energy bills, transport and communication makes up a much higher proportion of their total income compared to higher income households. Hence, they have much less, or possibly no, discretionary income to cover future cost increases. Hence, the commonly cited plea 'We have to decide between heating and eating'. Such households have no discretionary income left and are being forced to prioritise between basic human needs.

The Resolution Foundation's recent analysis reveals that this winter low-income households will have to reduce their spending by three times as much as high-income households in order to afford their energy bills.⁵¹

- Poorer households, in the lowest quintile of the income distribution, will have to cut back almost 1 in £4 (24 per cent) of "non-essential" spending in order to be able to put on the heating, pay the rent, and afford food, transport and communication in January-March 2023.

⁵⁰ Ibid

⁵¹ [Low-income households will have to cut back on spending by three times as much as high-income households this winter](#): Resolution Foundation; 14 August 2022

- In contrast, the richest tenth of households will only have to cut back 1 in £12 (8 per cent) of their non-essential spending in order to accommodate the higher heating bills, reflecting the fact that gas and electricity expenditure make up a much smaller proportion of their total outgoings.

Poverty Premium – this refers to the extra costs people on low incomes and in poverty pay for essential products and services.⁵² Examples include:

- using pre-payment meters
- using high cost credit
- paying in instalments rather than a one-off payment
- higher insurance premiums for household contents, car insurance, because of where you can afford to live
- paying to access cash at fee charging ATMs or pre-paid cards
- using single item insurance rather than full contents cover.

The consequence of these poverty factors is that the impact of the cost of living crisis will be much more severe for the poorest people in society. Furthermore, poverty is geographically concentrated in our most deprived communities. There are two implications arising from this:

- **Targeted support for individuals** – the UK and Scottish Governments’ must direct their one-to-one support for individuals and families to those who are least able to afford the price rises.
- **Targeted support for communities** – support provided by the public sector and third sector should be geographically focused on our poorest and most deprived communities. This includes the voluntary sector and the contribution of volunteering and volunteers.

2.3.3 Potential impacts on volunteering and volunteers

The literature and press review evidence presented in Section 2.3 has helped Volunteer Scotland to identify potential impacts on communities as a consequence of the cost of living crisis, with a specific focus on volunteering and volunteers: see Table 3.

⁵² [What is the Poverty Premium?](#): Fair by Design

Table 3 - Cost of living and communities – potential impacts on volunteering and volunteers

- **Targeting Scottish Index of Multiple Deprivation (SIMD) quintiles 1 and 2** – the demand for volunteering support will be highest in Scotland's poorest areas and therefore voluntary support should be targeted at our poorest communities in SIMD Q1 and Q2.
- **Formal volunteering** - there is likely to be a major increase in demand for the services of voluntary organisations and volunteers, particularly in our poorest communities. As discussed, in sub-section 2.1, health and wellbeing support will be critical. However, as evidenced in COVID-19, societal needs are likely to be much wider and will encompass a range of issues exacerbated by the cost of living crisis such as substance abuse, domestic and sexual abuse, crime, homelessness, to name but a few.⁵³
- **Informal volunteering** – the scope for individuals helping neighbours and friends with the cost of living challenges is likely to be more limited compared to the contribution of informal volunteering during COVID-19. However, there will still be really important contributions in the provision of support such as:
 - Keeping in touch with someone who is at risk of being lonely
 - Providing transport or accompanying someone away from home
 - Helping the elderly and those with disabilities and long-term health conditions with routine household tasks.
- **Places to volunteer** – the increased cost of heating, and higher operating costs for buildings generally, are likely to affect the places where people volunteer. Examples include:
 - Volunteer involving organisations may be forced to reduce their opening hours or in extreme cases close altogether, with a direct impact on their ability to engage volunteers.
 - Similarly, organisations that deliver services for people and communities, where people come to volunteer, may have to restrict their services due the rise in costs. This includes a wide array of venues including, for example, community halls, sporting, leisure and cultural venues. Again, this could result in a decline in formal volunteering opportunities.(See more detailed discussion in Section 3)

⁵³ 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

3. The potential impact on volunteering and volunteers

Drawing upon the conclusions in Section 2, this section summarises the projected impacts of the rising cost of living on volunteering and volunteers and, where relevant, it presents additional supporting volunteering evidence to underpin the findings. The section is structured into formal and informal volunteering.

It is important to stress that the projected impacts are difficult to determine at this stage and so the analysis focuses on factors likely to influence the future ‘direction of travel’. Given the considerable uncertainties in a dynamic crisis of this nature, and the significant gaps in the evidence base, the impacts should be viewed as an informed discussion of what may happen in the future. Only further research and the elapse of time will determine the accuracy of the potential impacts described.

Section 3 is structured into two sections: the impact of the cost of living on formal volunteering and the impact on informal volunteering. The views expressed and conclusions drawn are those of Volunteer Scotland.

3.1 Impact of cost of living crisis on formal volunteering

3.1.1 Demand for Volunteer Involving Organisations’ services increases?

Volunteer Involving Organisations (VIOs) which provide services that help address the cost of living crisis are likely to face a significant increase in demand for their services. This includes advice and guidance for people on managing the financial impacts; food banks; ‘warm banks’; health and wellbeing support; and assistance with other key societal needs exacerbated by the crisis. Furthermore, this increase in demand will be concentrated, but not exclusively so, in Scotland’s poorest and most deprived communities, as discussed in section 2.3.

For other VIOs which provide services not linked to the cost of living crisis, the demand may decrease; for example, in areas such as culture, arts, sport and leisure. Some people may find that they cannot afford to travel to the venues or pay for the equipment charges or event fees. There is some emerging evidence from the Third Sector Tracker to support this hypothesis.

However, The Scottish Third Sector Tracker indicates that overall demand for VIO services has been increasing.⁵⁴ Wave three covering December 2021 to March 2022, shows that 62% of third sector respondents saw an increased demand for their core services or activities, which compares to only 12% that experienced a decrease in demand.⁵⁵ For further discussion on the unpublished Wave 4 Tracker data and its impact of the demand for, and supply of, services see section 2.2.

3.1.2 Financial and operational sustainability of VIOs declines?

As discussed in section 2.2, the three intersecting impacts on VIOs of increasing costs, reducing income and increasing service demand are likely to have significant negative impacts, including restrictions in services they can deliver; reduced turnover; lower profitability; organisations having to draw down on reserves; and, in extreme cases, VIOs going out of business.

3.1.3 Standards of volunteer management declines?

During COVID-19 funding was the number one support issue identified by VIOs, with nearly half of all respondents (48%) identifying funding as a priority for their immediate and longer-term recovery.⁵⁶ The key driver of this demand for funding was the pressing need to provide additional staff resource for volunteer management and coordination, to build and strengthen the capacity of VIOs during the COVID-19 recovery period.

Given the projected adverse financial impacts of the cost of living crisis on VIOs as discussed in section 2.2, it is possible that their financial position will deteriorate to a level even worse than it was at the time of the Scottish Government survey in May 2021. Hence, it is highly likely that lack of funding for volunteer management will remain a top issue during the cost of living crisis. Organisations require dedicated resource to recruit, train and manage volunteers in a sustainable and inclusive way, and in the absence of the necessary funding it is inevitable that standards of volunteer management will decline.

⁵⁴ Wave 3 Tracker data are based on 453 responding organisations, 96% of which engaged volunteers. Only 4% did not. Hence, the Tracker's third sector respondents gives a very good proxy for the issues facing VIOs.

⁵⁵ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

⁵⁶ 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

3.1.4 Number of formal volunteers decreases?

The number of volunteers engaged is determined by a combination of the demand for volunteers and the supply of volunteers. Given the impact of the cost of living crisis on the financial sustainability of VIOs one would expect to see a decline in VIOs' demand for volunteers over time. In contrast, it is more difficult to predict what the supply of volunteers is likely to be during the cost of living crisis.

As explained in section 2.1, the impact of reduced disposable income could impact on people's willingness to volunteer. This could be due to factors such as:

- **Volunteering is no longer affordable** – in particular, the impact of increased travel costs, especially for volunteers in VIOs where reimbursement of expenses is not the norm. However, even when fuel costs are reimbursed, the Approved Mileage Allowance Payment (AMAP) rate of 45p per mile has been static for 10 years. Volunteers receiving more than this rate could be liable for taxation, or it could impact on their benefits. The Community Transport Association's 'Autumn Budget Representation 2022' to the Chancellor of the Exchequer details the case for an increase in AMAP to protect the role of staff and volunteers in community transport.⁵⁷

For driving generally, a YouGov poll revealed that, over the six month period from November 2021 to May 2022, one in five Britons were driving less as a result of the cost of living, with 22% saying they have been forced to do so less frequently.⁵⁸

Qualitative data from the Third Sector Tracker has identified the adverse impact that rising costs are having on volunteer recruitment, with the increased cost in fuel often cited as a reason for volunteer hesitancy.⁵⁹

"There is a need to secure additional funding to meet the rising costs of volunteer expenses as we see an increased demand for transport to healthcare appointments...We have also had to increase our recruitment for volunteers, especially volunteer drivers. This is due in part to the rising fuel costs for drivers impacting on their ability and willingness to travel across fairly large areas to deliver a service."

Medium-sized organisation, Families, Children, or Social Care

⁵⁷ [Autumn Budget Representation 2022](#): Community Transport Association, September 2022.

⁵⁸ [Cost of living: what have Britons had to cut back on?](#): YouGov, 23 May 2022 (accessed 16 Sept 2022)

⁵⁹ [The Scottish Third Sector Tracker open question analysis - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

- **Not having the time to volunteer** – people having to work longer hours and taking on multiple jobs, which displaces the time available for volunteering.
- **Poorer health and wellbeing** – as discussed in section 3.1.5, volunteers' health and wellbeing may be adversely affected by the cost of living crisis and/or or through COVID-19, so that they have to withdraw from volunteering.

However, there are also arguments that volunteering may be more attractive during the winter as people take the opportunity to 'get out of the house' and into a warm volunteering environment (ref. the new terminology of 'warm banks'), meet people and get respite from the challenges they are facing at home.⁶⁰

Evidence from the Third Sector Tracker shows that 'volunteer shortages' was the joint third in the most cited of the big challenges, accounting for 29% of third sector respondents during the 3rd Wave: December 2021 to March 2022.⁶¹ This would indicate that there were supply side problems with fewer volunteers (or volunteers without the right skills/interests/flexibility) coming forward than demanded by VIOs.

It should also be noted that this was a legacy issue from COVID-19. 'The Road to Recovery' report highlighted that the re-engagement of formal volunteers and the recruitment of new volunteers was seen as priority by both VIOs and infrastructure organisations.⁶² Trustee recruitment was also identified as a priority by OSCR.⁶³ It is quite likely that a proportion of VIOs are still trying to remedy the shortfall in volunteer numbers due to COVID-19, given that volunteer recruitment has remained a major issue during the cost of living crisis.

In terms of the actual number of volunteers engaged, the Tracker shows that 20% of respondents had increased their volunteer numbers between December 2021 and March 2022, exactly the same proportion that had reduced their volunteer numbers.⁶⁴ However, this may well change significantly over time as the demand-supply balance for formal volunteers reflects the increasing influence of the cost of living crisis.

⁶⁰ [Cost-of-living crisis: Why 'warm banks' are becoming a reality](#): The Herald, 12 August 2022

⁶¹ [Scottish Third Sector Tracker Report – Wave 3 Spring 2022](#) : research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

⁶² 'The Road to Recovery - Lessons learned from Scotland's volunteering response to COVID-19': Volunteer Scotland; February 2022.

⁶³ [Volunteers and Trustees Supplementary](#): OSCR COVID-19 Survey; November 2020

⁶⁴ [The Scottish Third Sector Tracker datasheet - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

3.1.5 Health and wellbeing of volunteers declines?

Scottish Government research on volunteering during COVID-19 found that 47% of VIOs acknowledged that 'volunteers experiencing fatigue/burnout or other wellbeing issues' was presenting 'major/some challenge' to them.⁶⁵ Given that the cost of living crisis has emerged back-to-back with COVID-19, it is highly likely that there will be health and wellbeing concerns for Scotland's formal volunteers. There is already some emerging evidence from the Third Sector Tracker, where in March 2022, 7% of respondents to their open survey mentioned that staff and volunteers have experienced poorer mental and physical health, such as burn-out, stress and fatigue.⁶⁶ This is often due to increased workloads and remote working:

"The challenge of working remotely has been related to the wellbeing, feelings of isolation and lack of connectedness of individuals working for the organisation." Large organisation, Families, Children or Social Care

Factors include:

- Cumulative health and wellbeing impacts for those volunteers who were volunteering during COVID-19 and have continued to do so into the cost of living crisis.
- The cost of living crisis will engage volunteers in challenging and emotionally demanding roles, which makes them susceptible to vicarious trauma.⁶⁷
- As discussed in Section 2.1, pressures from the cost of living crisis will have negative impacts on volunteers' health and wellbeing, just the same as for other people who are not volunteers.

Volunteers' health and wellbeing is likely to be an ongoing issue and one which becomes more prevalent as the adverse impacts from the cost of living crisis deepen. Also, this could lead to a decline in volunteers at a time when they are needed most.

⁶⁵ [Scottish Third Sector Perspectives on volunteering during COVID-19: Survey Report](#): Scottish Government; January 2022

⁶⁶ [The Scottish Third Sector Tracker open question analysis - Wave 3 Spring 2022](#): research undertaken by DJS Research and funded by SCVO, the Scottish Government, The National Lottery Community Fund and the William Grant Foundation.

⁶⁷ 'Volunteering, health and wellbeing: What does the evidence tell us?': Volunteer Scotland; December 2018.

3.1.6 Volunteers replacing paid roles?

The financial pressures on organisations could directly or indirectly result in the inappropriate engagement of volunteers. For example, in the recent strike of refuse collectors in the City of Edinburgh Council an international charity Rapid Relief Team led an initiative involving volunteers to help with the clear-up of Edinburgh's streets.^{68, 69}

The use of volunteers in this way undermines both the role of the striking paid workers and the ethos of volunteering. Volunteering roles should complement paid roles, not duplicate them. The 6th Principle of the Volunteer Charter, written by Volunteer Scotland and the STUC, states:⁷⁰

“Volunteers should not be used instead of paid workers or undercut their pay and conditions of service nor undertake the work of paid workers during industrial disputes.”

As more public and voluntary sector organisations face increased demand for services and less resource, in real terms, to provide this, there is the prospect of this type of 'job replacement' and exploitation of volunteers becoming more common.

3.2 Impact of cost of living crisis on informal volunteering

No research evidence on the impact of the cost of living on informal volunteering has been identified. Hence, Volunteer Scotland gives a limited discussion of potential impacts in this report. Three themes are discussed: types of informal volunteering support, the scale of the informal volunteering contribution, and its geographical focus.

3.2.1 Types of informal volunteering support?

As discussed in section 2.3.1, the scope for individuals helping neighbours and friends with the cost of living challenges could be more limited compared to the contribution of informal volunteering during COVID-19. However, there will still be really important contributions in the provision of support such as:

⁶⁸ [Edinburgh bin strike: Disaster relief charity RRT deploys to curb mounting waste problem](#): The Herald; 26 August 2022.

⁶⁹ [Rapid Relief Team Facebook page](#): 26 and 27 August 2022

⁷⁰ [A Volunteer Charter: 10 principles for assuring legitimacy and preventing exploitation of workers and volunteers](#): Volunteer Scotland and STUC.

- Keeping in touch with someone who is at risk of being lonely.
- Providing transport or accompanying someone away from home.
- Helping the elderly and those with disabilities and long-term health conditions with routine household tasks.
- Providing information for those who cannot afford the cost of food and other basics through signposting to foodbanks, or accessing food on their behalf.

There may also be important COVID-19 legacy impacts through the role of social media groups that were set up to address COVID-19 community needs, which are able to re-establish themselves and/ or transition in the face of the cost of living challenges. Such groups will help members of the community identify who needs support and who can help them.⁷¹ The potential legacy impact from COVID-19 is an evidence gap and one which should be investigated as part of the research work being conducted for the cost of living crisis.

3.2.2 Scale of informal volunteering support?

Notwithstanding that the informal volunteering contribution in Scotland could be lower than during COVID-19, will the level of engagement be higher or lower than in non-crisis times? The Scottish Household Survey 2018 data provides the only pre-COVID-19 dataset, for both formal and informal volunteering. This shows that in 'steady state' adult informal volunteering participation was higher, contributed more hours and provided a more significant contribution to the economy than formal volunteering.⁷²

- Informal volunteering – 36% of Scottish adults, contributing 211 million hours, valued at £3.2 billion.
- Formal volunteering – 26% of Scottish adults, contributing 150 million hours, valued at £2.3 billion.

However, in 2022 and 2023, is informal volunteering engagement likely to be higher or lower than the 2018 benchmark data? We know that there will be increasing needs within communities for the types of support discussed in 3.2.1 which would tend to increase informal volunteering. However, the same negative factors affecting formal volunteering participation (see 3.1.4) will also be impacting informal volunteering – people will have less money and time to support others. How this will play out for informal volunteering we do not know.

⁷¹ This support refers to the very informal WhatsApp groups, where there is no named organisation or team working involved. It's purely people identifying a neighbour's need and helping them directly. 'Mutual Aid' groups refer to organisation via a recognised group involving teamwork, etc. This is a part of formal rather than informal volunteering.

⁷² [Analysis of SHS 2018 data](#): Volunteer Scotland

3.2.3 Geographical focus of informal volunteering support?

As discussed in 2.3.2 the cost of living crisis will have a significant differential impact on Scotland's communities, with the poorest and most disadvantaged communities being the ones which suffer the most. It is therefore essential that Scotland's volunteering effort is targeted to those who have the greatest need.

For formal volunteering there is a much greater discretionary control which VIOs can exert in the targeted delivery of their services. However, for informal volunteering the ability to influence participation is much more difficult. But society is not powerless. A key learning lesson from COVID-19 is that the TSI Scotland Network and partners did provide important guidance for informal volunteers in areas such as safe volunteering practice. It is therefore quite possible that targeted communication campaigns could be applied to help inform communities how they can best help each other, particularly as the impacts of the crisis become much more acute over the winter.

4. What support is required?

Drawing upon the findings in this report, a 'Top Ten' list of areas for action has been prepared. Intentionally, these are not all prescriptive as there is still a lot we don't know about how the cost of living crisis will unfold.

However, hopefully it will provide direction for how we can support the contribution of volunteering and volunteers, and ensure that this invaluable contribution to society is optimised throughout the duration of the cost of living crisis. In particular, this report should help to inform any work on the cost living crisis that is being coordinated as part of Scotland's Volunteering Action Plan rollout.⁷³ A 'Task Group' is in the process of being formed with representatives from the Scottish Government, Volunteer Scotland, TSI Scotland Network, umbrella organisations and charities.

Areas for Action – the 'Top Ten'

1. **Ensuring VIOs' volunteering is supported financially** – the contribution of volunteers will be critical in helping address the challenges from the cost of living crisis. However, VIOs are facing a perfect storm of reduced income, higher costs and higher demand for their services. Therefore, they require extended support from the 'Energy Bill Relief Scheme' beyond the six month period October 2022 – March 2023. In addition, there is scope for exceptional funding support from the Scottish Government for VIOs in targeted areas, such as volunteer recruitment and volunteer management (see action areas 3 and 4 below).

In terms of the funding context, the Scottish government has pledged third sector parity with the public and private sectors regarding cost of living support. The Resource Spending Review also offers the chance to improve the funding environment through 'Fairer Funding' to support longer term planning, increase multi-year funding arrangements and improving flexibility and reporting.

2. **Responding to increased demand for services** – there is already evidence of a significant upturn in demand for services provided by VIOs, and this will grow significantly during the winter. There needs to be a review to develop creative solutions for how the voluntary sector can work together in partnership with relevant support agencies to help meet this demand. Flexible grant conditions can help facilitate this so that organisations can pivot as per COVID-19. Consideration should also be given to the role of mutual aid groups in addition to mainstream formal VIOs.

⁷³ [Scotland's Volunteering Action Plan](#): Scottish Government; June 2022

3. **Increasing the recruitment, and improving the retention, of formal volunteers** – volunteer recruitment is one of the biggest challenges currently facing VIOs, yet volunteers are the lifeblood of the services they deliver. There needs to be consideration of VIO recruitment methods, the resources they require for effective recruitment, and what can be done locally and nationally in terms of the promotion of volunteering opportunities. This should include communication direct to the public such as through the Ready Scotland website.⁷⁴ For existing volunteers, VIOs need to pay volunteers' expenses in line with the AMAP rate to help both retain and attract volunteers. The majority of VIOs don't pay expenses, but this is good practice and is the 2nd Principle in Scotland's Volunteer Charter: 'out of pocket expenses should be covered'.⁷⁵
4. **Investing in volunteer management** – the top funding request by VIOs during COVID-19 was money to enable them to provide a part or full time staff resource to help them manage and coordinate their volunteers. The cost of living crisis is only making this situation even more acute. A new fund to support VIOs investment in volunteer management should be investigated.
5. **Protecting the health and wellbeing of volunteers** – many formal volunteers are still in the process of recovering from fatigue, burnout and a deterioration in their mental and physical health as a result of COVID-19. This includes trustees in addition to the numerous volunteering roles which contributed to society's response to the pandemic. The cost of living crisis is only going to exacerbate this problem, so guidance and support for VIOs is essential to help them protect their volunteers' health and wellbeing.
6. **Focusing volunteering support where it is needed most** – more so than during COVID-19, the cost of living crisis will have a significant differential impact across Scotland's communities. Volunteering support should be targeted at communities in SIMD quintiles 1 and 2. In addition, there are important high need groups in society that will require additional support due to the proportionately higher costs they have to sustain for their day-to-day living. This includes disabled people and those with long term health conditions.

⁷⁴ The Scottish Government Resilient Communities Team has confirmed the following text it will be promoting via Scottish Government and partner communications: "Connecting with local community groups to lend a hand is a great way to offer support, and there are also routes into more formal volunteering. You could register with your [local volunteer centre](#) or become a [Community Reserve Volunteer](#) with British Red Cross. You might not be needed straight away, but by being registered you'll be the first to hear when there are opportunities."

⁷⁵ [A Volunteer Charter: 10 principles for assuring legitimacy and preventing exploitation of workers and volunteers](#): Volunteer Scotland and STUC.

7. **Ensuring volunteers do not replace paid roles** – the financial pressures on organisations could directly or indirectly result in the inappropriate engagement of volunteers. This includes organisations under pressure to save costs and which resort to the engagement of volunteers in place of paid staff roles; and those which use volunteers to deliver services of striking workers. All VIOs should adhere to the principles of the ‘Volunteer Charter’.⁷⁶
8. **Facilitating the engagement of informal volunteers** – informal volunteers provide very important contributions in the provision of support such as keeping in touch with someone who is at risk of being lonely; providing transport or accompanying someone away from home; and helping the elderly and those with disabilities and long-term health conditions with routine household tasks. Like the COVID-19 response, there will be scope for targeted communication campaigns to help inform local communities how they can best help each other, particularly as the impacts of the crisis become much more acute over the winter.
9. **Influencing Government policy** – the contribution of both formal and informal volunteering in helping to address the cost of living crisis needs to be communicated to the UK Government and the Scottish Government. The lived experience of volunteers needs to be heard as part of government decision-making. Relevant government departments need to understand the role and contribution of volunteering in crises of this nature, and this is much broader than the Third Sector Unit and the Resilient Communities Team which already have close relationships with the third sector and volunteering. It includes departmental functions related to health, transport, food, communities, disability, to name but a few. Via the newly formed Cross-Government Policy Group, the Third Sector Unit should communicate with relevant portfolios to highlight the contribution of, and support required by, VIOs and volunteers.
10. **Filling the evidence gaps** – there’s a lot we don’t know relating to how volunteering and volunteers will be impacted by the unfolding cost of living crisis. So, like the COVID-19 response, it will be essential to continually track the emerging evidence from government, national partners, umbrella organisations and VIOs – both across Scotland and the wider UK. Also, there may be a need to commission primary research to fill specific gaps in the Scottish evidence base. See Appendix – Research Gaps.

⁷⁶ [A Volunteer Charter: 10 principles for assuring legitimacy and preventing exploitation of workers and volunteers](#): Volunteer Scotland and STUC.

Finally, it is important to recognise that the cost of living crisis is not operating in a vacuum. Going forward there will be other significant resilience challenges facing Scotland where volunteers have a key role to play. This could include additional pressures on the NHS such as a winter flu epidemic, and climate change emergencies such as storms and flood damage. These types of crises place additional pressures on Scotland's volunteering response and reinforce the case for additional support outlined above in relation to the cost of living crisis.

Appendix – Areas for future research

The following research gaps were identified during the analysis of the available evidence relating to the cost of living issues. Some of the gaps relate to the fact that it is still early days in the cost of living crisis; for others there may be relevant research planned, underway or published, but Volunteer Scotland is not sighted.

- **Longitudinal effects of ‘crisis upon crisis’** – to what extent are there cumulative impacts on volunteering and volunteers resulting from the cost of living crisis on top of COVID-19, the Ukraine response, and weather related events? There may also be more subtle impacts over the long term from effects such as under-funding of the NHS, which don’t have the same recognition as a ‘national crisis’.
- **Understanding community resilience** – to what extent have Scotland’s communities demonstrated resilience in the face of the cost of living crisis? In particular, it would be helpful to understand the contribution of mutual aid and informal volunteering, which during COVID-19 were so important in complementing the contribution of formal volunteering.
- **Positive COVID-19 legacy effects** - to what extent has Scotland’s response to COVID-19 helped to support its response to the cost of living crisis? This could include factors such as the use of social media platforms in the coordination of local resilience, the use of digital communications for formal volunteering, the strengthened cooperation and coordination of infrastructure organisations supporting the crisis – both nationally and locally.
- **Impact of the crisis on deprived areas** – as discussed in this report, the adverse impacts of the cost of living crisis will be concentrated in the poorer and more deprived communities in Scotland. What will the impact of the cost of living crisis be on areas already subject to long-term challenges?
- **Intersectionality of the challenges** – what are the linkages between financial pressures and, for example, mental health, physical health, social isolation and loneliness – both for people and the communities they live in? And what are the impacts these intersectional issues on society through crime, domestic and sexual abuse, substance abuse, etc.?



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