



## Rewarding Industries 2023

The innovations and challenges facing charities and not-for-profit organisations in the cost-of-living crisis.

## Foreword

*“The cost-of-living crisis has hit everyone but none more so than the most vulnerable and the charities, not-for-profit and social enterprise organisations they rely upon. Against a backdrop of rising prices across utilities, food as well as an increase in the National Living Wage, this sector is facing unprecedented challenges in retaining and attracting the best talent and in fundraising.*



*However this sector is seeing huge advancements in the use of new technologies to create innovative fundraising opportunities, to streamline and improve efficiencies and deliver the outcomes needed to attract new donors.*

*The introduction of new technologies also brings with it concerns about cyber-crime, a threat that organisations within this sector are having to overcome.*

*Our Rewarding Industries 2023 report looks at these concerns and analyses what charities and not-for-profit organisations are doing to overcome current threats to ensure their services are being delivered to those who need them most.”*

*Alison Meckiffe  
Chief Executive Officer  
Endsleigh Insurance*

### About Rewarding Industries 2023

Endsleigh commissioned Censuswide to survey over 300 financial decision makers across charities, social enterprises and not-for-profit organisations. The survey and interviews took place between 20th April and 3rd May 2023. We looked at their experiences in three critical areas:

**Turnover:** exploring how they are balancing their finances in the face of the cost-of-living crisis

**Technology:** investigating the advantages and challenges that come with new platforms and online services

**Talent:** looking at measures to recruit, retain and reward their staff and volunteers

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# Turnover

*"I think the finances of the charity will continue to deteriorate due to the cost-of-living crisis. People can barely afford to live at the moment. Let alone afford to give money to charity."*

## Is the cost of living crisis creating the perfect storm?

Just as we said goodbye to the devastation caused by COVID-19 and began focusing on the future, the very people that depended so heavily on the support of charities during the pandemic are once again facing the most challenging of times. The cost of living crisis is hitting both the vulnerable and their support systems.

With inflation at the highest the UK has seen for more than 40 years, increased fuel prices, energy bills, food, council tax and national insurance – are charities able to continue to serve the people that need them most?



### Facing financial threat

Although more than half the charities that took part in our survey felt their finances were better now than they were a year ago, nearly 45% of all respondents said their financial situation was worse due to the cost of living crisis than it was during the pandemic.

**45%** say finances are worse than during COVID-19



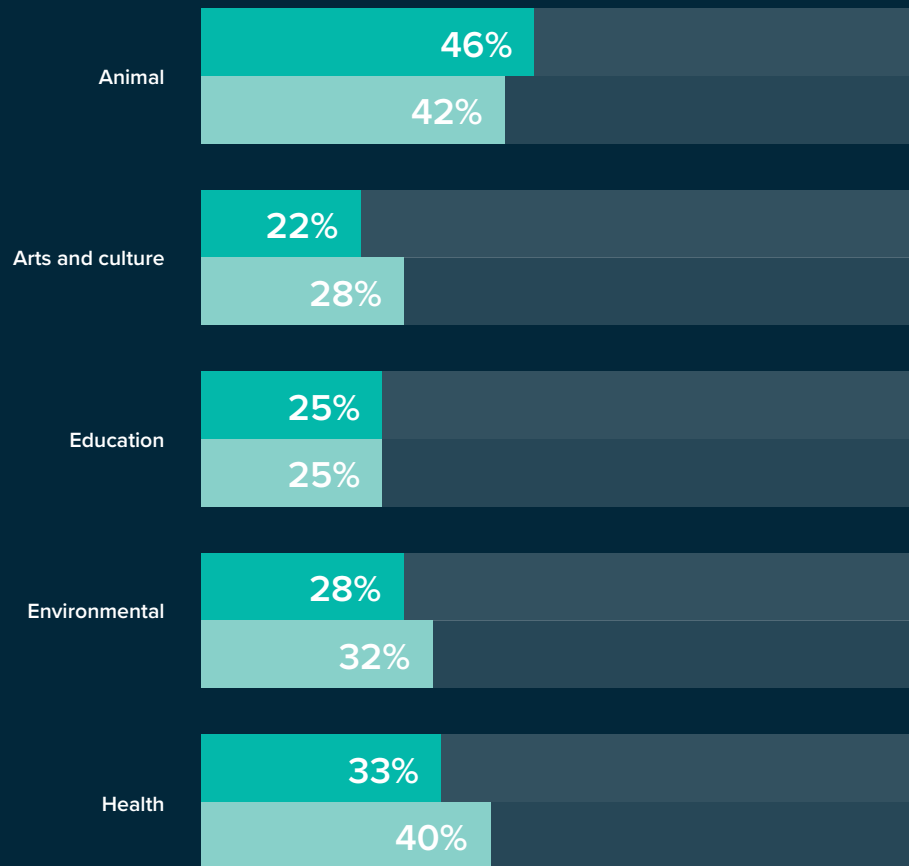
Across all areas of the UK, charities reported that their finances were under pressure. At just under 65% the current financial challenge was highlighted the most in the north of England and the Midlands, followed by the South at 58%.

**43%** of our total respondents believe the charity they work for is at risk of closing because of these financial challenges.



*“At present we are unlikely to survive beyond next year.”*

*“It will be hard, our main aim is to stay above water and try to maintain the services we can provide instead of trying to introduce more.”*



### Charity segments which agree with the following statements:

- Finances are worse now than during the pandemic
- At risk of closing this year due to financial challenges



**Fundraising is becoming increasingly difficult**

According to the Office of National Statistics, around 46% of adults are finding it difficult to afford their rent or mortgage payments with 63% spending less on non-essentials due to cost of living increases. Household and business budgets are stretched to the limit which has a direct effect on charity donations and fundraising.


The Donor Pulse Spring Edition 2023 report shows that 60% of people are finding it harder to give to charity than they were six months ago.

56% of our respondents agreed that fundraising has become more difficult in the past year. This in turn has a direct effect on the support that can be provided to their service users.

According to the latest report from Enthuse the most significant change in donations occurs in £60,000+ households with 5% less people donating since last quarter, most likely due to increased mortgage payments. Those earning £40,000+ are the most likely to give and a key audience to target.

In Britain, more people are depending on food banks than ever before. The Independent Food Aid Network found that 89% of independent food banks saw an increased need for their help between January to March 2023. Two-thirds of contributing organisations said if demand increased, they would have to reduce the level of support they could provide.

**56%** say fundraising has become more difficult in 2023



*“I think the financial position will continue to struggle as people donate less and we have to diversify our income.”*

**Charities are under increasing pressure to support those who need their services.**

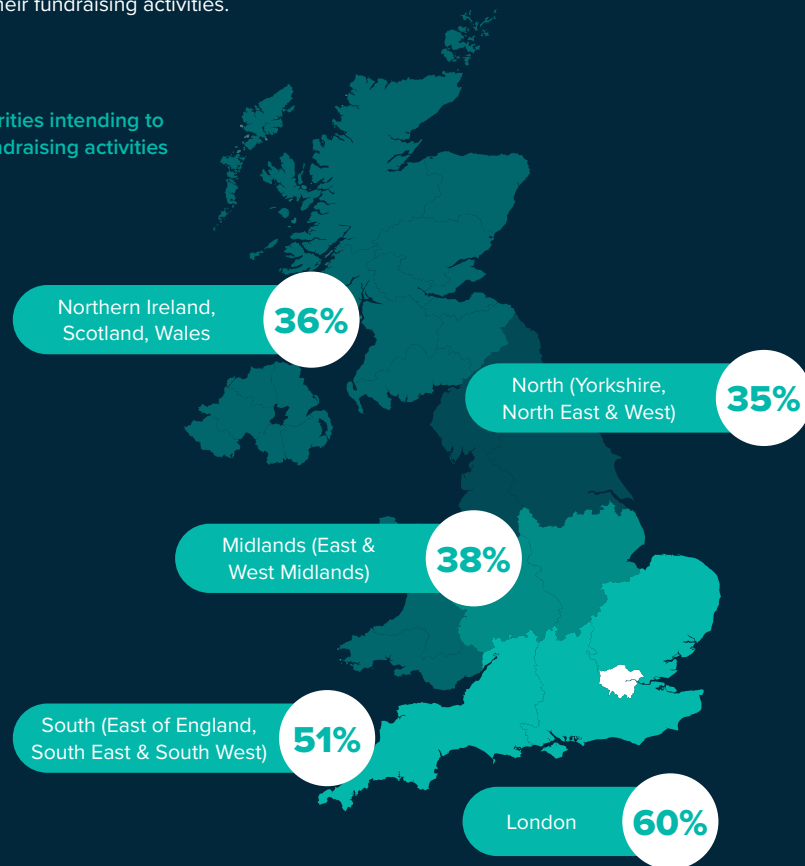
We asked what measures charities are taking to try to improve their finances to make up for lost donations.

**The top three ways charities are trying to improve their finances:**

Increasing fundraising activity	47%
Using technology to increase fundraising digitally	40%
Increasing marketing activity to attract more fundraising	44%

Charities are using a number of methods to help improve their finances. Top of the list is increasing fundraising activity, 60% of charities within the Greater London area indicated this has been their top priority closely followed by charities in the South. Charities in the North are least likely to be increasing their fundraising activities.

**View of charities intending to increase fundraising activities**



## Fundraising in a cost-of-living crisis

COVID-19 saw a huge shift in how charities organised their fundraising activities and their service delivery by introducing online donations, virtual events and video conferencing. This digital transformation has continued and charities are looking further into digital advancements to keep fundraising activity on a level.

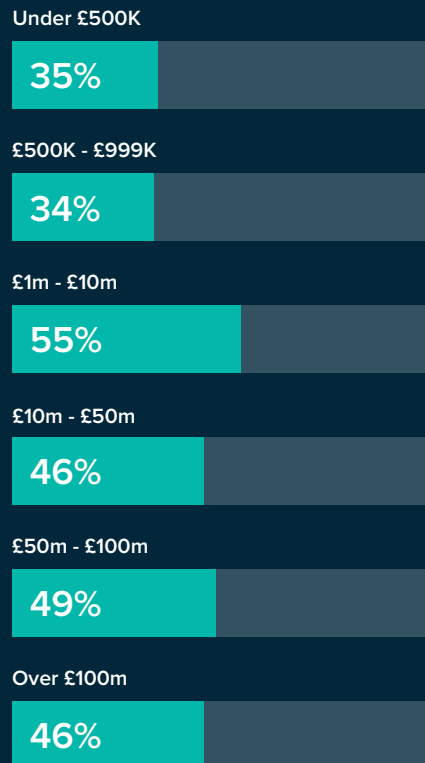
**26%**  of charities in our research confirmed they are cutting down on physical events to save costs.



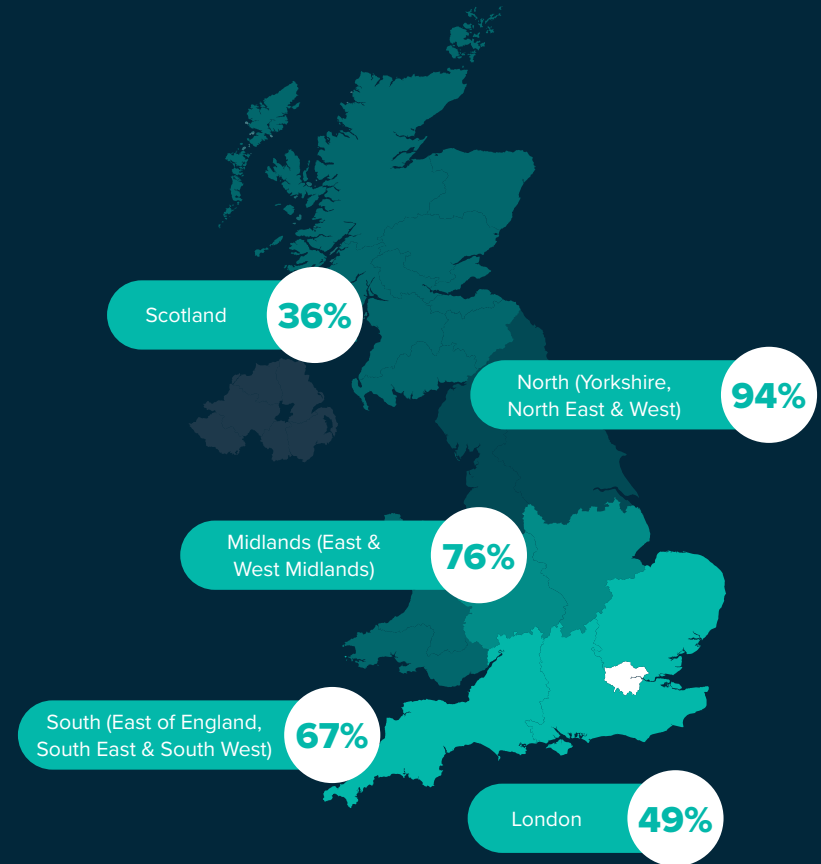
Contactless, digital payments, QR codes and donate buttons on websites and social media are now all commonplace. Making it as simple as possible for people to donate.

Just under half of our respondents said they are focusing on fundraising activity, with almost 44% increasing marketing to attract more donors. Social media is key. Focusing on the right social media platforms enables charities to engage with their target demographics and convert them to donors.

View of charities by size of turnover who have increased marketing activity to attract more fundraising



Areas across the UK where charities are increasing marketing activities to attract more fundraising



According to the The Donor Pulse Summer Edition 2023 the age groups feeling the squeeze the most are Gen X and Baby Boomers. The picture looks slightly different for the under 40's. 28% of Gen Z feel either the same or better off as do 30% of Millennials\*. The results mean that younger age groups have been less impacted by the cost of living crisis. Often without mortgages or childcare costs they tend to have more disposable income. This is an important factor for fundraising plans.



However, while younger age groups are not facing mortgages or childcare cost, student debt needs to be considered. Changes in the student loan repayment policy will result in loans being paid back once a student earns above £25,000. Also, the loan repayment term has increased to 40 years.<sup>1</sup> This could affect both fundraising input from younger age groups and their desire to be employed in a sector known for its lower salaries.

Addressing this demographic in marketing activities as well as geographic targeting areas in the UK that are faring comparatively better, could help to improve engagement.

Focusing on the right social media platforms for your target audience with relevant content will encourage more followers which can be converted to fundraising opportunities. For example, Gen Z is Snapchat's core user base and makes up 60% of TikTok's users.

Interestingly, at just under 40%, smaller charities (under £100,000 turnover) were the highest number out of companies surveyed to have used social media to support their fundraising activities in the past 12 months. For charities with limited budgets, social media is a relatively inexpensive way to drive donations and engage directly with supporters.

Inverse giving is a new trend amongst successful fundraising campaigns. Traditionally positive headlines have been a driver behind donations. According to Donor Pulse Summer Research 2023, 27% of the general public (48% of Gen Z) felt motivated to donate when a charity's actions were being criticised in traditional or social media such as the RNLI's bad press for rescuing refugees. Perhaps an interesting area to consider – highlighting the most difficult challenges faced by your charity can potentially attract younger donors.

This research suggests the most interesting of these trends is giving consideration to the model of 'charity as a service' and thinking about regular donors as more of a subscription service model. This is especially appealing to supporters under 40 (Millennials) and something that Play Fund Win has introduced in their fundraising model via gamification (see Technology section).



Charities are turning more and more to technology to support fundraising, marketing activity and to fill gaps in talent.



Just over **31%** of respondents have increased their use of social media channels to augment marketing activities in the last 12 months.

Alongside this, almost 30% are partnering with influencers to raise awareness and help increase donations.

Our research highlighted other ways in which charities are hoping to improve their financial situation. Over 37% are forming more partnerships with commercial businesses and just under 35% have moved over to remote working or reduced office space to save on property costs.



*“By organising events, collaborating with companies, and creating social media strategies to reach a larger audience, the charity can increase its fundraising efforts.”*



Over **37%** are forming more partnerships with commercial businesses.

<sup>1</sup> Martin Lewis: Student loan costs will double for many in England from September 2023 (moneysavingexpert.com)

\* Gen Z (18-24); Millennials (25-39); Gen X (40-54); Baby Boomers/Silent (55-80).



## Young Gloucestershire

### Case study

The charity, Young Gloucestershire, has been helping young people in various guises since the 1940's when it was originally embedded in youth work and youth clubs. As funding cuts saw those community spaces begin to dwindle, the charity began to pivot away from working at ground level. For the past five years Young Gloucestershire has been providing wellbeing and mental health support for young people not in education, as well as training and skills to build confidence and increase employability. The charity also works alongside agencies such as the police and social services, supporting young people who are considered at risk. Post COVID-19, the charity is now two thirds bigger than it was five years ago.

*"The need never stops," said Tom Jones, Head of Income Generation and Communications. "We're very much a youth focused organisation led by what we see happening on the ground in Gloucestershire."*



### Biggest challenges

As for most charities COVID-19 was a huge challenge but saw Young Gloucestershire return to its roots, into the community to engage with those who were isolated. During the pandemic the charity offered more virtual support too, and the introduction of low level intervention programmes which they still deliver today. Funding however wasn't a problem during COVID-19. It was easier to access and there was plenty of it. Today funding is more difficult to source and statutory rules and regulations are tighter. The cost of living crisis has not just seen funding streams become more challenging, which in itself has a massive impact upon recruiting and retaining staff, but an upsurge in service users, particularly in deprived, isolated, rural areas means the delivery of services needs to be more efficient.

The cost of living crisis has most definitely had an impact on donations and other funding streams. Some of the trusts the charity approaches for grant funding should have grown but haven't. The biggest concerns over the next two years will be around how they continue to expand across the county as much as possible and maintain their quality of service. Managing growth and scale in an environment of financial instability will be a challenge.

*“The reality is, when you've got a need on the ground, which is really evident, really prominently growing, not going anywhere, your charity has to think more like a business and adapt some corporate processes, adapt some of that mentality around growth that a lot of the charity sector isn't used to.” says Tom.*

### What changes is the charity adopting to combat the cost of living crisis?

Having come from a corporate background, Tom Jones is a great believer in charities 'working smarter'. Young Gloucestershire has adopted project management technology to improve the efficiency of its internal processes and to track and evaluate outcomes which supports fundraising bids.

Being confident in the brand is also key. Brand identity, style guide, tone of voice are all important as charities look more towards forming corporate partnerships. Thinking outside the box when it comes to choosing funding partners and considering the types of project potential partners need to be looking at to hit their environmental, social, governance and CSR strategies.

The charity has used ChatGPT for research and writing fundraising bids but, says Tom, funders want to see an impact, they need to see outcomes and output. Building relationships is really important. However, Artificial Intelligence (AI) has come into its own in supporting the charity's growth. With more than 100 referrals a week, AI will soon play an important role in helping the charity with decision making, sorting through data

to support staff with rigorous assessment processes. Whilst it's disheartening to reject any young person, AI helps Young Gloucestershire build a case for support with evidence and demographics that suggests providing funding for a certain individual will really make a difference.

The company has increased its use of social media to engage potential donors on a more personal level, setting up fundraisers on Facebook and installing donation links on Instagram. As a regional charity they know who their audience is but would love to be able to invest more time into digital communications.

Innovative fundraising events that don't always include a sporting element is something the charity is focusing on. “Not everyone wants a physical challenge,” says Tom. With the emphasis on corporate partnerships Young Gloucestershire has introduced a number of team building events such as a corporate sleepover in the most haunted prison in the country and a retro gaming tournament in a museum.

*“We see a lot of these kind of homeless sleepovers in public spaces. But take our idea, inviting people to sleep in a prison and fundraise, and actually that fundraising is going to go towards our intervention work with young people who are at risk of criminal exploitation? There's some really great storytelling around that.”*



**Recruiting and retaining staff** has

always been a challenge for third sector organisations with lower salaries and often unsocial working hours. In an effort to attract new talent and keep existing staff happy, Young Gloucestershire understands the importance of company culture. The organisation has introduced regular culture conversations, has an extensive induction plan and maintains regularly updated HR policies. Personal development training is also key to their staff's happiness, helping them develop leadership skills, increase their knowledge or become specialists in certain areas.



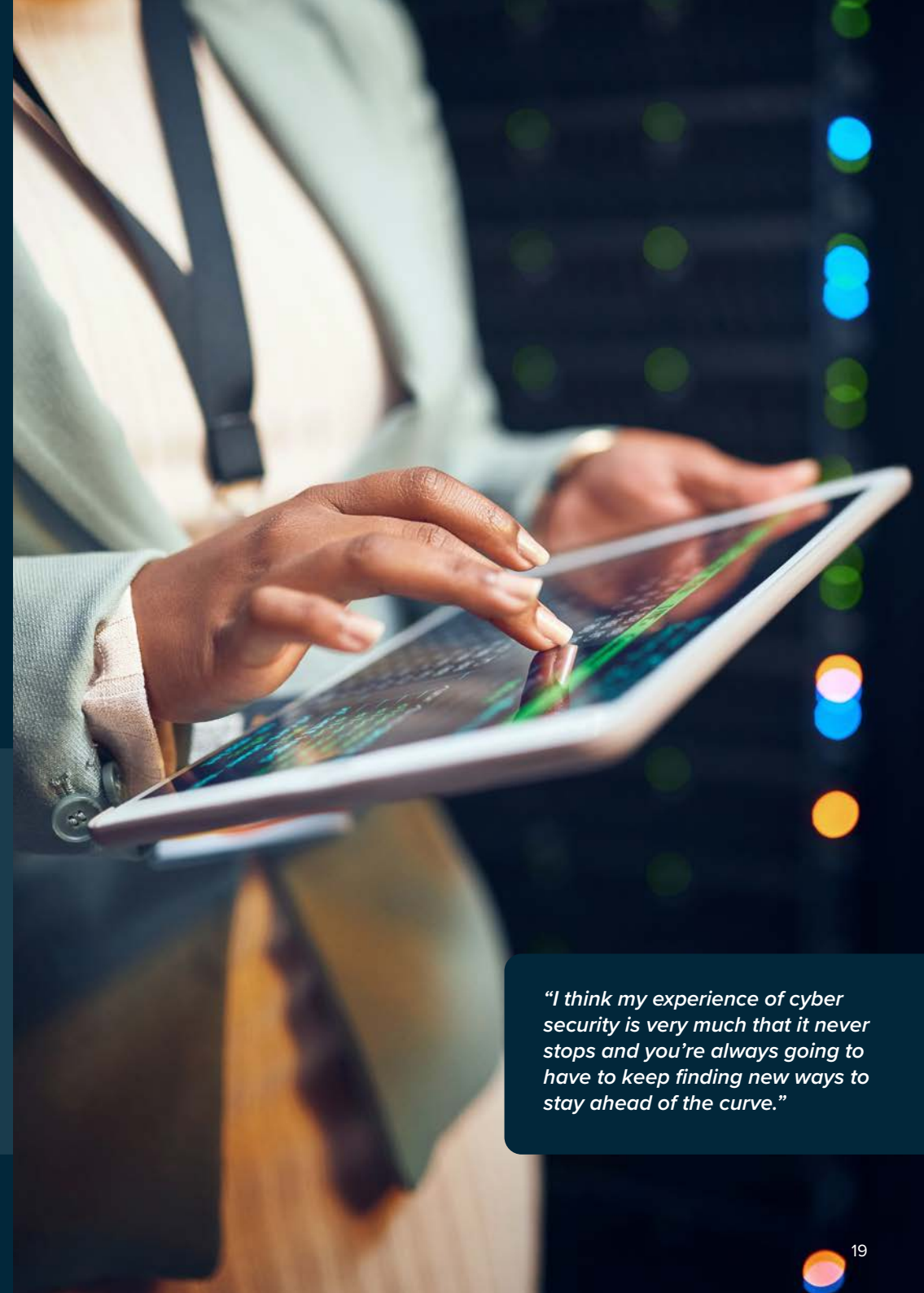
**Cyber security**

Charities are just as open to cyber fraud as any other business so Young Gloucestershire has invested heavily in their IT team to become Cyber Essential Plus certified – a government backed scheme that helps protect organisations against a range of common cyber-attacks. Being cyber savvy is imperative as it's linked to statutory funding regulations.

They've also introduced a number of other initiatives such as migrating away from WhatsApp which was being extensively used during the pandemic and for which they had no messaging policies or control over content, to using Microsoft Teams chat.

More rigorous policies have been introduced over mobile communications with the introduction of staff mobiles so the charity now has more control over what's mandated on each device, with the ability to remotely wipe phones or track them if lost.

*"We run culture conversations internally because half of our workforce under 30 and half are 40 or over and that's actually created a bit of a generational divide around people's opinions on how we operate regarding traditional fundraising and modern fundraising. So we actually do a really good job of inviting people in to contribute to the culture."*



*"I think my experience of cyber security is very much that it never stops and you're always going to have to keep finding new ways to stay ahead of the curve."*

A man with a large afro hairstyle is wearing a VR headset and smiling broadly. He is wearing a dark turtleneck sweater. The background is a plain, light color.

# Technology

The virtual world continues to have an increased presence in charitable and not-for-profit organisations. Due to its immersive nature, Augmented Reality and Virtual Reality (VR) allow the user to become part of the environment. It's been proven that content viewed on a VR platform, when compared against a traditional two-dimensional video media platform, increases empathy, responsibility, and instigates higher intention to donate money and volunteer time towards a social cause.<sup>2</sup>

<sup>2</sup>Kandaurova, M and Seung Hwan M.L (2019), 'The effects of Virtual Reality (VR) on charitable giving: The role of empathy, guilt, responsibility, and social exclusion', *Journal of Business Research*, Vol 100, pp571-580  
<https://doi.org/10.1016/j.jbusres.2018.10.027>

United Nations, Global Citizen and Amnesty International have been exploring the use of VR in spreading awareness of social issues and promoting social responsibility. The National Health Service ran a digital campaign using Augmented Reality to virtually show how easy it is to give blood and the difference it makes to people's lives. *Enter the room*, a campaign run by the Red Cross, took potential donors into the bedroom of a child living in a war zone.

Research undertaken into using gamification for raising funds via a crowdfunding platform indicates that gamification also successfully increases user engagement.<sup>3</sup>



**58%**   
of charities surveyed said they had used the metaverse, Augmented Reality or VR, online games or partnered with gamification providers to encourage donations in the past year.

Play Fund Win, an online fundraising platform, uses gamification to raise money for charities and not-for-profit organisations. Amid an increasing trend amongst charities using live streaming, quizzes and interactive games in their digital fundraising, platforms such as these continue to build innovative technology for content creators and fundraisers who want to make an impact across all social channels.

However, Play Fund Win has indicated the introduction of gamification technology has brought its own issues, with some charities finding it difficult to resource or create digital marketing strategies to deliver the best results from these new fundraising methods.

Use of online fundraising, online payment and facial recognition or fingerprint scanning technology was largely used amongst the charities we surveyed, with 63% adopting one or more of these technologies over the last 12 months.

With the announcement of an initial £100 million to enable the UK to develop the next generation of safe Artificial Intelligence (AI), the Government is fixed on the power of AI to grow the economy in the future. However, many charity and not-for-profit organisations are already harnessing its abilities to make a difference to their fundraising and administrative tasks.

AI is helping fundraising in a variety of ways, from improving targeting to engaging donors through voice assistants and chatbots.

***“Artificial intelligence will help companies increase revenue.”***

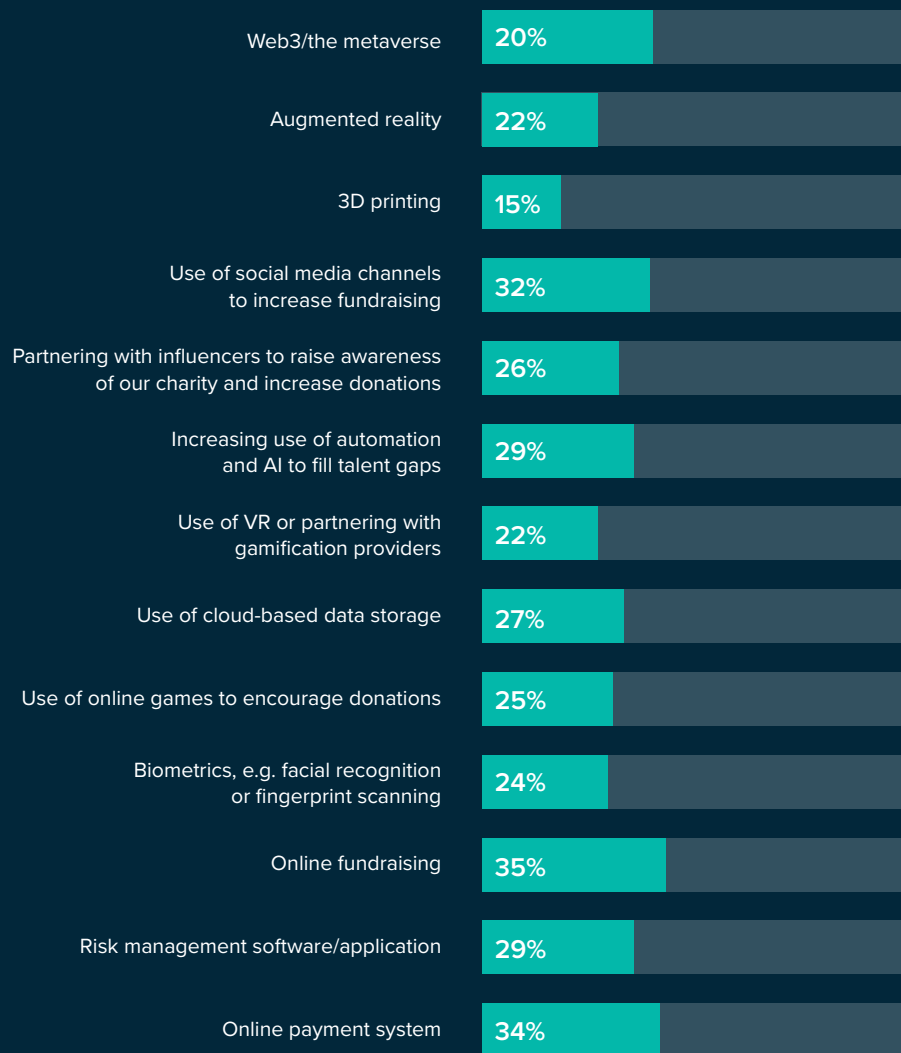
**Chatbots** have been helping charities streamline processes and engage donors and service users giving them the space to scale their employees' expertise in more beneficial areas. Charities like Versus Arthritis use their Chatbot, Ava, to answer questions about the condition of arthritis, treatments and pain management. At one end of the scale, Chatbots can be used to automate the more repetitive and straightforward functions such as website FAQs and tracking and collecting data to improve services and marketing strategies. At the other end of the scale, the introduction of AI has led to creative and impactful fundraising innovations.



<sup>3</sup>Golrang, H and Safari, E (2021), Applying gamification design to a donation-based crowdfunding platform for improving user engagement, *Entertainment Computing*, (Vol 39) <https://doi.org/10.1016/j.entcom.2021.100425>

**Natural Language Processing** enables computers to talk to people in the same way they would talk to each other, allowing donors to respond to radio ads on their Alexa-enabled smart speaker and use voice commands to donate directly to their chosen charity.

#### Trends in charity sector over past 12 months



The Government's 'Pro-innovation approach to AI regulation', published in March this year, outlines the opportunities and challenges of AI. It's vision for a future AI-enabled country is one in which our ways of working are complemented by AI rather than disrupted by it. It also talks about regulation and warns of potential harm to physical and mental health, infringements on individuals' privacy and the undermining of human rights if regulation is not comprehensive enough.

Charities such as Young Gloucestershire have introduced project management technology into their overall work flow processes. Increased efficiency internally and the ability to track and evaluate outcomes and delivery all add to the decision-making process for funders and allow the charity to operate a with a more 'business-like' approach.

## Cyber threats

With the advancement of technologies in fundraising and general admin processes, the threat of cyber fraud is forever on the horizon. The Department of Science, Innovation & Technology's Cyber security breaches survey 2023 states that 24% of charities fell victims of a breach or attack within the last 12 months. The percentage is much higher for high-income charities (£500,000 or more in annual income) at 56%.

Charities however are lagging behind in cyber risk management with only 27% having undertaken cyber security risk management assessments in the past year compared to 63% of businesses. The results are similar for the deployment of security monitoring tools – 19% of charities compared to 72% of businesses, and for cyber insurance where only a third of charities reported being insured, with 11% reviewing the risks posed by their suppliers.

While more than 70% of charities we surveyed said their cyber security was good, just under a third admitted to having fallen victim of a cyber fraud within the past 12 months.

With cyber security often linked to statutory funding, this is an area all not-for-profit organisations and charities need to consider carefully.

**27%**  have been targeted by cyber fraud in the last 12 months.





## Play Fund Win

### Case study

Dean Lynn is the CEO and co-founder of Play Fund Win, a pioneering digital fundraising platform, aiming to revolutionise the way in which charities, foundations and grassroots organisations engage with their supporters and raise much needed funds for worthy causes.

Dean himself has a broad background in the tech space, is a self-described 'digital tech nerd' who started out building online games at fifteen years old; developing online social referral tools for gyms and building online food delivery systems before the likes of Deliveroo and Just Eat dominated the market. In short, Dean has a wealth of experience enterprising in the world of technology and is passionate about the third sector and the potential for technology to enable charities and not-for-profit organisations to reach a wider audience.

### Technology and fundraising

COVID-19 accelerated the business need for charities to adopt online platforms and processes, a demand which Play Fund Win is meeting quickly and confidently. As a digital fundraising platform, Play Fund Win bridges the gap between charities and those who wish to support them through gamification – using technology to digitise raffles and prize draws.

Play Fund Win began in the sporting sector, working mainly with grassroots sporting clubs and local communities. Before 2019, the 50-50 raffle model was used by many of these organisations to raise donations at fundraising events. However, the personnel, admin and incurred costs to run these raffles, including handling of finances which could run to tens of thousands of pounds, was high and risked falling short of compliance standards. The company's solution to digitise the experience transformed an arduous process into one which is safe, quick, and compliant.

Since then, the business has branched out into multiple avenues of revenue streams for sports clubs, charities, and fundraising events. These include a digitised 50-50 draw and a prize draw for incentivised giving, working closely with organisations to offer unique experiences as prizes to help increase donor retention. Examples of partner clubs and organisations include Manchester City Football Club, Chelsea Football Club and Great Ormond Street Hospital.

A simple 50-50 fundraising draw can be live and ready within 60 seconds after its online set up. Play Fund Win has streamlined the onboarding processes for organisations and provides easy to download reports on the number of entrants and value of donations, cutting through red tape to make fundraising an easier and more profitable experience. The data of those entered into the prize draw can be used by the organisations for their own marketing activities in compliance with GDPR regulations.



*“We’ve found that experienced based giving is a big thing, so you need to start giving experiences to individuals because your audience wants to engage with you,” said Dean.*

### A two-pronged approach

Play Fund Win offers a two-pronged approach to its clients. The first is aimed at grassroots organisations and provides them with a hosted digital space that suits all their fundraising needs. The product is self-serve and easily navigated for both the organisations and the supporters who interact with the technology in order to donate.

Bigger partners such as Premier League Football Clubs are offered a managed service, which integrates Play Fund Win's digital offering into the organisation or foundation's app or website, allowing them to easily market their fundraising initiatives to an already established user base.

By catering to the needs of different sized organisations, Play Fund Win's objective is to establish themselves as the digital leader in helping charities and not-for-profits reach their goals of donor engagement. Each fundraising initiative and each organisation require different forms of tech, all of which Play Fund Win is ready and willing to provide.

*“Because we’re able to develop different levels of technology, we can give charities the full white labelled service or an off the shelf product. We want to own the tech world term, the fundraising Application Programming Interface. If you want to fundraise and you need technology, speak to us.”*

### Challenges

The pandemic and now the cost-of-living crisis has led the third sector to consider more innovative ways of fundraising using technology and AI to engage with donors and encourage support. However, Play Fund Win highlights key recurring issues which often limit how effectively their digital platform is put to use by their clients.

Firstly, as many of these organisations are structured around committees and volunteers, approval and adoption rates are often slow. Secondly, many of the charities the company works with do not have the resource to create digitally nuanced marketing strategies to raise awareness of the fundraising initiative to their key audiences. This has resulted in Play Fund Win now offering marketing advice and assistance alongside their digital product.

Finally, another challenge to overcome is on the customer service side in communicating the right messages about fundraising platforms and how donations are being used.

Despite the financial crisis which many charities are facing as a result of the cost-of-living crisis, particularly with regards to fundraising, donations via Play Fund Win seem to be thriving. Donors are still keen to take part in online draws with many signed up to their subscription model, giving between £5 and £15 a month.

### Future ambitions

Play Fund Win is growing and has big ambitions for the future as they aim to create 'relentless change'. They have calculated there are 4 million organisations that could benefit from their offering across 19 countries where their product could be of use to charities and not-for-profits. They already have contracts pending with organisations in Australia, Italy, Spain and the USA, with trial fundraisers in New York planned.

Over the next two years, the business aims to work with 30% of the grassroots market within the UK, covering approximately 160,000 organisations, and reach their goal of being the No.1 fundraising platform. However, Dean understands a key challenge could be resistance to this type of technology from businesses from a legal and compliance perspective.



### The potential of AI

Charities are already using AI in their marketing activities over and above digital fundraising platforms but the future potential is huge. Play Fund Win is developing an AI language model that can understand the end cause of an organisation, why it's fundraising, its audience, and utilises data to suggest targeted social media and other marketing activities. It will also be able to alert an organisation if they are going to experience a retention problem with donors and offer solutions to overcome this.

Dean is aware there is still a way to go, especially in terms of its public image and with governance issues. Play Fund Win is fighting for governance on AI to enable safe and trusted technology to support organisations without overstepping into the privacy of individuals. However, he believes 'tech giants shouldn't be the ones to give governance'. People don't trust AI because they don't fully understand it. Nonetheless, Dean is emphatic that AI is here to stay and is passionate that building trust is the right answer to this obstacle.

Play Fund Win's AI language technology will be available by the end of this year, with active trials amongst 100 organisations currently taking place. However, Dean is clear that we must not jump on the bandwagon of tech for tech's sake. The best solution can be reached by looking at specific need and then tailoring the technology to suit that need.



*"AI's been around for absolutely decades, but what's coming to life about it, that's what I love. It's exciting to us tech individuals because it can help and do so much for good."*





# Talent

*“Around 85% of our spending is on staff salaries, we are a people facing organisation, which means there are few areas we can make savings to support the increasing salary, utilities and fuel bills.”*

Tracy Clark, CEO of Young Gloucestershire and Infobuzz

The Office for National Statistics survey on social trends in June 2023 found that the cost of living has increased for six in ten adults. The third sector in England and Wales employs approximately 1.1 million people and around 4.3 million volunteers.

The increase of the National Living Wage by 92p to £10.42 from April 1st this year, is good news for low-income staff aged 23 and over, but on top of the other cost of living increases, smaller charities and not-for-profits have found it a real challenge.

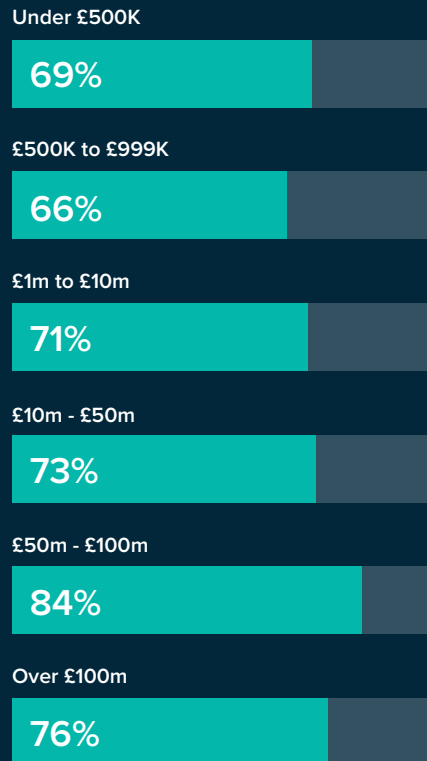
A report by XpertHR on labour turnover in the not-for-profit sector revealed it experienced the biggest employment shifts of any sector. One in seven third sector workers are paid below the real National Living Wage. The effects of the pandemic and the cost of living crisis has left many third sector employees struggling to cope financially. Despite the increase in demand, low pay is threatening the stability of the services these organisations provide.

Our survey results back up this sentiment with 45% reporting increased staff turnover and 55% documenting that employees had been forced out of the sector in search of better paid employment in different industries. 42% said senior staff were under increased pressure to improve salary and benefits and just under half say it has been more difficult to attract talent into the profession. 77% report staff have been tempted to look for a better paid job in a different sector in the next 12 months.



**77%**   
**have been tempted to look for a better paid job in a different sector.**

Charities by turnover which have invested more in attracting talent



About a fifth of third sector employers report that retaining current staff has become 'quite a lot harder' with 43% reporting difficulties with recruitment.

Attracting and retaining people to work in not-for-profit organisations and charities may be affected by the quality of the working environment and commitment to training and personal development opportunities. Company culture is important. Young Gloucestershire has regular culture conversations, ensures induction and HR policies are regularly assessed and invests in leadership training for those employees looking to improve their skills.

Whilst 39% had introduced more flexible working options, and 38% had increased wages/salaries, less than 1% had introduced or improved employee benefits.

**55%**   
**report that employees have been forced out of the sector in search of better paid jobs in other industries.**

*“Harder to recruit as we are not able to offer competitive salaries that match similar jobs in corporate spaces.”*



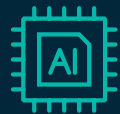
Our respondents cited six factors that would help to attract and retain the best talent.



Better working environments



More technical support



Adopting new technologies



Better benefits



Flexible working



Creating an inclusive workplace

Our survey showed



**29%** of charities were using automation and AI to fill talent gaps.

*“Demographic changes, such as an aging population and a shift towards a younger, more diverse workforce, may impact recruitment in the charity sector.”*

With the introduction of more advanced technologies for both fundraising and internal processes there is a real requirement for additional skills training amongst the workforce.





# Conclusion

Many of the charities and not-for-profit organisations we spoke to, were concerned about the impact the cost-of-living crisis is going to have on their finances and their ability to retain and recruit staff and fund raise to a level needed to support the increase in service users.



Staff retention is an area of concern. Businesses are looking at alternative ways to retain staff with an emphasis on personal development and company culture.

Despite the challenges there are some shoots of growth and positivity. The use of social media and technology to improve customer experience, streamline business processes, build awareness and improve and increase fundraising activities was the biggest trend amongst the charities we surveyed.

Technology innovation comes with its own particular type of threat - cyber-crime, and charities are encouraged to do more to improve their cyber risk management.

Without doubt charities and not-for-profit organisations are facing difficult times, but the innovations springing up within this sector are proving invaluable in determining their ability to continue to support service users both now and into the future.

*“Virtual Reality technology can help bring donors and beneficiaries together by creating immersive, impactful stories and experiences.”*



## About Endsleigh

With more than 30 years' experience providing solutions for charities, not-for-profit organisations, and social enterprises, and the insights gained from in-depth interviews and surveys that go towards creating our annual Rewarding Industries reports, we are confident we understand the challenges you face.

As part of Howden, the world's largest independent retail broker network, we have access to market leading products and insurers. And while Endsleigh's charity and not-for-profit specialists understand the risks you face daily, we go beyond broking - building relationships and offering services that meet the ever-evolving needs of this unique sector. From insurance and risk management to protection against cyber fraud, we're here to support you.

If you'd like more information about the contents of this report, or would like to take part in Rewarding Industries 2024 please contact:

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