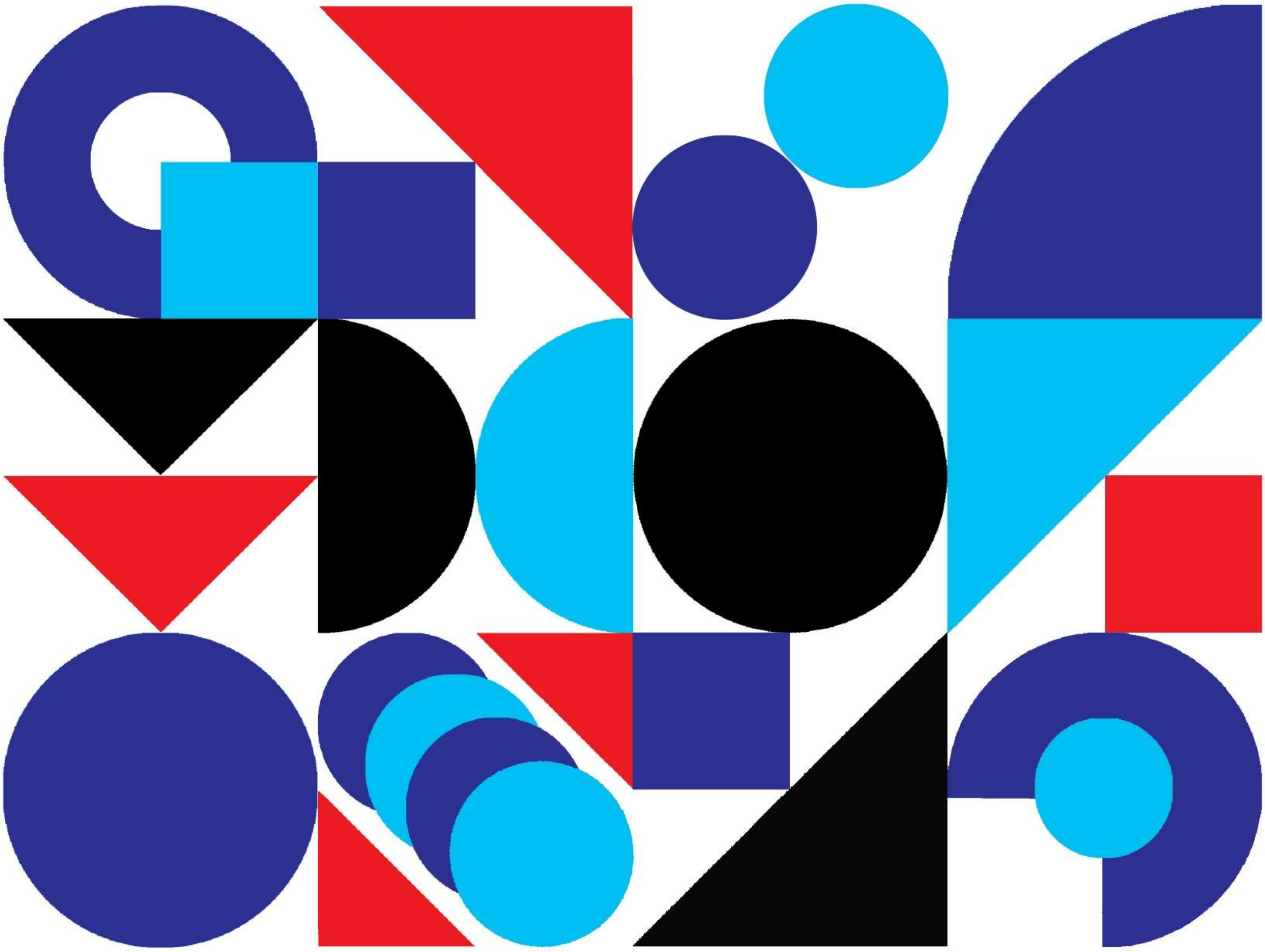

Third Sector Trends in England and Wales 2025

Relationships, influencing and collaborative working

Community Foundation North East

October 2025

About the author

Tony Chapman is Director of Policy&Practice, St Chad's College, and Honorary Professor of Social Policy in the Department of Sociology, Durham University.

The contents of the report express the views of the author and do not necessarily reflect the views or policies of the commissioning partners.

Third Sector Trends Study

Data in this report are drawn from the Third Sector Trends study which was conceived and originally commissioned by Northern Rock Foundation with research conducted by the universities of Southampton, Teesside and Durham. The Community Foundation North East was a co-founder of the research and is now responsible for its legacy.

to undertake the Third Sector Trends The Community Foundation and St Chad's College have worked with partners: Lloyds Bank Foundation England and Wales, Wales Council for Voluntary Action (WCVA) and Millfield House Foundation Study survey in 2025-26

More information about Third Sector Trends can be found here:

Third Sector Trends in England and Wales - St Chad's College Durham

All publications from the Third Sector Trends study are available free to download at this address: https://www.stchads.ac.uk/research/third-sector-trends-in-england-and-wales/publications-from-third-sector-trends/

Current and previous reports are also lodged on the Community Foundation North East website:

https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/

Front and rear cover design

Tower Design Workshop

Published by

Community Foundation North East
Philanthropy House
Woodbine Road
Gosforth
Newcastle upon Tyne NE3 1DD

https://www.communityfoundation.org.uk/

October 2025

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Acknowledgements

Third Sector Trends is a joint effort involving thousands of people and organisations. The study could not continue without the enormous amount of support it receives.

I would like to thank all the participants who took the time to do the survey and to write about their experiences. Many of the people who responded will have been involved in the study for years and years now. So my thanks go to them for sticking with it this far and hopefully continuing to take part in 2028.

Help to get people to respond to the survey has come from many local voluntary sector infrastructure organisations and community foundations across the country by sending invitations to their lists of members or grantees, putting stories in their newsletters or promoting the study via social media. My thanks go to them for helping build the sample.

In the development of new themes and questions for the survey in 2025, I would particularly like to thank Mark Pierce (formerly Community Foundation North East), Suzanne Perry (formerly Lloyds Bank Foundation England and Wales), Mark Freeman (Cambridge CVS), Cullagh Warnock (Millfield House Foundation), Natalie Zhivkova (WCVA), Jo Curry (Sir James Knott Trust) and Matt Roche (The Mercers' Company).

I am enormously grateful to the organisations which have contributed to the cost of undertaking the study in 2025: *Community Foundation North East, Lloyds Bank Foundation England and Wales, Wales Council for Voluntary Action* and *Millfield House Foundation*.

This is a long running study and it continues to benefit from the support of my colleagues Rob Williamson, Hannah Mackay-Christie, Adam Lopardo and Alastair Walker at Community Foundation North East. Their enthusiasm, advice and assistance are invaluable and much appreciated.

Key findings

Third Sector Trends has been surveying the voluntary, community and social enterprise sector every three years since 2010. In 2025, 8,680 responses were received across England and Wales. This is the only large-scale and fully representative longitudinal national survey in the UK which can produce in-depth and robust comparative analysis at regional and national level.

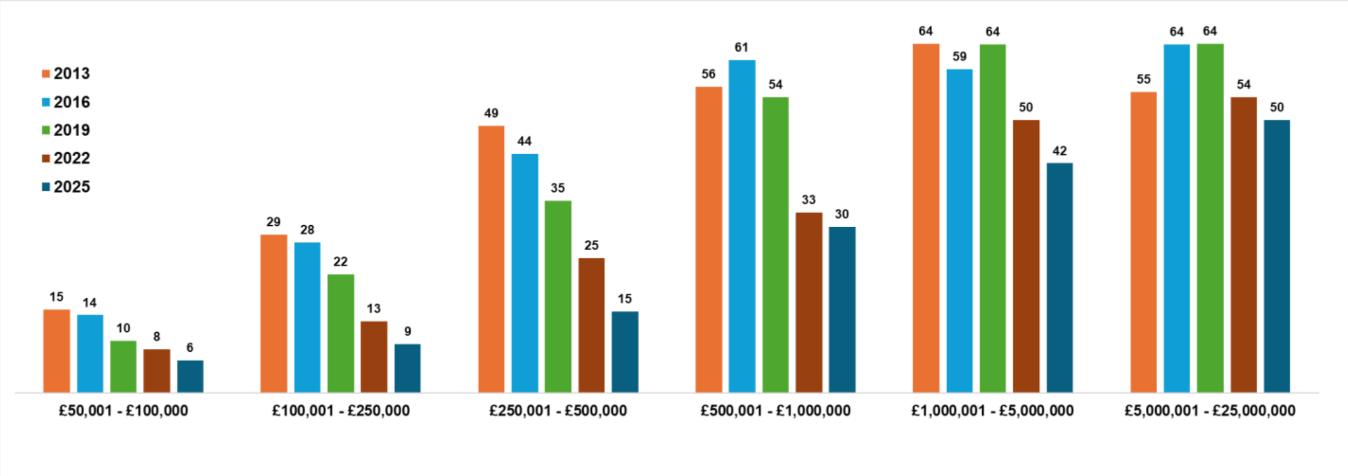
The project is funded in 2025 by *Community Foundation North East, Lloyds Bank Foundation England and Wales, Wales Council for Voluntary Action* and *Millfield House Foundation*. This is the first of five national reports from Third Sector Trends in England and Wales 2025.

Are voluntary organisations walking away from government contracts to deliver public services?

Political enthusiasm to involve voluntary organisations in the delivery of public services under contract remains strong and government has produced new guidelines to smooth procurement processes and set targets for the engagement of voluntary organisations (and small and medium size businesses) in this field of work.

Despite this and previous government efforts to incentivise and help prepare voluntary organisations to engage in the delivery of public services under contract, interest continues to decline steeply (see Figure 1). Amongst the biggest voluntary organisations, 64% remained involved between 2016 and 2019. That commitment collapsed during the Covid-19 pandemic to 54% and has fallen since to 50% in 2025.

Figure 1 **Bidding for or delivering of public services under contract by size of organisations 2013 – 2025** (Third Sector Trends 2013 - 2025)



A decade ago, 23% of voluntary organisations were ‘ambivalent’ about getting involved in public service contracts due to *lack of information, the need for support* or *perception of barriers to engagement*; only 14% feel that way now – indicating a hardening of opposition to contract working.

In 2022, the main reason why voluntary organisations were withdrawing from this field of work is that contract values were too low to meet the cost of delivery (especially in a context of rising costs and difficulties in retaining and recruiting staff). These problems have been exacerbated in 2025 with hikes in the National Minimum Wage and employers’ National Insurance contributions.

Support from business is currently in decline

In the face of challenging fiscal and market conditions, it is not surprising that assistance from business to voluntary organisations has not yet recovered to pre-pandemic levels.

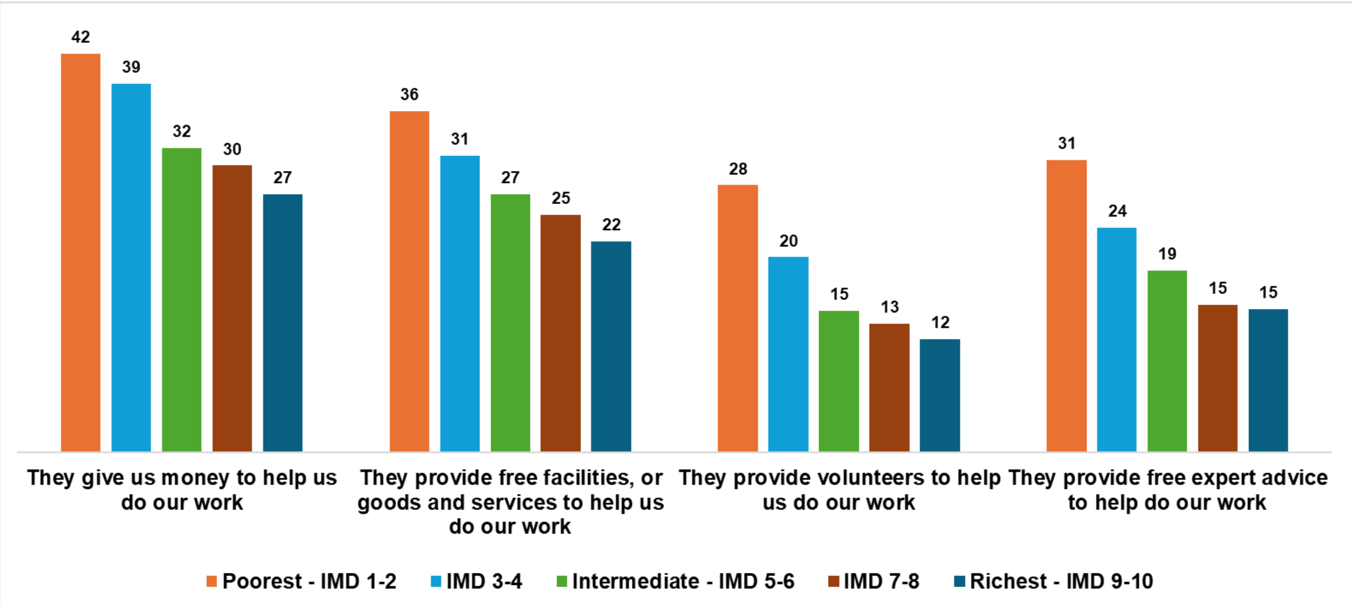
- In 2016, 39% of voluntary organisations were receiving useful financial support from businesses. As the pandemic waned in 2022, that had fallen to 20%. This has now recovered to 33% (but has still not returned to pre-pandemic levels).
- In-kind support (such as free use of facilities or provision of goods) reached its zenith in 2019 (36% of voluntary organisations received support). That fell to 29% during the pandemic and has fallen further to 27% in 2025.
- The percentage of voluntary organisations receiving pro bono support from business has fallen steadily from 28% in 2016 to 20% in 2025.
- Employer supported volunteering was provided to 23% of voluntary organisations in 2016 and 2019. That support fell to 17% during the pandemic and has not since recovered.

The level of business support is much more generous in the poorest areas of England and Wales (see Figure 2). For example, 42% of voluntary organisations in the most deprived areas received money from business compared with 27% in the most affluent areas.

The pandemic led many businesses and voluntary organisations to become more inward looking and choosier about collaborative activity - such behaviours have become more, not less, embedded since. But Third Sector Trends data shows that this has not happened everywhere. In North East England, for example, 34% of voluntary organisations were receiving valuable financial support from business in 2022, but that has risen to 38% in 2025 while in most regions support has dropped.

Keeping the dialogue going between the voluntary sector and businesses is important so that when economic and market conditions improve, productive interactions can resume. Local community foundations, as trusted intermediaries, are particularly well placed to help do that because they have deep connections with local businesses and the voluntary sector.

Figure 2 **Business support received by voluntary organisation in rich and poor areas** (Percentage stating support is of ‘great’ or ‘some’ importance, Third Sector Trends in England and Wales 2025, n=8,545)



The collaborative culture of the voluntary sector has become more selective but remains strong

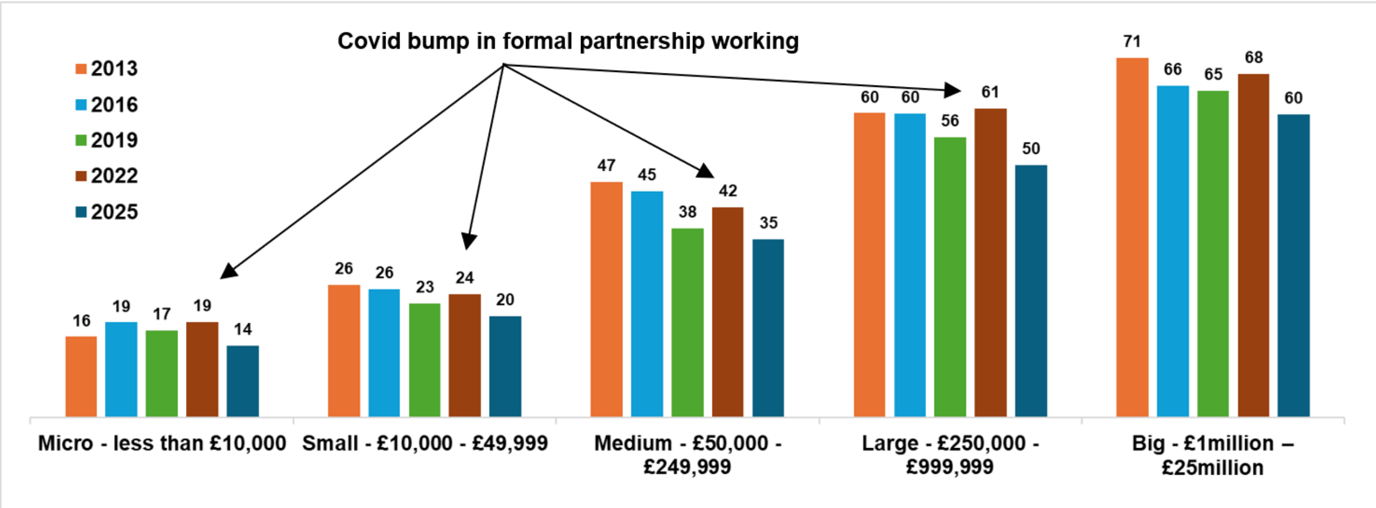
The third sector is lauded in policy circles for its willingness and ability to work effectively in partnership. Collaboration within the voluntary sector can take many forms:

- 72% of TSOs remain engaged in 'informal' and 'complementary' relationships with other voluntary organisations and groups (73% in 2022) and another 9% would like to work this way.
- 62% of organisations continue to 'collaborate closely but informally' with other TSOs (65% in 2022). Complementary working is an option 13% of organisations are considering.
- The number of TSOs working in 'formal partnership' arrangements has fallen from 34% in 2022 to 28% in 2025) and another fifth are interested in doing so. Over half (53%) of the sector is currently disinterested in formal partnership working (up from 47% in 2022).

During the Coronavirus pandemic there was a 'bump' in formal partnership working for organisations of all sizes, but longer-term decline has continued since (Figure 3). This shows that voluntary organisations have become more 'selective' about collaborative working rather than indicating that the quality of remaining partnerships have been compromised.

Levels of formal and informal partnership working are much higher in the poorest areas of England and Wales than in the richest areas. For example, in the most deprived areas 44% of voluntary organisations work together formally compared with just 20% in the most affluent areas.

Figure 3 **Changing patterns of formal partnership working within the voluntary sector** (Percentage who 'agree' or 'strongly agree', Third Sector Trends in England and Wales, 2025 n=8,552, 2022 n=5,897, 2019 n=3,910, 2016 n=3,408 2013 n=2,147)



The voluntary sector has not been deterred from influencing local social and public policy

The previous government was concerned about voluntary organisations exercising political influence and took steps to challenge their right to campaign and lobby. The present government has adopted a more conciliatory stance and has agreed a ***Civil Society Covenant*** with the voluntary sector to show its commitment to voluntary organisations' independence, while expressing an eagerness to work with the voluntary sector – particularly in the fields of empowering communities and delivering public sector services.

Third Sector Trends established baseline statistics on the involvement of voluntary organisations in politics, campaigning and lobbying in 2022 and there has been little change since then. For example, 43% of voluntary organisations strongly agree that they steered clear of political issues in 2022, 41% do so now. The percentage of voluntary organisations agreeing that they engage in campaigning (~48%) or lobbying (~42%) to further the interest of beneficiaries remain about the same.

The extent to which voluntary organisations feel valued (87%), informed (64%) and involved (42%) by local public sector organisation has fallen a little compared with previous years – but this may be related to 'raised expectations' in the context of government policy drivers associated with the local devolution of decision making. The evidence clearly shows that irrespective of their location or purpose, most voluntary organisations feel equally valued, informed and involved by their local public sector organisations.

As for their opinions on the impact of devolution policies, headline findings show that.

- A small majority of TSOs (56%) broadly agree that *opportunities for effective collaborative working* have increased (e.g. with local council / NHS).
- Relatively few TSOs (31%) agree that *policy makers now give more notice now about new initiatives*.
- A majority of TSOs (61%) disagree that *policy makers have become more receptive to their arguments.*
- When asked if they feel that *public sector agencies are now working more effectively together*, most TSOs remain sceptical: 61% of TSOs disagree.
- About 61% of TSOs say that they are *asked more often now to help engage with the local community by local public sector agencies* – this is especially common amongst larger organisations working in poorer areas.

Section 1
Introduction

1.1 Context

Positive attitudes about collaborative working are deeply embedded in the culture of the voluntary sector. When asked about levels of involvement in partnerships over the next two years, 39% of survey respondents expected that they would be doing more of it and another 55% thought partnership activity would remain about the same. Only 5% of Third Sector organisations (TSOs[1]) felt that current levels of partnership would decline.

In a second question, survey participants who have a leadership role in their organisation were asked how they felt 'this week' about working collaboratively with other voluntary organisations. Over 80% of leaders in the study were involved in collaborative working and amongst them, 37% said that they were 'quite excited' about collaborative working (and 9% said that collaborative working is what 'gets them up in the morning'). Only 4% of respondents felt worried about working with other organisations.

The third sector's well known enthusiasm for partnership working has been lauded by successive governments of all political persuasions over the last three decades. Within the third sector itself, national representative bodies have generally been eager to extol the virtues of the sector's willingness to work collaboratively.[2] The recently published *Civil Society Covenant* also recognises the benefits of partnership relationships between the third sector and government bodies. [3]

> ***"To tackle the deep-seated challenges of our time, we need a new model of partnership between civil society and government. The Covenant will create an environment in which civil society is respected, supported and listened to by government, both when working in partnership with civil society and independently, when civil society is holding government to account."***

The Covenant promises to *'design, fund and deliver policies and services in genuine partnership*', but does not pretend that this will be an equal relationship - as it is government which will ultimately set policy priorities, practice expectations and hold the purse strings.

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[1] For stylistic reasons, the terms 'voluntary organisations' and 'TSOs' will be used interchangeably in this report. Other terms such as 'civil society organisations', 'charities', 'social sector organisations', 'non-profit organisations', 'voluntary, community and social enterprise (VCSE) organisations' and all other variations in common usage will be avoided, unless specifically required, for purposes of precision or clarity.

[2] This introductory section has drawn upon ideas developed in two reports: Chapman, T., Mawson, J., Robinson, F. and Wistow, J. (2018) *How to work effectively with the Third Sector: a discussion paper for public sector organisations*, Durham: Institute for Local Government. https://www.stchads.ac.uk/wp-content/uploads/2018/02/ILG-How-to-work-effectively-with-the-third-sector-discussion-paper-March-2019-.pdf, and Chapman, T. (2025) *Going the distance: how third sector organisations work through turbulent times*, Newcastle upon Tyne, Community Foundation North East: available here Archive of publications from Third Sector Trends - St Chad's College Durham.

[3] HM Government (2025) Civil Society Covenant: https://www.gov.uk/government/publications/civil-society-covenant/civil-society-covenant 1

From a national government perspective, building partnerships with the third sector is prioritised because service provision may be more effective if delivered by trusted local voluntary organisations. That is a good reason to work with voluntary organisations. But on the other side of the coin, governments usually expect that such work can be done more cheaply by the voluntary sector than by doing it in-house within, for example, local authorities or the NHS.

Partnership is a ‘warm’ word, evoking notions of shared interests, values, objectives and of equality of power in relationships. Few partnerships, in any aspect of social life, fully match up to these expectations. The reality is that people and organisations bring different levels of power and influence to the table when they establish or join partnerships.

But even in subordinate relationships (such as when delivering public services under contract), the *Civil Society Covenant* recognises that voluntary organisations still have power which lies in their ability to campaign and lobby so as to shift social and political narratives about issues which concern them.[4] As such, government promises to:

> ***“Recognise and value all those who give their time and money in the service of others, respect our different roles, and build trust and shared objectives together.*** [and] ***Respect the independence of civil society organisations and ensure they can advocate for those they serve and hold government to account without fear of reprisal.”***

Attitudes and behaviours surrounding partnership working within the voluntary sector and with the public and private sectors are not frozen in aspic. Consequently, it is not advisable to make firm judgements about the strength and quality of current partnership relationships without also looking, as this report does, into how they are changing in a continually shifting political, economic and social environment.

Voluntary organisations, in governance terms, are ‘autonomous’ bodies which can choose to work alone or with whom they want. As this report will show, a majority choose to collaborate with others in more or less formal ways when circumstances permit and aspects of benefit can be identified. Furthermore, voluntary organisations can work in a variety of collaborative arrangements with a range of partners at any one time – some of which, depending upon their purpose, may be formalised while others are quite loose.

Partnership working does not, of course, suit everyone. Having tried working in partnership with other voluntary organisations, businesses or the public sector, some TSOs may choose to withdraw from such arrangements if they are no longer financially viable, productive or as satisfying as they had hoped. Some may prefer to preserve their independence and always work alone while others remain open-minded and will look at each new opportunity for collaboration on its own merits.

What is certain, is that things do not stand still. So the purpose of this report is to look critically at patterns of continuity and change and determine what factors underpin voluntary organisations’ willingness to get involved in or withdraw from collaborative activity.

[4] At the local level, the exercise of such power by TSOs can be unsettling for public sector officers. See, for example, Chapman, T., Brown, J., Ford, C. and Baxter, B. (2010) ‘Trouble with champions: local public sector–third sector partnerships and the future prospects for collaborative governance in the UK’, *Policy Studies*, 31(6), 613–630. https://doi.org/10.1080/01442872.2010.511524

1.2 Plan of the report

As a large-scale, long-running project, Third Sector Trends is in the unique position to look at partnership in its social context and can track changes in practices. To do that successfully, it is vital to recognise that the strength and depth of partnerships vary. In this report, the following aspects of collaborative working will be explored:

- ***Partnership working within the third sector***: in this section of the report, distinctions will be drawn between informal and formal partnership working so as to make an assessment of the changing nature of relationships. Crucially, the analysis will extend to those voluntary organisations which choose *not* to enter into partnership working to find out why working entirely independently is a more attractive option for some TSOs.
- ***Relationships with the private sector***: in the previous decade, there was much debate in policy circles about the positive contribution business could make to social wellbeing by working with the third sector. That enthusiasm seems to be on the wane and this section of the report will consider how economic conditions since the pandemic have impacted upon inter-sector relationships.
- ***Working with and for the public sector***: this section will assess how voluntary organisations seek to influence local social and public policy through participation in consultations, campaigning and lobbying. Secondly, it will explore whether the quality of TSOs' relationships with the local public sector have changed over the years – and how current devolution policies may be affecting such views. Finally, the analysis will assess whether third sector interest in and commitment to working in formal contractual relationships to deliver services for the local public sector is strengthening as government hopes.

1.3 Research methods and survey sample

Third Sector Trends was initiated in 2008 by *Northern Rock Foundation* in North East England and Cumbria as a longitudinal study to explore the structure and dynamics of the sector in the context of change. Surveys began in North East England and Cumbria in 2010. The field of study has widened to include Yorkshire & Humber in 2013, the remainder of North West England in 2016 and across England and Wales from 2019. There have been six iterations of the triennial survey.

In 2025, the survey was administered using *Online Surveys*[5] between June and September. A total of 8,680 valid responses were received. Responses were obtained using direct email invitations from listings collated from the Charity Commission register (there were 7,163 returns representing a 5.4% response rate from a sample frame of 133,161 charities). These data were supplemented by 1,517 responses to appeals to participate by local infrastructure organisations and community foundations across England and Wales.[6]

The national sample is fully representative of sector organisations by size (as defined by income levels) and is distributed appropriately across areas of relative deprivation and affluence when compared with Third Sector Trends Combined Register data. The survey dataset has good coverage in Wales and all English regions each with no fewer than 600 responses and apart from London, an average 5.6% response rate measured against the Charity Commission Register sample frame. A much lower

[5] Online Surveys is a powerful platform specifically designed for use by academics by JISC. Details on the platform's specifications can be found here: https://www.onlinesurveys.ac.uk/

[6] This is a fully representative national sample, as evidenced by comparison with combined register data (including the registers of the Charity Commission, Community Interest Companies, Register of Mutuals/Societies Register and Community Amateur Sport Clubs Register). A separate report which details research methodology, sample structure and characteristics is available here: Archive of publications from Third Sector Trends - St Chad's College Durham.

response rate in London, as in 2022, stood at 2.8% but due to high organisational density, a reasonably credible sample of 713 was obtained.

The wide-ranging questionnaire asks respondents about beneficiaries served and what voluntary organisations feel that they have achieved. The survey also examines TSOs' energy by focusing questions on its people resources, property assets and financial situation. Leadership is a core element of the study too; asking participants how voluntary organisations invest in their *own* wellbeing so that they can serve their beneficiaries more effectively. And finally, it asks about inter-organisational relationships which is the topic of this report.

The current series of Third Sector Trends reports relies almost exclusively upon quantitative data drawn from this and previous rounds of the survey. But the study does invite survey participants to tell us anything else they'd like us to know. Well over 2,000 respondents took that opportunity in 2025. Occasionally, quotations from these open-text statements are used to 'illustrate' points of interpretation but must not be confused with qualitative evidence.

Interpretative observations originate from quantitative analysis and previous in-depth qualitative studies from Third Sector Trends (and directly related projects) which are referenced accordingly. The most important of these studies ran from 2008 to 2022 with 50 voluntary organisations from the North East of England and Cumbria. The final report from that study, ***Going the distance, how third sector organisations work through turbulent times***, has recently been revised and republished to accompany this series of quantitative reports.[7]

[7] The report is available here: **Archive of publications from Third Sector Trends - St Chad's College Durham**.

Section 2

Relationships within the third sector

2.1 Complexities surrounding partnership working

Third Sector Trends adopts an open-minded perspective on collaborative working and accepts that partnership may sometimes be the right way to proceed and sometimes not. In this sense, the study follows a similar approach to NCVO when advising their members about partnership - by emphasising potential benefits and pitfalls of collaboration.[8]

To help make sense of voluntary organisations' interactions, this study distinguishes empirically between different types and levels of partnership working as defined below.

- ***Contractual relationships***: where public sector bodies or private businesses have purchased services from a third sector provider.[9] Contractors often encourage or demand that services are delivered in partnership by consortia of TSOs – led by a 'prime contractor'. Such arrangements can work well if they are sufficiently well resourced, participation feels voluntaristic and power relationships are well balanced. But these criteria are not always met which can inject problems into consortia or partnership delivery arrangements from the start. Such relationships are often described in partnership terms, but they are unequal as prime contractors control budgets and build in clauses in sub-contracts for recourse if the secondary suppliers fail to deliver services as agreed (contractual relationships with the public sector will be analysed in Section 4).
- ***Formal partnership relationships***: where voluntary organisations together in formally constituted partnerships to deliver specific grant-funded programme outcomes usually on a time-limited basis. In such partnerships there may be a permanent lead organisation or rotation of lead partners which manage communications, hold and distribute budgets to other organisations or agencies and/or act as the accountable body to grant funders. Holding the purse strings can be a powerful tool in shaping the way partnership arrangements manifest themselves. In third sector initiated formal

[8] See: NCVO, 'Benefits and risks of collaborative working'. https://www.ncvo.org.uk/help-and-guidance/running-a-charity/collaboration/about-collaborative-working/benefits-and-risks-of-collaborative-working/?gad_source=1&gad_campaignid=11415512370&gclid=Cj0KCQjwn8XFBhCxARIsAMyH8Btx1uPlrcnhCD2uP5Mdqwwh47TOG4GXKe7BU09hba9jUMM3YNQAJWMaAqkAEALw_wcB

[9] Most contracts derive from public sector bodies, but the private sector and charitable trusts and foundations also issue large service delivery contracts. There is a large policy literature emanating mainly from the 1990s and early 2000s which championed the principle of partnership working to deliver public services. See, for example: Audit Commission (1998) *A fruitful partnership: effective partnership working*, London: Audit Commission; Office of the Third Sector (2006) *Partnership in public services: an action plan for Third Sector involvement*. London: Cabinet Office; Home Office (2004) *Change up: capacity building and infrastructure framework for the voluntary and community sector,* London: HMSO; Home Office (2005) *Strengthening partnerships: next steps for the compact,* London: HMSO; Office for Civil Society (2010) *Better together: preparing for local spending cuts to the voluntary, community and social enterprise sector*, London: Cabinet Office; Office for Civil Society (2010) *Building a stronger civil society: a strategy for voluntary and community groups, charities and social enterprises*, London: Cabinet Office.

partnerships, budgets and resources are rarely shared, but formal protocols are established on working relationships which must be adhered to.

- ***Informal collaborative relationships***: where voluntary organisations work towards similar objectives but without binding procedural or contractual ties. A range of partners may bring ideas, people energy or money to the table but rarely (and for good reason) will they agree to 'pool' such resources. The terms of reference in such partnerships may be defined in more or less intricate ways; they will not be binding but might form a set of principles. Such relationships can be dynamic because they are less likely to be time limited and can allow for participating organisations to step in or step out during the life of the partnership.
- ***Informal complementary working:*** where voluntary organisations have productive and beneficial relationships based on a measure of mutual understanding, trust, interest and benefit. These relationships may be short lived, to meet a specific purpose that has arisen, such as a local celebration or tackle an environmental crisis such as flooding. Or they may continue in the longer term as effective friendly relationships where, for instance, they may refer beneficiaries to each other, alert each other to funding opportunities or identify potential threats that lay over the horizon.
- ***Autonomous working***: where organisations or agencies work towards beneficial social, environmental or economic objectives individually – but do so within the context of other entities working on the same or similar terrain. This can work well when organisations are *good neighbours* to each other by being empathetic towards and respectful of the contribution of other organisations and agencies and avoid purposefully duplicating or undermining the efforts of others. Generosity of spirit is required, in short, but within limits since some reciprocity is expected. Not all organisations are good neighbours – and so, conflict can emerge when, intentionally or otherwise, organisations undermine the achievement of others or purposefully disrupt others' good relationships.

It is not, though, a question of choosing *which one* of these arrangements to commit. On the contrary, many voluntary organisations do *all* of these things at the same time because they work within one or across many social networks within the community or spanning wider boundaries.

Just to take one example to illustrate this point: amongst the 6,145 (72%) of respondents in the 2025 Third Sector Trends survey which have '*useful informal relationships with other voluntary organisations and groups*', 2,232 (36%) of them also '*often work in formal partnership with other voluntary organisations and groups*'.

2.2 The extent of interaction

Taking the voluntary sector as a whole, there is a great deal of informal and formal interaction and even when collaboration is absent, there is often a willingness to do so should opportunities arise (see Table 2.1).

- 72% of TSOs have useful informal relationships with other voluntary organisations and groups now and a further 9% are conducive to the idea.
- 62% of TSOs work quite closely, but informally, with other voluntary organisations and groups now; and another 13% would like to work that way.
- 28% of TSOs work in formal partnership arrangements with other voluntary organisations and 19% more would like to do so.
- Relatively few voluntary organisations have no interest in entering into relationships. The percentage rises from 19% with no interest in *informal* complementary working relationships to 53% of TSOs in *formal* partnership arrangements.

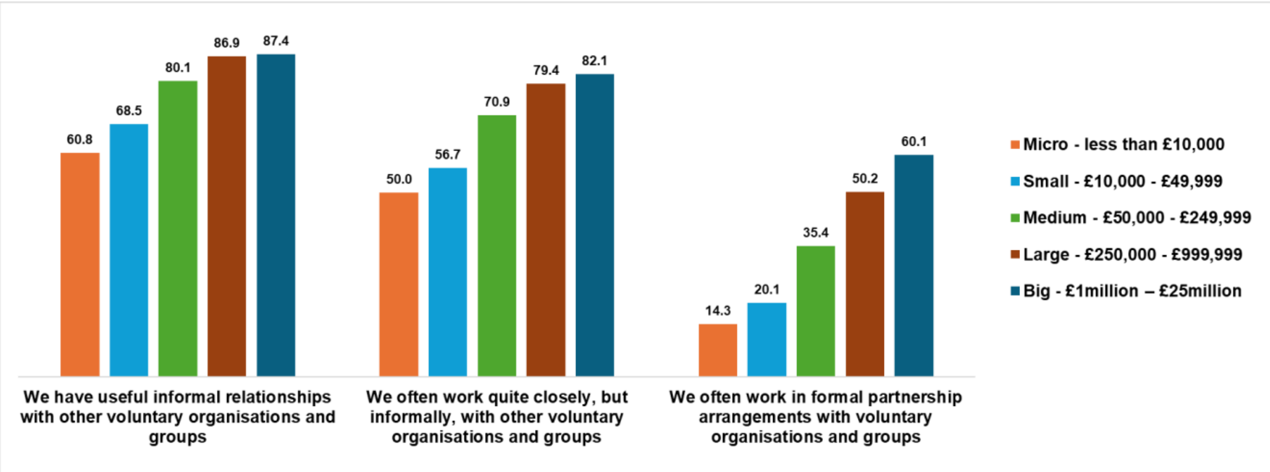
Table 2.1 **Working relationships amongst voluntary organisations in England and Wales in 2025.**

	Complementary relationships *(We have useful informal relationships with other voluntary organisations and groups)*	**Collaborative relationships** *(We often work quite closely, but informally, with other voluntary organisations and groups)*	**Formal partnerships** *(We often work in formal partnership arrangements with voluntary organisations and groups)*
Yes, this is how we work now	72.1	62.0	27.6
Not at the moment, but we'd like to work this way	9.2	12.6	19.1
No, this doesn't apply to us	18.7	25.4	53.3
Total	8,604	8,573	8,552

Headline statistics can mask underlying variations. Figure 2.1 shows that the size of organisations affects levels of involvement partnership working. The smallest TSOs are considerably less likely to work in complementary, collaborative or formal partnership arrangements than their larger counterparts. This is especially clear in formal partnership working where only 14% of micro TSOs do so, compared with 60% of the biggest.

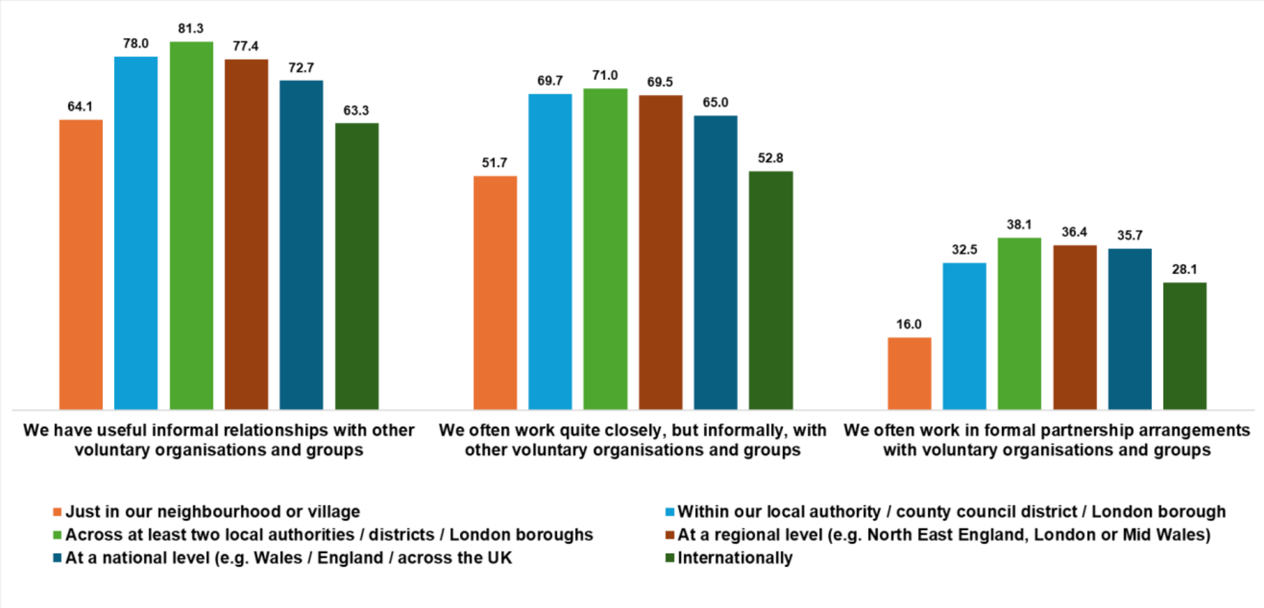
The steady rise in levels of partnership working by organisational size is explicable. Larger organisations have more capacity to devote the time and effort it takes to establish and maintain partnership relationships. Furthermore, it is more likely to be in their interests to do so – whether they are led by financial benefit (such as joint bidding for grants or contracts) or for strategic or practice-oriented reasons (such as to increase the reach and impact of their practice). Nonetheless, it should be noted that 40% of the bigger organisations *do not* get involved in formal partnership relationships.

Figure 2.1 **Partnership working by size of voluntary organisations**
(Third Sector Trends in England and Wales 2025, n=8,604)



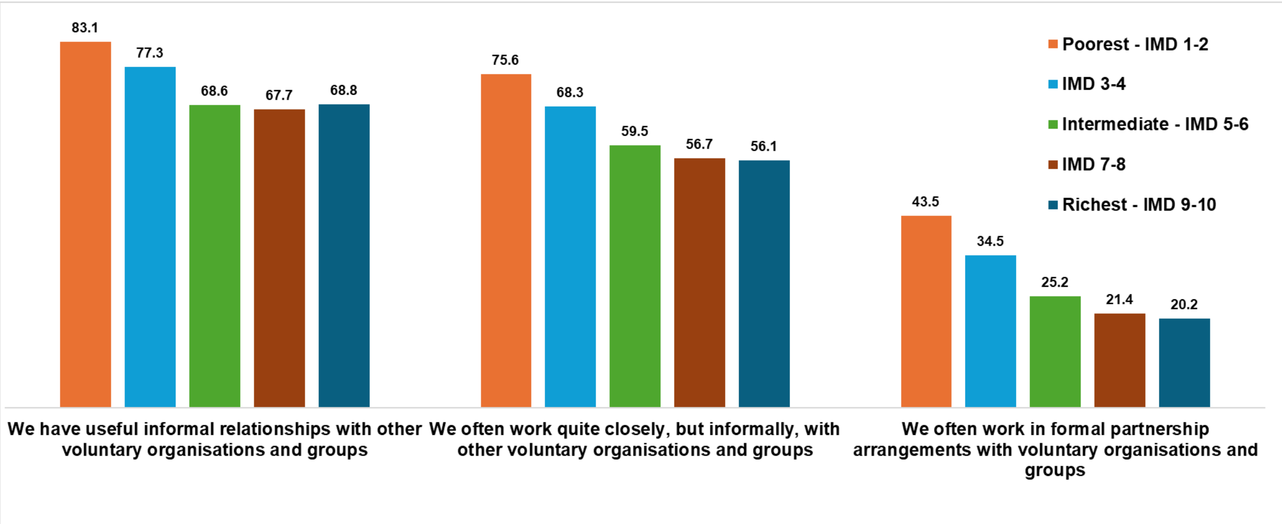
Partnership working is more rare amongst TSOs which work either at local level (neighbourhoods or villages) or at the widest levels (nationally or internationally). As Figure 2.2 shows, organisations operating across more than one local authority are most likely to be involved in partnership arrangements. The higher incidence of partnership working in these areas is largely due to the proliferation of initiatives to tackle specific issues (such as tackling the consequences of poverty, increasing access to services, and so on.

Figure 2.2 **Partnership working by voluntary organisations' spatial range of activity**
(Third Sector Trends in England and Wales 2025, n=8,589)



In the poorest districts, partnership working is more prevalent than in the wealthiest (Figure 2.3). Just over two-fifths (43%) of TSOs work in formal partnerships in the most socially deprived communities compared with just one fifth (20%) in the most affluent areas. These variations are led to some extent by funding streams which encourage or insist upon collaboration, but the key explanation is that there are comparatively fewer large TSOs in richer areas, but proportionately more micro and small organisations.

Figure 2.3 **Partnership working by indices of multiple deprivation**
(Third Sector Trends in England and Wales 2025, n=8,604)

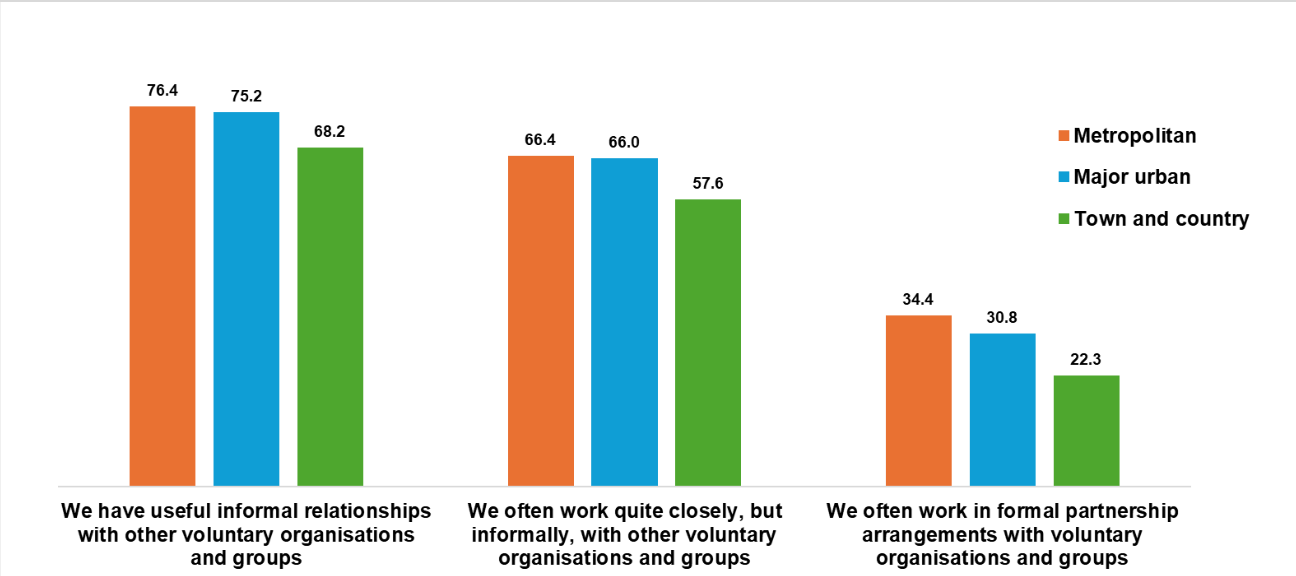


Metropolitan districts tend to have deeper concentrations of deprivation, so it would be expected that partnership working would be more common than in town and country areas.[10] As shown in Figure 2.4, that is the case, but differences are quite small; for example, 76% of TSOs in metropolitan areas have useful informal relationships with other voluntary organisations compared with 68% in town and

[10] Distinctions between 'metropolitan', 'major urban' and 'town & country' areas are widely used in Third Sector Trends analysis. These distinctions were generated using a self-generated configuration of ONS and NOMIS categorisations. For more detail, see *Third Sector Trends in England and Wales 2025: Technical paper on sector structure and analytical techniques [third edition]*. available here from late November 2025: [Archive of publications from Third Sector Trends - St Chad's College Durham](#).

country districts. By contrast, levels of formal partnership working, often driven by funding arrangements, are higher in metropolitan districts (34%) than in town and country areas (22%).

Figure 2.4 **Partnership working by urban form** (Third Sector Trends in England and Wales 2025, n=8,604)



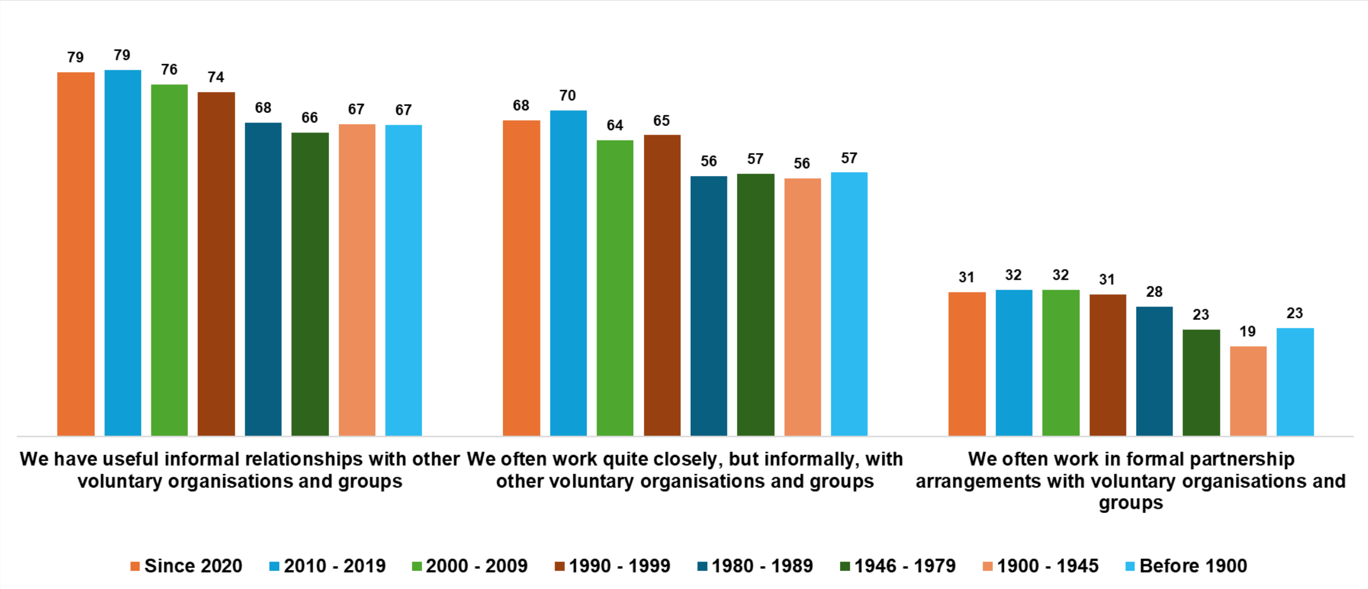
The composition of the third sector is continually being renewed as new organisations start up and others close down. This process is quite slow compared with the private sector where business 'births' and 'deaths' are much more common.[11]

In the 2025 Third Sector Trends sample, for example, 9% of TSOs were established since 2020. Where voluntary organisations sit in the organisational life course, as this year's series of Third Sector Trends reports will show, can affect they way they think and work.

Certainly, the impetus to establish and sustain collaborative arrangements varies depending upon the age of TSOs. Intuitively, it might be expected that older organisations would be more committed to partnership working given their long-standing position within communities of interest or practice. But that is not the case. Older TSOs are *less likely* to work together in complementary, collaborative or formal partnerships than more recently established organisations (see Figure 2.5).

[11] The Charity Commission reported in 2025 that only 4,546 charities were removed from the register in 2024 while 5,007 were newly registered, representing about 3% of registered charities. See: Zhang, C. (2025) 'Charity applications rise to record high of nearly 10,000 a year', Civil Society Meida (10th April): https://www.civilsociety.co.uk/news/charity-applications-rise-to-record-high-of-nearly-10-000-a-year.html#sthash.j6LdR1Jp.dpuf Evidence on private-sector business demography, as explored by the ONS indicates that in 2023 business births and death rates constituted around 11% of all businesses, see: https://www.ons.gov.uk/releases/businessdemography2023. Third Sector organisations may not always 'enjoy' their longevity, given the financial ups and downs they continually face - but they only rarely borrow money, so reducing the risk of foreclosure. They also tend to be quite good at keeping their spending within limits which reduces the risk of closure. As the NCVO Civil Society Almanac shows, aggregate sector expenditure has only once exceeded sector income in the last 20 years – and that was during the extraordinary circumstances surrounding the Covid-19 pandemic. NCVO UK Civil Society Almanac, https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/financials/ .

Figure 2.5 **Partnership working through the organisational life course**
(Third Sector Trends in England and Wales 2025, n=8,604)



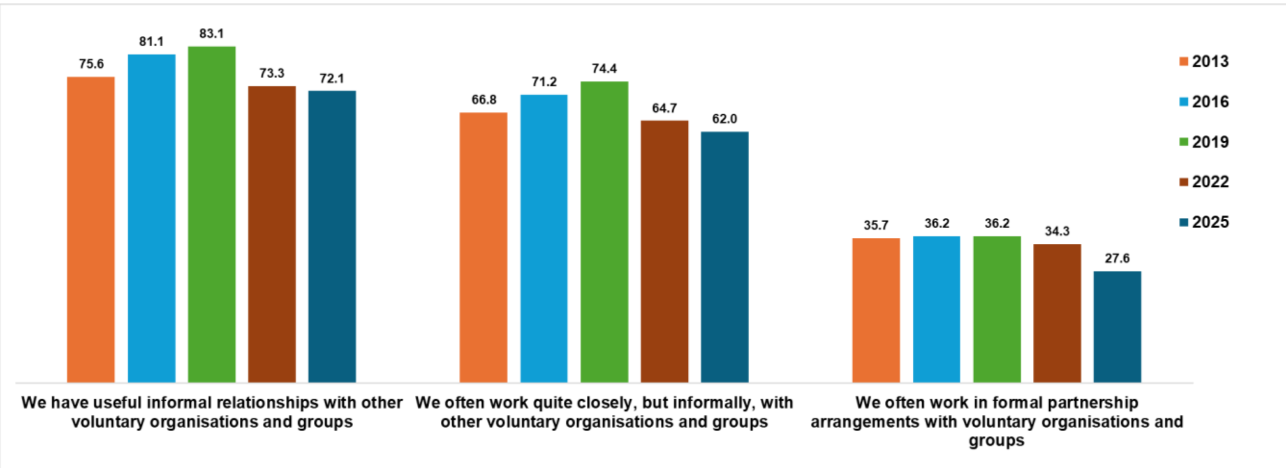
2.3 Are voluntary sector inter-relationships changing?

Popular voluntary-sector narratives surrounding the benefits of partnership working are so well embedded that it would be quite shocking if the volume of interactions was shown to be in long-term decline. Certainly, towards the end of the Covid-19 pandemic in 2022 (when Third Sector Trends last reported) there had been a substantial dip in sector partnership interactions – but it seemed reasonable to expect that these relationships would have recovered by 2025.

The evidence indicates that is not so (see Figure 2.6). The percentage of TSOs with useful informal relationships rose steadily between 2013 and 2019 but dipped during the pandemic. While the majority of TSOs still work this way, their proportion has declined quite substantially from 83% in 2019 to the lowest level recorded (72%).

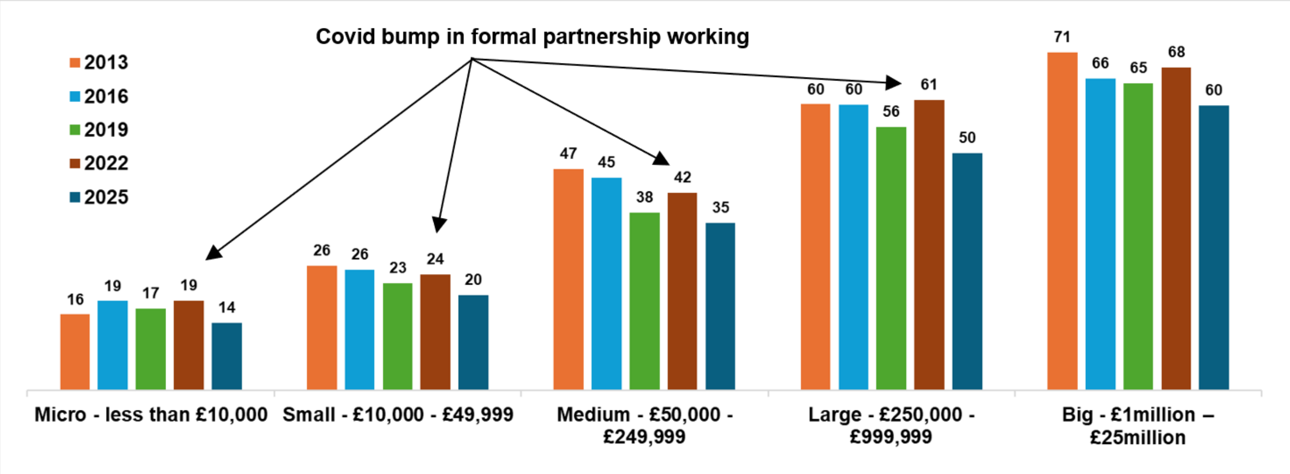
The percentage of TSOs which work quite closely but informally with other voluntary organisations also rose from 2013 to 2019. And so it remains for a majority. However, since the pandemic, percentages have continued to fall from 74% in 2019 to 62% now. Levels of formal partnership working remained steady between 2013 to 2022, at around 34-36%. This has now fallen to 28%.

Figure 2.6 **Changing patterns of partnership working 2013-2025**
(Third Sector Trends in England and Wales, 2025 n=8,604, 2022 n=5,943, 2019 n=4,083, 2016 n=3,613, 2013 n=2,214)



The pattern of partnership working decline since 2013 is quite consistent across organisational size categories apart from a 'bump' in activity during the Covid-19 pandemic. It is, perhaps, surprising that formal partnerships have declined so significantly amongst the biggest organisations from 71% in 2013 to 60% now (Figure 2.7).

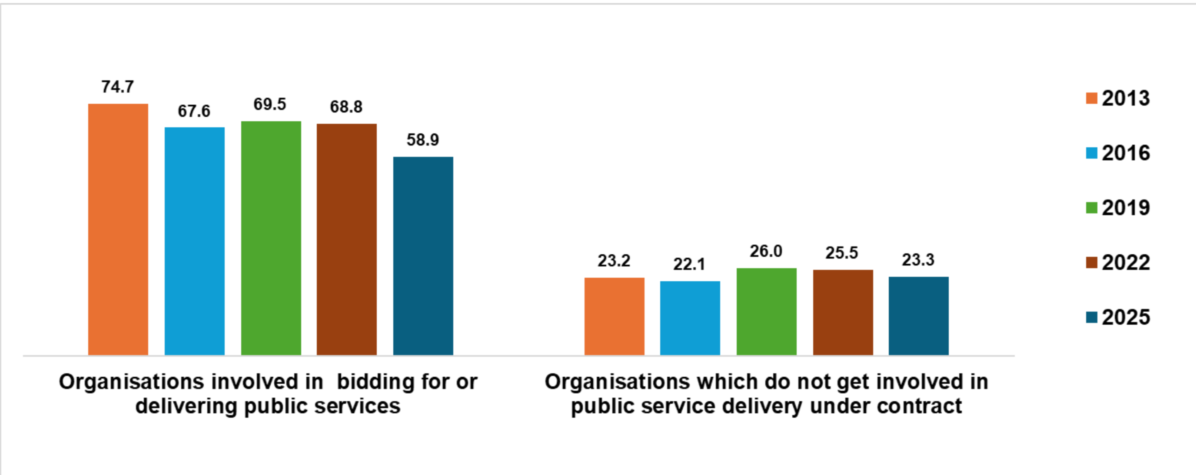
Figure 2.7 **Changing patterns of formal partnership working within the voluntary sector** (Percentage who 'agree' or 'strongly agree', Third Sector Trends in England and Wales, 2025 n=8,552, 2022 n=5,897, 2019 n=3,910, 2016 n=3,408 2013 n=2,147)



One obvious explanation for the reduction in partnership working in bigger organisations is that fewer of them are working together to deliver public services under contract (which will be explored further in Section 4).

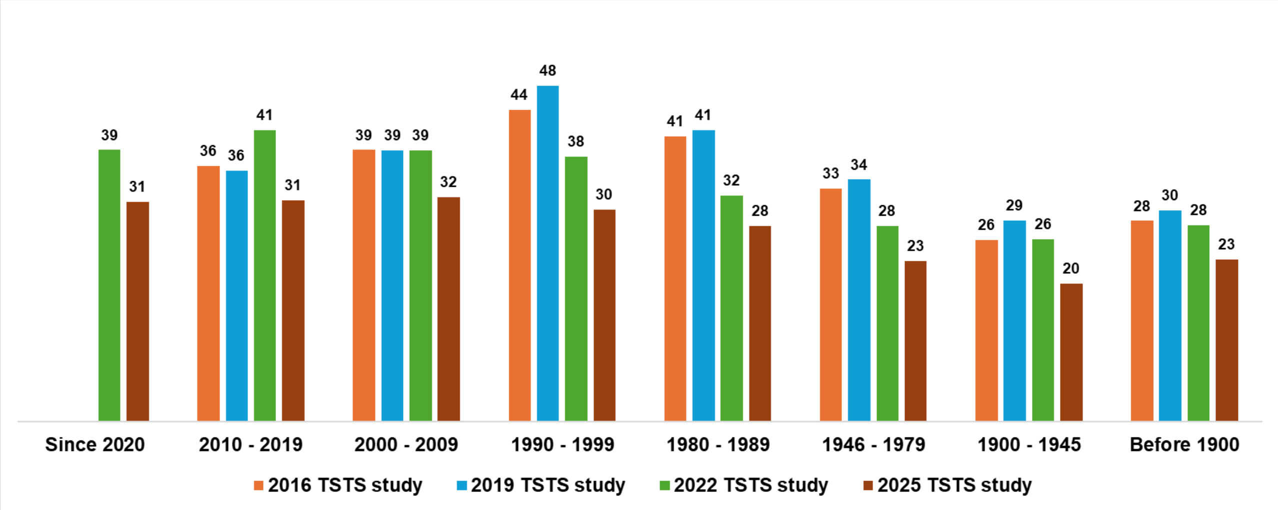
That assertion is supported by the evidence provided in Figure 2.8) which shows that the willingness of bigger TSOs (that deliver public services under contract) to work in formal partnerships has declined substantially from 75% in 2013 to 59% in 2025. Those bigger organisations that do not deliver public sector service delivery contracts have never been especially interested in formal partnership working – but of those which do, their number has fallen much less steeply (from 26% in 2019 to 23% in 2025).

Figure 2.8 **Engagement in formal partnerships: comparison of voluntary organisations which do or do not deliver public service contracts** (Third Sector Trends in England and Wales 2025, n=2,357)



As a picture is built on the characteristics of voluntary organisations which enter into partnership relationships, it is vital to consider the effect of organisational longevity. Figure 2.9 shows that irrespective of TSOs' age, involvement in formal partnerships has fallen steadily since 2019 in most categories. The only clear exception is those organisations which were established between 2010 and 2019 where a substantive boost in formal partnership working in 2022 is shown (rising to 41% of TSOs) – but that has now fallen away (to just 31%).

Figure 2.9 **Involvement in formal partnership working 2016-2025 by age of voluntary organisations** (Third Sector Trends in England and Wales 2025, n=7,930)



2.4 Ruggedly independent voluntary organisations

Before drawing conclusions about the decline in the incidence of partnership working, it is worth taking a step back to look at the characteristics of TSOs which choose not to work with other voluntary organisations.

Using Third Sector Trends data, a sub-sample has been isolated of TSOs (n=1,302) which do not enter into any complementary, collaborative of formal partnership arrangements (and have indicated that they have no intention of doing so). The characteristics of these 'ruggedly independent' TSOs are quite distinctive from those which engage in *formal* partnership working.

- In the poorest communities, only 7% of voluntary organisations are rugged independents compared with 28% of TSOs in the richest neighbourhoods (see Figure 2.11).
- Very few of the most recently established TSOs are rugged independents (8%) but this percentage increases steadily to 24% of the oldest voluntary organisations (see Figure 2.12).
- Rugged independents are much more likely to work at a very local level (54%) than those which enter into formal partnerships (21%). That stated, 15% of rugged independents work at national or international level.

Fig 2.10 **Participation and non-participation in partnership by indices of deprivation**
(Third Sector Trends in England and Wales 2025, n=7,936)

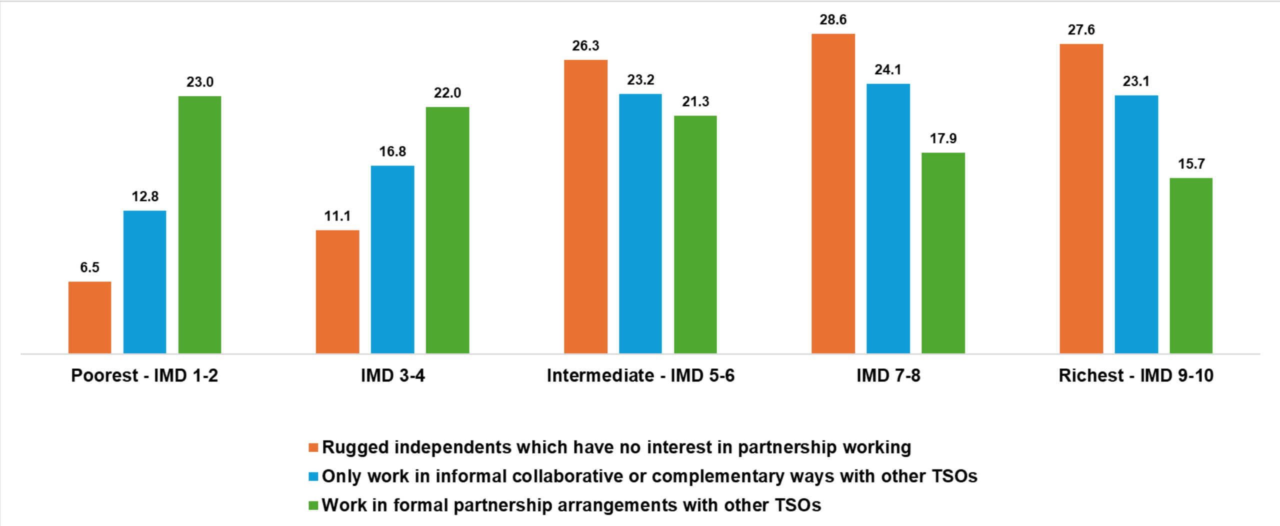


Fig 2.11 **Participation and non-participation in partnership by age of TSOs**
(Third Sector Trends in England and Wales 2025, n=7,930)

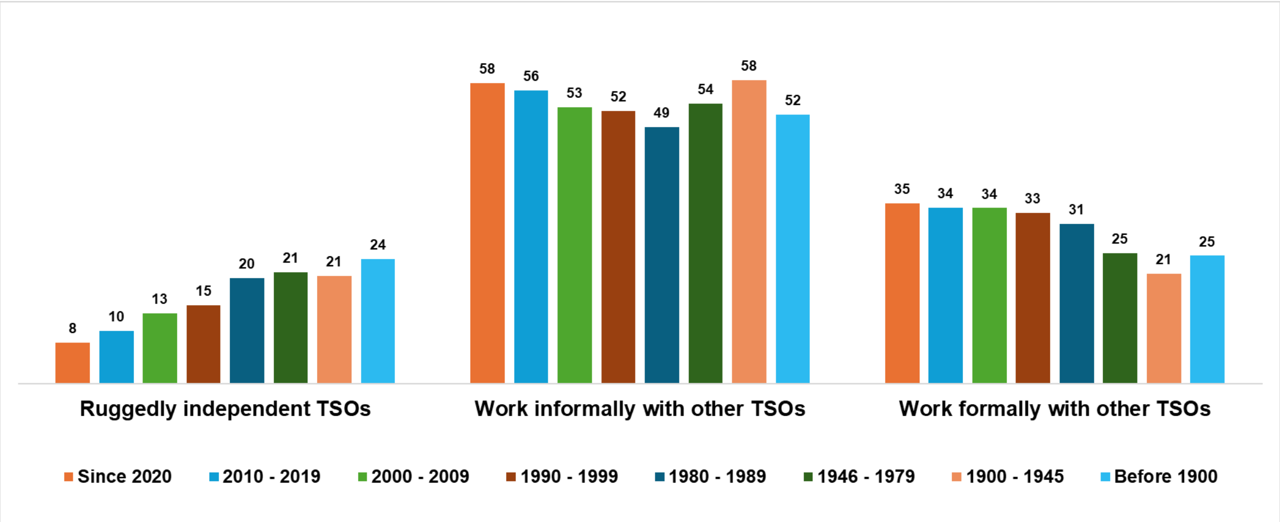
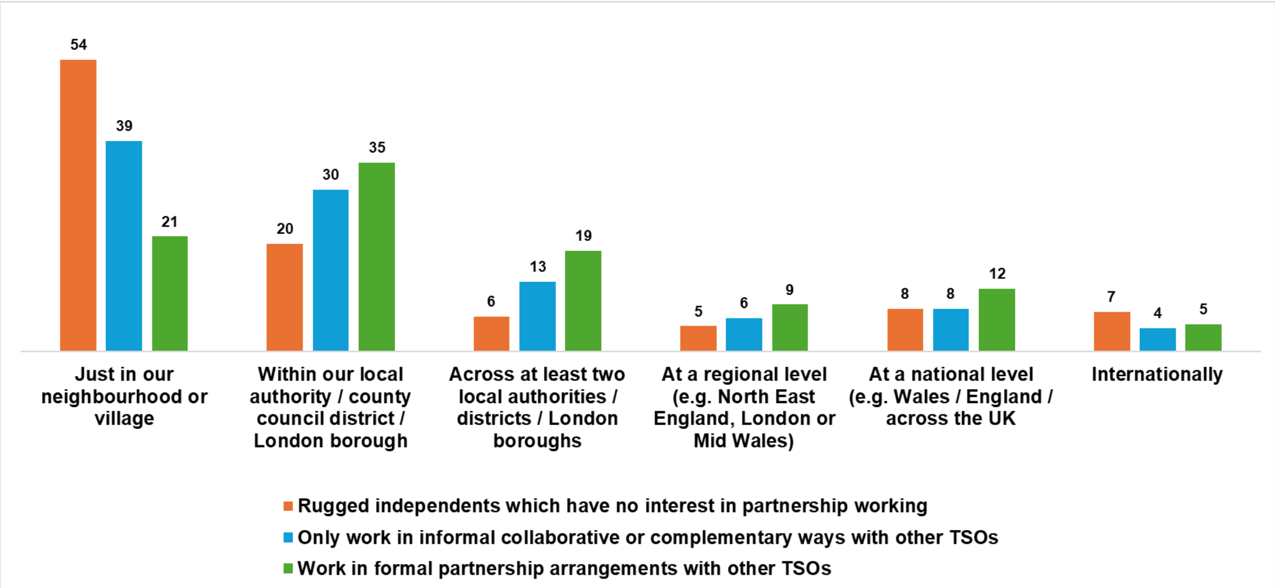


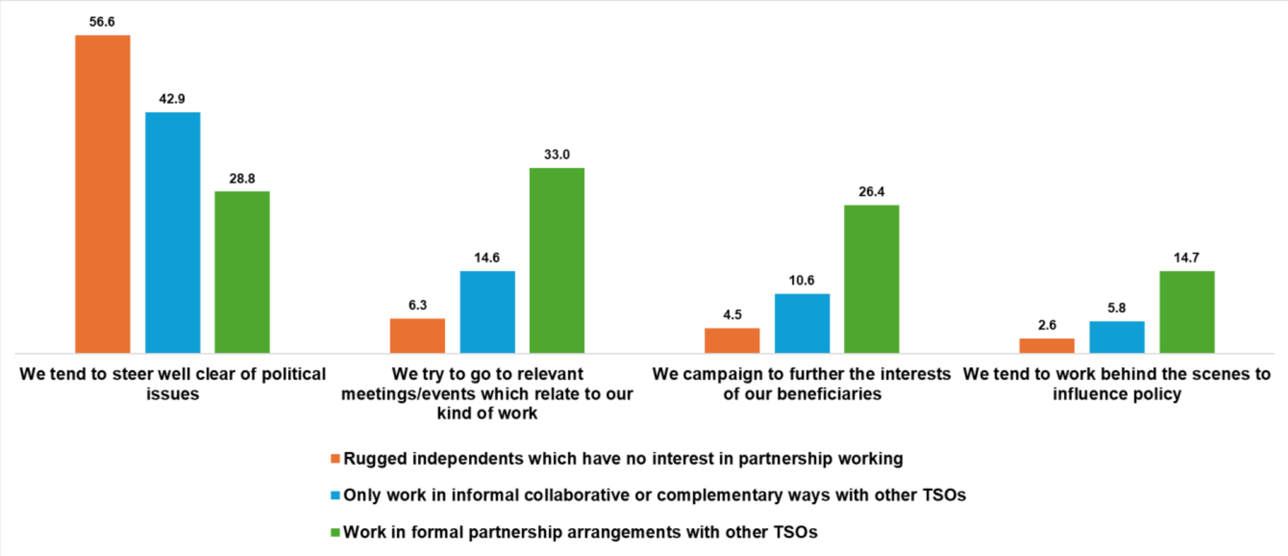
Fig 2.12 **Participation and non-participation in partnership by spatial range of activity**
(Third Sector Trends in England and Wales 2025, n=7,921)



As may be expected, those TSOs which work entirely on their own are somewhat less engaged with the wider world. As shown in Figure 2.13, twice as many rugged independents strongly agree that they ‘steer well clear’ from political issues (59%) than those which engage in formal partnerships (29%). Rugged independents are also much less likely to go to meetings about issues that relate to their kind of work (6%) and very rarely do they get involved in campaigning (5%) or lobbying (3%).

These low percentages are likely due to there being few consultations about their specialised activities and/or that rugged independents have little purpose for campaigning or lobbying.

Fig 2.13 **Percent of TSOs which ‘strongly agree’ with statements about political engagement, campaigning or influencing** (Third Sector Trends in England and Wales 2025, n=7,930)



If this final sub-section appears be nothing more than an interesting diversion from the matter in hand, that is not so because at least 16% of voluntary organisations choose to work entirely alone; constituting over 33,600 organisations in the third sector (see Figure 2.14). Most of them are quite small, getting on with their own thing. But some are quite large – and their existence should not be ignored when making generalised statements about voluntary sector partnership culture.

Consequently, before drawing general conclusions about collaboration within the voluntary sector it is useful to look at variations in partnership working by areas of social benefit to which TSOs contribute. Table 2.2 shows the percentage of voluntary organisations which feel that they make a ‘very strong’ impact across a range of social indicators.

The variations between ‘rugged independents’ and TSOs which are engaged in informal or formal partnership arrangements are wide. For example, 38% of TSOs which work in formal partnerships believe that they have a strong impact on social isolation, whereas only 10% of rugged independents say so.

Producing crystal-clear findings about aspects of social impact is complicated because most TSOs subscribe to several aspects of social benefit. Nevertheless, the evidence suggests that those TSOs which work in formal partnerships feel that they are more social impactful than rugged independents do.

This does not mean that rugged independents are ‘failing’ to achieve social impact. A more probably explanation for variations is that the purpose and practice interests of the majority of rugged independents lay elsewhere.

Fig 2.14 **Number of ruggedly independent voluntary organisations in England and Wales** (Third Sector Trends in England and Wales 2025, survey n=7,936 scaled up using combined register data n=205,000)

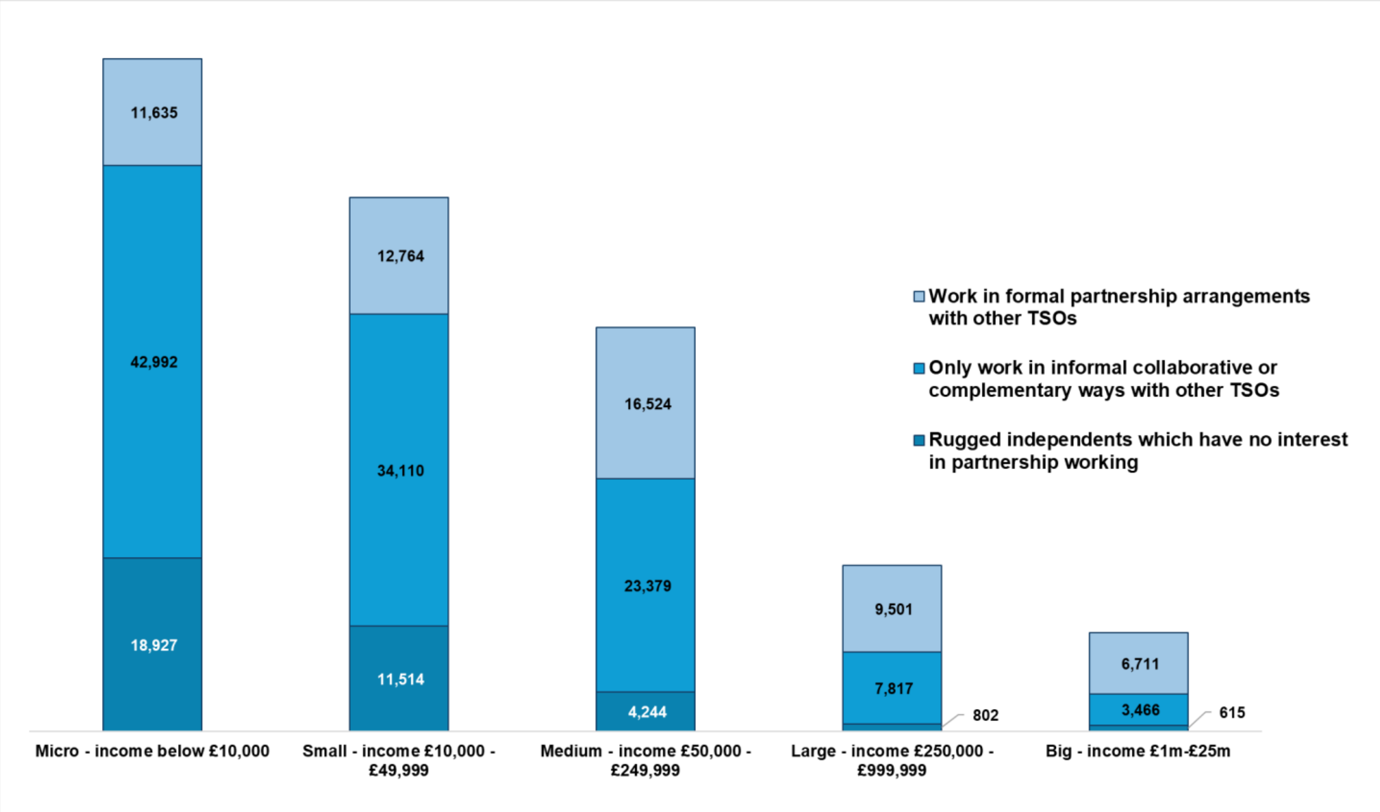
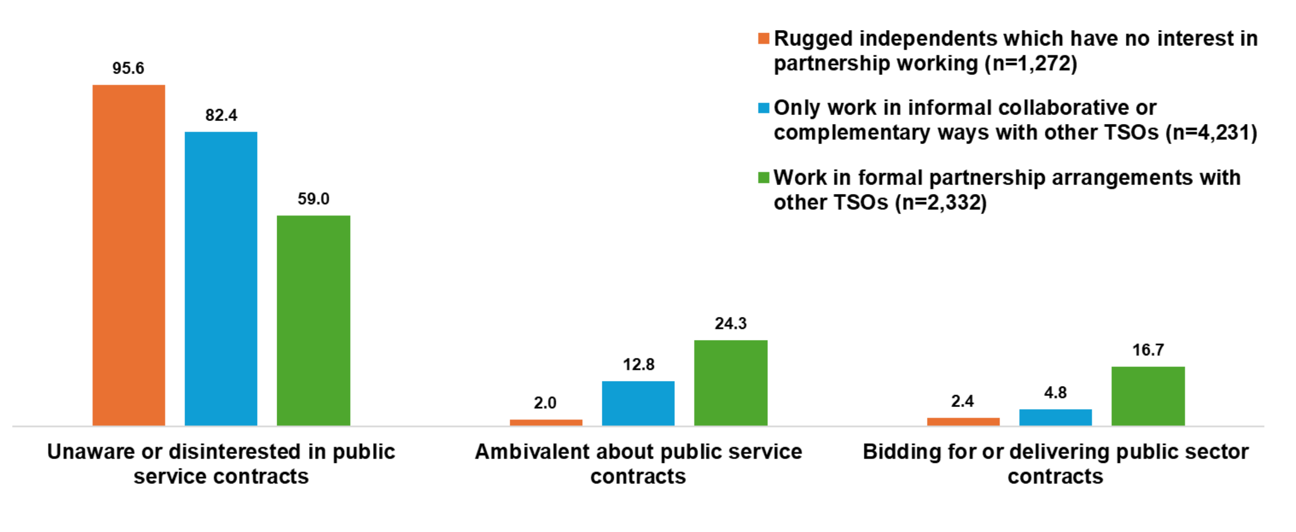


Table 2.2 **Percentage of voluntary organisations which feel that they make a 'very strong' impact in aspects of social benefit.**

	Rugged independents which have no interest in partnership working (n=1,302)	**Only work in informal collaborative or complementary ways with other TSOs** (n=4,277)	**Work in formal partnership arrangements with other TSOs** (n=2,357)
We develop knowledge and skills through education and training	10.2	13.2	23.1
We improve health and wellbeing	10.2	19.5	36.2
We reduce social isolation	10.1	23.4	37.5
We encourage physical activity and improve people's fitness	7.3	10.3	15.9
We increase employability	3.9	4.1	9.1
We tackle the consequences of poverty	3.0	6.9	17.1
We improve people's access to basic services	2.0	7.1	19.1
We enhance the cultural and artistic life of the community	8.2	14.8	18.5
We improve the local environment	3.7	7.7	12.1
We promote community cohesion	5.2	15.8	27.4
We empower people in the community	3.4	12.9	30.6
We increase people's pride in their community	3.9	12.1	21.0

It may feel safe to assume, in light of these findings, that very few rugged independents would be interested in bidding for or delivering public service contracts. As ever, it is always best to check and as Figure 2.15 shows, fewer than 3% do so. But when scaled-up to national level, that's around 600 organisations.

Fig 2.15 **Percentage of rugged independents interested in delivering public service contracts** (Third Sector Trends in England and Wales 2025)



2.5 Summary

By drawing distinctions between types of partnership arrangements in this section of the report, it has become clear that a majority of TSOs work in informal complementary relationships (72%) and/or in collaborative semi-formal ways (62%). Formally constituted partnership working arrangements with other voluntary sector organisations are less common – only 28% of TSOs do this.

Willingness to work in partnership varies depending on several factors such as organisational size (bigger TSOs do more of it) and longevity (partnership working diminishes as organisations age). Spatially, it has been shown that partnership working is much more prevalent in poorer communities than rich ones.

Much of the partnership work in poorer neighbourhoods may be driven by external funders and/or be led by local organisations collectively to tackle aspects of critical social need. In the richest districts, where localised levels of critical need are much lower, voluntary organisations' incentives to work alone are stronger.

The analysis has demonstrated that the appeal of partnership working within the voluntary sector has been on the wane since 2019. Certainly, as the voluntary sector emerged from the pandemic, complementary, collaborative and formal partnership working had declined. The surprise is that they have not since recovered. In fact, there is less partnership working now than there was in 2022.

In the analysis, care has been taken not to import pejorative weights to the terms 'collaboration' and 'partnership' – as if to imply that it is a 'problem' when organisations choose to work autonomously.

What has been reported here is an increase in autonomous working. And while most ruggedly independent organisations are small and are much less likely to be involved in issues associated which tackling critical social need – many do and should not be excluded from debates about, for example, public sector service delivery just because they do not want to work in partnership with other voluntary organisations.

This section concludes with a final cautionary note on interpretation. While there has been a reduction in partnership working within the voluntary sector, this should not be taken to mean that the *quality* of the remaining partnership working has been compromised.

Indeed, Third Sector Trends qualitative work on partnership working[12] demonstrates clearly that choosing carefully how and with whom to work is more productive and a better use of time than spreading resources too thinly and achieving little. *Less* can mean *more*.

[12] *See:* Chapman, T. (2022) *Going the distance: how Third Sector organisations work through turbulent times*, Newcastle upon Tyne: Community Foundation North East [first edition]. https://www.stchads.ac.uk/wp-content/uploads/2022/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-July-2022.pdf; Chapman, T. and Gray, T. (2019) ***Striking a balance:** A study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sector*, Bristol, Power to Change. https://www.stchads.ac.uk/wp-content/uploads/2024/05/Striking-a-balance-trading-interactions-amongst-community-businesses.pdf

Section 3
Relationships with the private sector

3.1 How do businesses support the third sector?

Big private-sector funded trusts and foundations make a major financial contribution to the voluntary sector. According to *UK Grantmaking 2025*, 166 corporate trusts and foundations contributed £965m in grants in 2023-24.[13] Big businesses' corporate social responsibility programmes also pack a punch financially.

As the Directory of Social Change's most recent *Guide to UK Company Giving* shows, the ten largest corporate contributors dispensed £256m – 45% of the £571m given by 400 businesses.[14] The financial contribution of big companies is impressive, but their generosity has diminished in recent years. In an equivalent study of 2020-21[15], the top ten businesses contributors gave £295m (or £367m when taking account of inflation[16]).

The currently challenging economic environment may help to explain why a recent Charities Aid Foundation report stated that 75% of British businesses currently do not offer any support. And amongst those which do, their evidence suggests a shift towards in-kind support rather than cash giving.[17]

Private sector businesses can support voluntary organisations in several ways.[18] Third Sector Trends surveys distinguish empirically between four types of assistance (see Table 3.1).

- ***Financial support***: money given to TSOs in various ways such as sponsorship of events, one-off financial contributions to support projects and initiatives, more regularised payments to sustain activities, and so on. Financial support is offered to half of voluntary organisations, about 13% state that this income is of great importance to them.

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[13] *UK Grantmaking 2025*, 'Key findings' (accessed 30th August 2025). https://www.ukgrantmaking.org/#Key-findings

[14] Threlfall, J. (2025) *The Guide to UK Company Giving 2024/25* (15th edition), London: Directory of Social Change.

[15] Pembridge, I, et al. (2021) *The Guide to UK Company Giving* 2020/21 (13th edition), London: Directory of Social Change.

[16] All inflation proofing statistics used in Third Sector Trends reports are generated using the Bank of England Inflation Calculator, available here: https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator

[17] The research was based on a relatively small poll of 1,085 businesses. CAF (2025) *Corporate Giving Report 2025*, London: Charities Aid Foundation: https://www.cafonline.org/home/about-us/press-office/most-british-businesses-do-nothing-to-support-charities. The calculations underpinning headline statistics from the report were made on the basis of the following assumptions: "*The estimated total amount donated by UK businesses with a turnover of £250,000 or more (£2.20 billion) was calculated by projecting our results to the 923,000 companies in the UK with a turnover of £250,000. The estimated total amount donated by the smallest companies (£206million) was calculated with the assumption that they donated at the same rate, and to the same degree as businesses with a turnover of £250,000 or more, working with an assumed profit of £12.5k across all businesses in this group*."

[18] A critical literature review on sources of support from business is provided in Chapman T. (2019) *Going the Extra Mile*, how businesses support the third sector in England and Wales, London: Power to Change (Chapter 1), available here: , *https://www.researchgate.net/publication/353379534_Going_the_extra_mile_how_businesses_support_the_third_sector_in_England_and_Wales*. A more textured understanding of the kinds of support given and how it is valued was gained from qualitative interviews in the TSO50 study and other directly related projects, see: https://www.stchads.ac.uk/uncategorised/going-the-distance-how-third-sector-organisations-work-through-turbulent-times/ and https://www.stchads.ac.uk/research/research-news/trading-interactions-amongst-community-businesses-bradford-hartlepool-middlesbrough/.

- ***In-kind support***: use of facilities (such as meeting rooms, minibuses, plant or studios), gifts of new, used or surplus goods (such as DIY products, food and drink, stationary, computing equipment) and free services (such as printing leaflets, catering services). In-kind support is received by 43% of voluntary organisations – about 11% state that this is of great importance to them.
- ***Employee supported volunteers***: where companies allocate paid time for their employees to undertake tasks for TSOs on an occasional or regularised basis – but not necessarily using their work-related skills. Volunteering activities may include, for example, decorating a community centre, fundraising, environmental work, marshalling at events and so on. Employee supported volunteers are allocated to less than a third of TSOs (31%), about 5% of organisations feel that it is of great importance to them.
- ***Pro bono expert advice***: where business owners, partners or qualified employees provide unpaid professional or technical support to TSOs with, for example, book-keeping and accountancy, architectural and design services, mentoring, business and management consultancy, public relations and media support, amongst other things. Pro bono expert advice: is received by around a third of organisations (35%) – about 6% of TSOs state that this is of great importance to them.

Table 3.1 **The extent of support from business** (Third Sector Trends in England and Wales 2025)

	Of great importance	Of some importance	Of little importance	Of no importance	N=
They give us money to help us do our work	12.5	20.5	17.0	50.0	8,573
They provide free facilities, or goods and services to help us do our work	10.5	16.9	15.3	57.3	8,545
They provide volunteers to help us do our work	5.1	11.6	14.2	69.1	8,517
They provide free expert advice to help do our work	5.6	14.2	15.0	65.2	8,491

At face value, these findings may seem quite disappointing. Making crude assertions about the ‘failure’ of business on the basis of these statistics, however, would be unfair as many TSOs may have no need for, nor do they see the point in building relationships with business.

Furthermore, as the incidence of business support is often ephemeral or occasional, rather than continuous, it would not be expected that a large proportion of voluntary organisations would require business support on a regular basis.

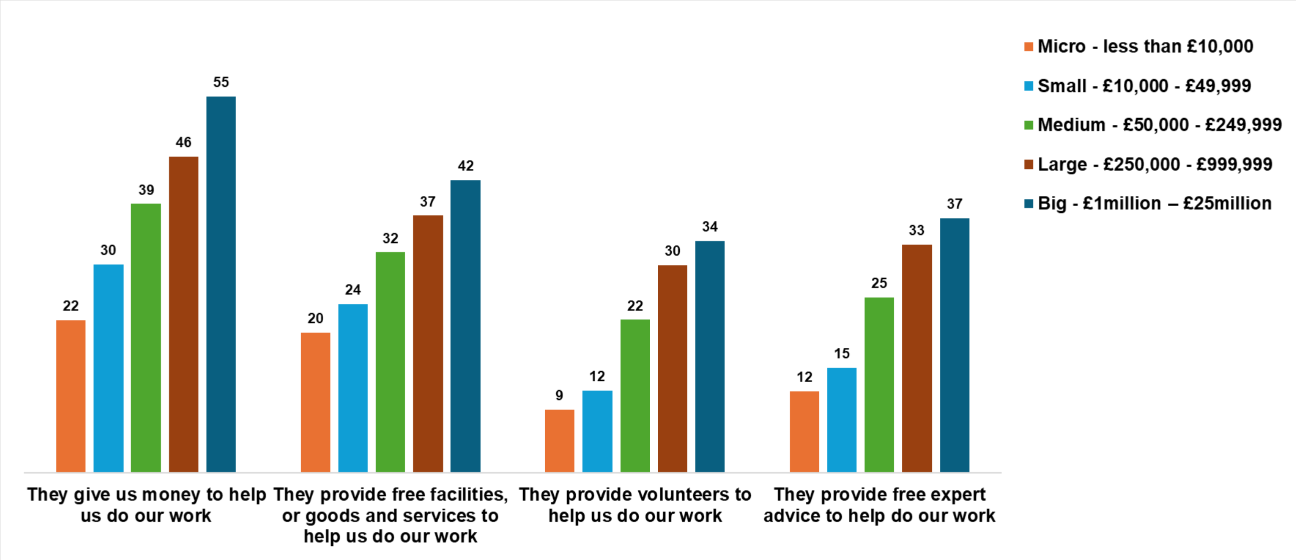
3.2 The extent of business support

Teasing out variations in the provision of support to, or demand from TSOs for business support is complex; but a consideration of variations by organisational size helps to clarify the situation. As Figure 3.1 shows,

- The biggest TSOs are twice as likely to receive financial support (55%) than micro organisations (22%).
- In-kind support is provided to many more big organisations (42%) than their smallest counterparts (20%).
- Employer supported volunteers contribute effort to almost four times as many big TSOs (34%) than they do for micro organisations (9%).

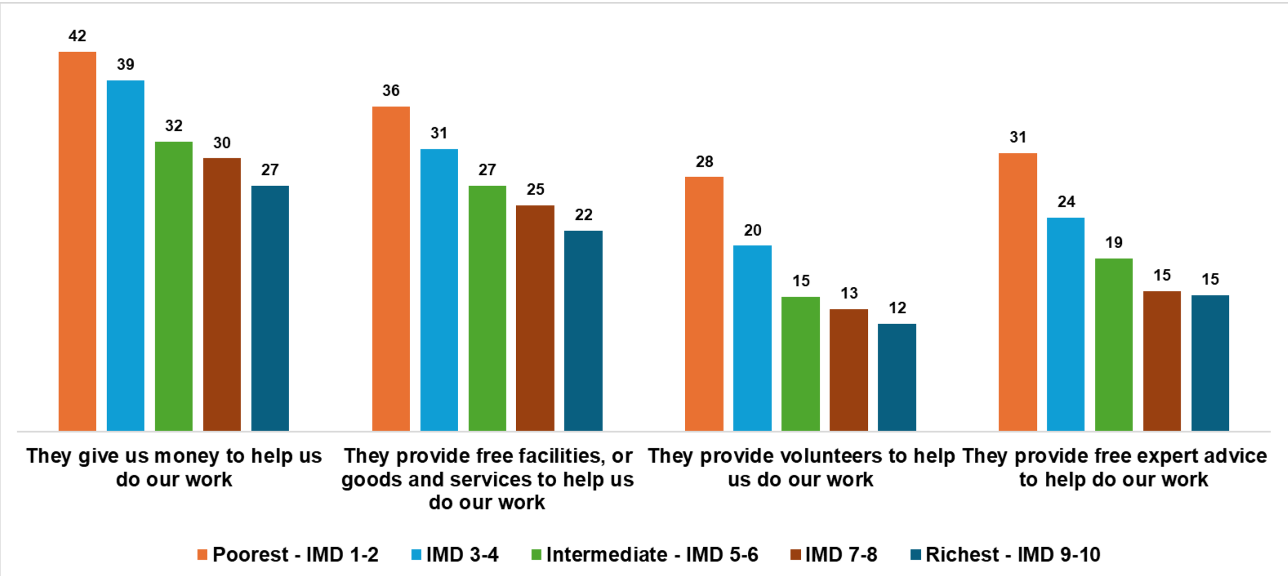
- The provision of pro bono advice and support, similarly, is received by very few micro organisations (12%) but many of the biggest TSOs (37%).

Figure 3.1 **Voluntary organisations' receipt of business support 2025**
(Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025, n=8,573)



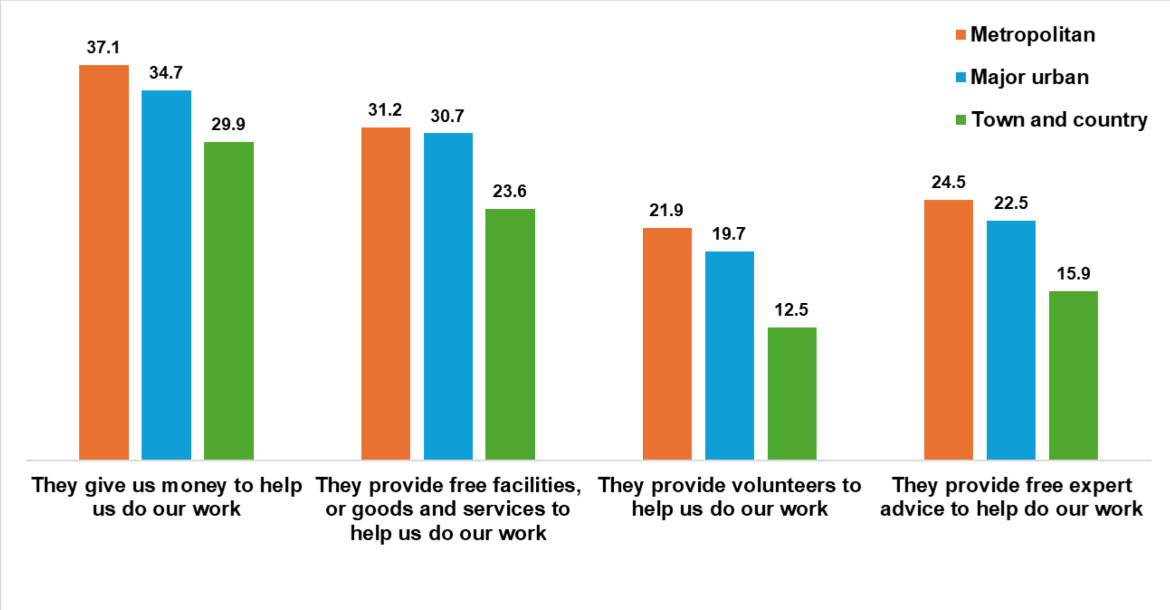
The extent of business support also varies by the types of area within which TSOs are based. As shown in Figure 3.2, voluntary organisations based in the poorest areas are much more likely to receive all types of business support than in the most affluent areas.

Figure 3.2 **Business support for voluntary organisations based in rich and poor areas**
(Percentage stating support is of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025, n=8,545)



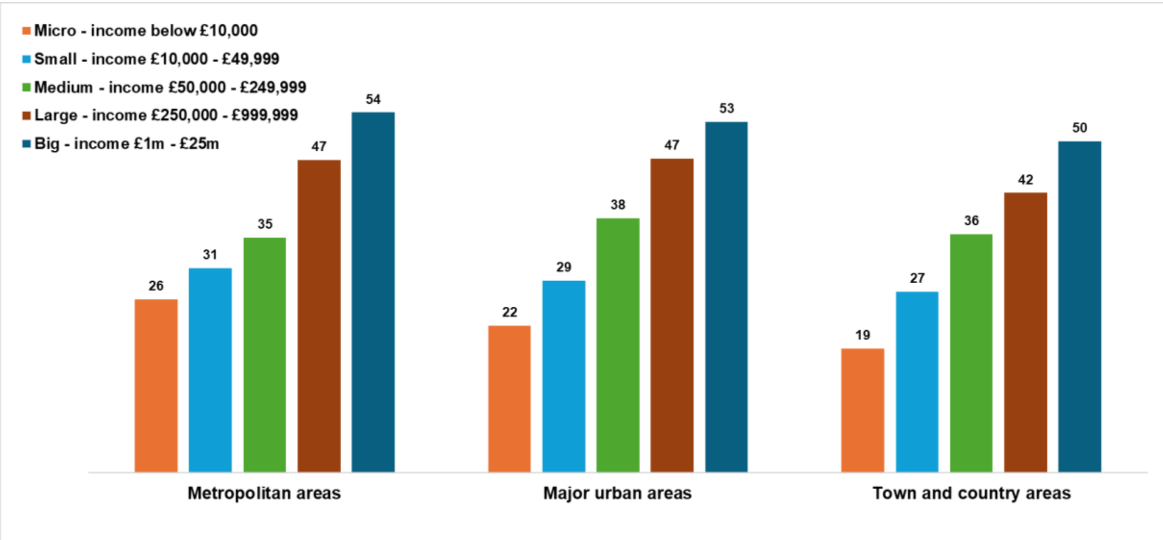
Whether these variations are primarily due to voluntary sector demand or the supply of business support cannot be determined from these data. But by comparing business support in types of urban environments helps to clarify the situation. As Figure 3.3. shows, financial support from business is dissimilar in metropolitan districts, major urban areas and in town and country areas – suggesting that business density may be a key factor in the provision of support.

Figure 3.3 **Business support for voluntary organisations by characteristics of urban location** (Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025, n=8,517)



Interestingly, patterns of financial support from business by voluntary organisations' size varies little, irrespective of the urban characteristics of the area within which TSOs are based (Figure 3.4). This strengthens the argument that business density is likely to be a significant factor in the provision of support.

Figure 3.4 **Financial support from business by size of voluntary organisation** (Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025, n=8,545)



Organisational size and geographical factors clearly make some difference to the incidence of support from private business. When considering other factors, however, substantive variations in levels of support provided to voluntary organisations are indiscernible.[19]

- When comparing ***beneficiaries served*** by TSOs relying upon business support, few clear differences emerge that cannot otherwise be explained by factors such as their size and location.

[19] A data file can be made available for these tabulations if required by contacting the author.

- When taking into account aspects of ***high social impact*** claimed by TSOs, there are virtually no variations in levels of business support.
- When considering ***financial wellbeing***, those TSOs which are 'thriving' financially are no more likely to have gained business support than those which are 'struggling'.
- TSOs which are ***strongly committed to businesslike activity through trading*** are no more likely to receive business support than organisations which do not earn income.

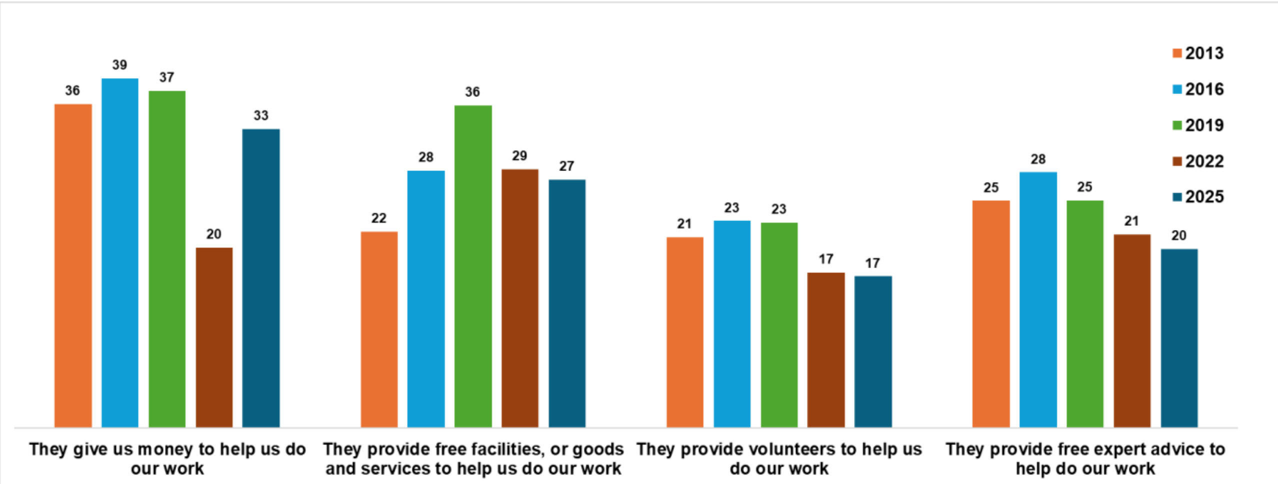
These findings suggest that the distribution of business support is relatively 'random' – more likely, perhaps, the product of happenstance than planning the part of businesses or TSOs.[20]

3.3 Is business support in decline?

Third Sector Trends has been tracking levels of business support since 2013. Figure 3.5 shows that the receipt of ***financial support*** from business was fairly steady from 2013 to 2019 but collapsed in 2022. This is likely due to the Covid-19 pandemic when lockdowns and the furlough of staff limited business' potential to supply support and because the hibernation of many TSOs reduced demand. The provision of financial support to 33% of voluntary organisations in 2025 represents a near-complete recovery to 2019 levels (37%).

The provision of ***in-kind support*** peaked in 2019 (36%) but fell to 29% post-pandemic and has now dropped to 27%. ***Employer supported volunteering*** fell from 23% in 2019 to 17% post pandemic and remains at 17% in 2025. The receipt of pro bono support from business was at its highest in 2016 (28%) but has steadily fallen since to 20% in 2025.

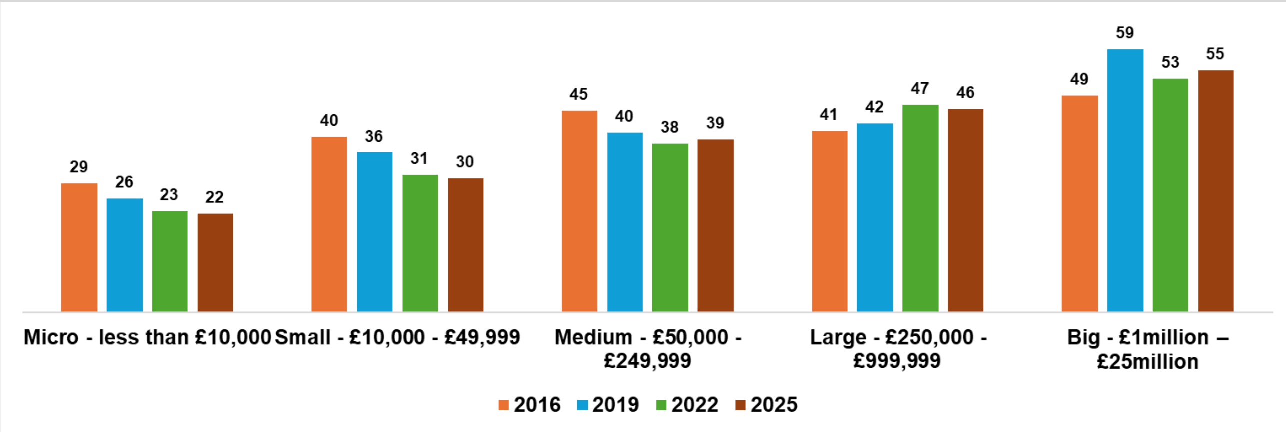
Figure 3.5 **Changing patterns of business support: 2013-2025**
(Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales: 2025 n=8,545, 2022 n=5,950, 2019 n=4,083, 2016 n=3,613, 2013 n=2,214)



The decline in the level of business support has not fallen evenly. Amongst micro and small voluntary organisations, the volume of support from business has steadily declined while support to bigger TSOs has stayed about the same as in 2022, representing a fall from a pre-pandemic high point of 59% in 2019.

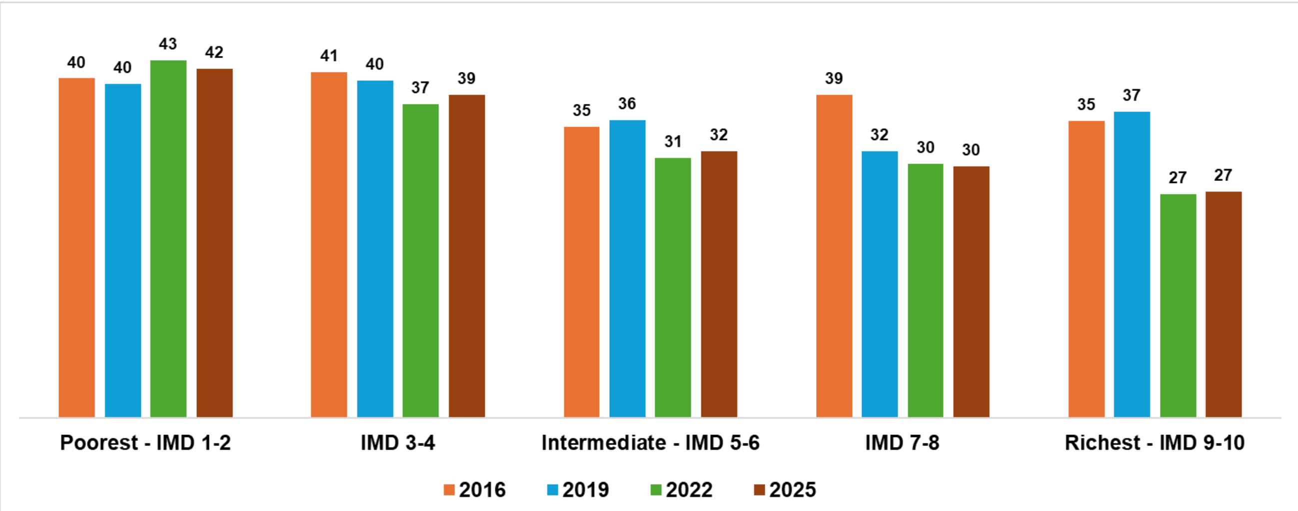
[20] This assertion can be strengthened by referring back to a qualitative study by Third Sector Trends of voluntary organisations operating in Bradford and Teesside which demonstrated that the initiation of business relationships tended to be serendipitous. Chapman, T. and Gray, T. (2019) *Striking a balance: A study of how community businesses in Bradford, Hartlepool and Middlesborough build working relationships with the public, private and third sector*, London: Power to Change, https://www.stchads.ac.uk/wp-content/uploads/2024/05/TSTS-2019-Striking-a-Balance-community-business-in-Bradford-Middlesbrough-and-Hartlepool.pdf

Figure 3.6 **Financial support from business by size of voluntary organisations: 2016-2025**[21] (Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025 n=8,545, 2022 n=5,950, 2019 n=4,083, 2016 n=3,613)



As Figure 3.7 shows, in the least advantaged communities, financial support from business has remained at previous levels. In the wealthiest neighbourhoods by contrast, where there is a higher concentration of smaller voluntary organisations, financial support from business collapsed from 37% in 2019 to 27% in 2022 where it has remained in 2025.

Figure 3.7 **Financial support from business for voluntary organisations based in rich and poor areas: 2016-2025** (Percentage stating of 'great' or 'some' importance, Third Sector Trends in England and Wales 2025 n=8,545, 2022 n=5,950, 2019 n=4,083, 2016 n=3,613)



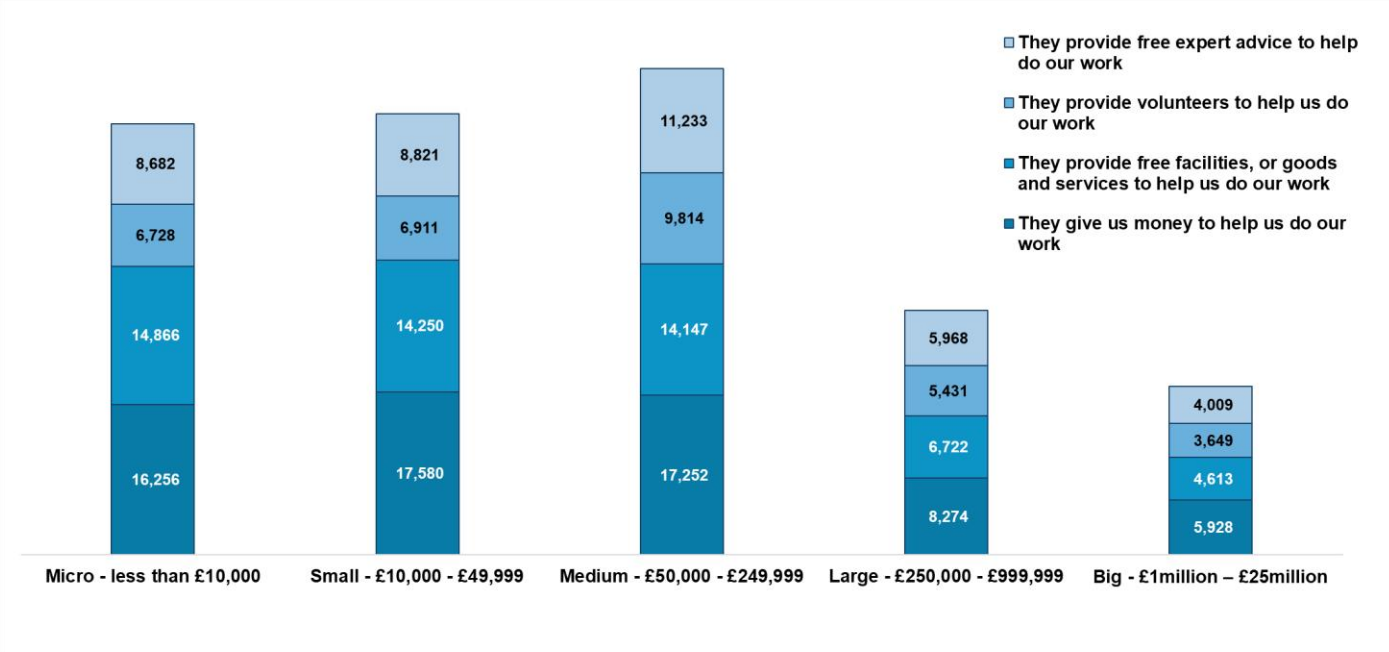
3.4 Summary

The private sector continues to provide financial support to a wide range of voluntary organisations in England and Wales, though now at slightly lower levels than 2019 following a deep slump in support during the pandemic. Other forms of help, including in-kind support, help from employee supported volunteers and the provision of expert pro bono assistance have yet to return to pre-pandemic levels.

While the actual financial value of business support provided cannot be estimated from survey data, it has been possible to show how support is distributed. Larger voluntary organisations are much more likely to receive financial and non-financial support from businesses than their smaller counterparts. But taking the sector as a whole – it can be seen that the 'recipients' of support are widely dispersed (Figure 3.8).

[21] There are insufficient data from the 2013 sample to compare reliably by organisational size and areas of deprivation.

Figure 3.8 **Number of voluntary organisations receiving support from business in England and Wales in 2025** (refers to organisations stating that support is of 'great' or 'some' importance, n=8,573)



Support is stronger in major urban areas where business density is greater and such help is most intensive in poorer rather than in wealthier districts. While these patterns are of interest, other aspects of distribution are quite randomised.

It makes little difference what purpose voluntary organisations serve, or in which areas of social impact they address. Similarly, TSOs which are flourishing or struggling financially are served fairly equally well as are those which engage in trading and those which do not.

The relatively random nature of the allocation of business support is a finding of considerable interest as it reinforces evidence drawn from qualitative studies indicating that when voluntary organisations and businesses connect, it is largely down to happenstance.

That is not to say that serendipity cannot be courted. In some localities, for example, local voluntary sector infrastructure organisations work hard to help make introductions between business and TSOs in regularised meet-and-greet sessions.[22] Community foundations, similarly, are often particularly well placed to make introductions due to their bonds with local socially-oriented entrepreneurs and the promotion of wider philanthropy across the business community.

The analysis has, however, uncovered a concerning downward trend in the contribution business makes to the voluntary sector's work. While support to the largest voluntary organisations has held up well over the years, the receipt of business support has steadily been declining for smaller and medium-sized TSOs.

[22] For example, Community CVS in Blackburn with Darwen holds regular business networking sessions which aim to benefit both voluntary organisations and local entrepreneurs. https://www.boostbusinesslancashire.co.uk/events/the-community-cvs-business-network.

Section 4

Relationships with the public sector

This section looks at aspects of interaction between the voluntary sector, government and the local public sector. The analysis opens with a discussion of the current political and legal context before analysing voluntary organisations' engagement in political processes, attending public consultations, campaigning and lobbying.

The analysis then moves on to assess whether the voluntary sector feels valued by local government and the NHS and whether they feel that their ideas are listened to and acted upon. In 2025 the study has taken place in the context of changing boundaries and approaches to governance. In this section participants' views on the impact of new devolution policies are reported.[23]

Finally, this section will present analysis on voluntary organisations' changing levels of commitment to work directly for public sector organisations to deliver services under contract.

4.1 Political and legal context

Over the last few decades, successive governments have recognised the importance of bridging gaps in the wellbeing of richer and poorer areas in Britain. More than twenty years ago, the New Labour government produced a swathe of new initiatives such as *New Deal for Communities* and the *Neighbourhood Renewal Fund*.[24] Voluntary sector involvement was thought to be integral to the success of these policy initiatives.

Following a period of almost a decade of Conservative government austerity policies, the impetus for change returned with the '*Levelling up*' programme which again emphasised that voluntary organisations could help to engage and empower people to play a bigger part in local decision making in newly constituted combined authorities.[25]

Before its election in 2024, the Labour Party shared similar concerns as it developed policy proposals on enhanced local devolution.[26] The desire to 'harness' the power of

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[23] This analysis is preliminary, in subsequent reports, more detailed analysis by types of governance will be undertaken by comparing, for example, established and newer combined authority areas or mayoral unitary authorities.

[24] See, for example, Lawless, P., Foden, M., Wilson, I. and Beatty, C. (2009) 'Understanding Area-based Regeneration: The New Deal for Communities Programme in England', *Urban Studies*, 47(2), 257-275. https://doi.org/10.1177/0042098009348324 (Original work published 2010); Wallace, M. (2001) 'A New Approach to Neighbourhood Renewal in England', *Urban Studies*, *38*(12), 2163-2166. https://doi.org/10.1080/00420980120087108.

[25] The previous government's 2018 Civil Society Strategy and Levelling-Up White Papers place considerable emphasis on the importance of taking into account 'local voice' in decision making and some budgetary and political power has been devolved to combined authorities. Department for Levelling UP, Housing and Communities (2022) *Levelling up in the United Kingdom*, London: CSO. https://www.gov.uk/government/publications/levelling-up-the-united-kingdom; Cabinet Office (2018) *Civil society strategy: building a future that works for everyone:* London, Cabinet Office, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732765/Civil_Society_Strategy_-_building_a_future_that_works_for_everyone.pdf. For a critical assessment, see Tomaney, J. and Pike, A. (2020) 'Levelling up?', *Political Quarterly,* 91(1), 43-48 https://onlinelibrary.wiley.com/doi/epdf/10.1111/1467-923X.12834; Telford, L. and Wistow, J. (2022) *Levelling up the UK economy: The need for transformative change*, London: Palgrave Macmillan. https://link.springer.com/book/10.1007/978-3-031-17507-7

[26] See [Labour Party] Commission on the UK's Future (2022) *A new Britain: renewing our democracy and rebuilding our economy,* London, Labour Party. https://labour.org.uk/wp-content/uploads/2022/12/Commission-on-the-UKs-Future.pdf. The Labour Party's civil society strategy was published in 2019: Labour Party (undated) *From paternalism to participation: putting civil society at the heart of national renewal*, London: Labour Party: https://labour.org.uk/wp-content/uploads/2019/06/Labour-Civil-Society-Strategy-June-2019.pdf. For example, the Labour Party's civil society strategy paper states that "Instead of being passive recipients of whatever's on offer, Labour wants people to have the power to actively shape the services they use and decisions that affect them. People who are most disadvantaged often have limited capacity to participate, so we will involve charities and campaign groups to act as their advocates and make sure they always have a voice when decisions that affect them are taken. We believe that making public services directly accountable to the people who use them leads to better public services, fully takes service users' real needs

the voluntary sector while at the same time offering assurances that independence is respected has been expressed in much the same way in policy documents from across the political spectrum. The first line of the former Government's Civil Society Strategy stipulated that:

> ***"The Civil Society Strategy sets out how the government will work to support and to strengthen civil society, without compromising its independence."***

Labour's strategy similarly stated that:

> ***"We want to deepen democracy and transfer real power to the people of this country so they can take control of the decisions that affect them. Doing that requires a strong independent civil society as its cornerstone."***

Influencing social and public policy involves more than simply 'responding' to the initiatives of government and local public sector agencies when consultations are announced. It can also include actively lobbying behind the scenes or campaigning to influence public opinion – sometimes with the express intention of changing government policy.[27]

In government White Papers and major opposition parties' policy statements on social wellbeing, it has long-since been recognised that the local Third Sector makes a valuable contribution to local social wellbeing through it's campaigning.[28] Nonetheless, over the last decade, government unease about the power of the sector's voice in expressing opposition to policy initiatives has been especially evident.

And so, while the voluntary sector has been encouraged to play a facilitative role in local decision making, official guidance has been provided via the Charity Commission, to define what the *limits* of charities' legitimate involvement in the political process must be. 'Political activity' has been defined as:

> ***"…activities or campaigning to change or influence policies or decisions taken by: national, devolved, local or overseas government [and] public bodies including international organisations such as the UN and World Bank, and national or local organisations such as regulators or NHS Trusts."***[29]

Such activity is permitted.

> ***"Charities can take part in political activity that supports their purpose and is in their best interests. There may be situations where carrying out political activity is the best way for trustees to support their charity's purpose. However, political activity must not become the reason for the charity's existence. [and] Charities must remain independent and must not give their support to a political party."***

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and aspirations into account and provides better value for money." (2019) From paternalism to participation, ibid. p.10. The Conservative Party's Civil Society Strategy, similarly, states "In thriving communities people have a sense of pride in the places where they live, feel able to get involved and take action to improve local life, and have control over the decisions which affect their neighbourhoods. There is a rich diversity of civic institutions, formal and informal associations, shared spaces, and activities. Thriving communities make life better for everyone and naturally prevent or reduce social problems. This is something long recognised by the traditional social sector, including individual philanthropists, trusts, and foundations, as well as major public institutions like Big Lottery Fund and Arts Council England, who invest in the capabilities and infrastructure of communities." p.19.

[27] The voluntary sector has been successful in challenging policy conventions for many years. For a discussion of succession campaigns, see ACEVO (2017) *Speaking frankly, acting boldly: the legacy and achievements of charity campaigning*, London: ACEVO. https://www.acevo.org.uk/wp-content/uploads/2019/07/Speaking-frankly-Acting-boldly.pdf.

[28] See, for example: HM Treasury (2002) *The Role of the Voluntary and Community Sector in Service Delivery: A cross cutting review*. London: HM Treasury; Cabinet Office, (2007) *The future role of the Third Sector in social and economic regeneration*; London: HMSO; HM Government (2010) *The coalition: our programme for government*. London: Cabinet Office.

[29] Charity Commission (2022) *Political activity and campaigning by charities*, London: Charity Commission: https://www.gov.uk/guidance/political-activity-and-campaigning-by-charities#what-we-mean-by-political-activity. Examples are provided on the kinds of activities which may be regarded as 'political'.

This guidance still stands after a change of government, but has yet fully to be tested in the courts in the context of local political decision making. Consequently, the limits of third sector involvement in local political processes remains a grey area.[30]

Mindful that trustees may have been unnerved by government attempts to limit charities' independence (via the *Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014*),[31] Third Sector Trends established baseline evidence in 2022 on the extent of voluntary organisations' engagement in politics and other forms of influencing from which subsequent comparison can be made.

4.2 Influencing local social and public policy

To find out more about how voluntary organisations try to influence local social and public policy,[32] Third Sector Trends introduced a new survey question in 2022 which has been repeated in 2025 to assess aspects of continuity and change. Respondents were invited to say whether they 'strongly agree', 'agree', 'disagree' or 'strongly disagree' with each of the following statements (highlighted in blue) about influencing local social and public policy.[33] Table 4.1 compares attitudes to political engagement and influencing in 2022 and 2025.

- ***We tend to steer well clear of political issues*** – this statement was devised simply to assess whether TSOs were prepared to engage with local 'political' issues. A majority of TSOs continue to steer clear of political issues in 2025; 73% of organisations take the view that they do not engage in local

[30] Helen Stephenson, chief executive of the Charity Commission, attempted to clarify the situation by stating that "If charities appear to the public to be engaged in political debate not because they are representing their beneficiaries or bringing expertise, but because they are taking a position on one side of a political divide, this undermines public confidence in charity as something special, which can inspire trust where other institutions do not. The deeper the divisions in the country, the more important it is that charities are demonstrably driven not by their leaders' own world views but by the needs of the beneficiaries they serve. Charities have the potential to build bridges and heal social divides, if that is damaged then everyone will lose out." Helen Stephenson (2019) *Charities and political campaigning: a reflection on charities' responsibilities'* (Charity Commission blog, 13th September) https://charitycommission.blog.gov.uk/2019/09/13/charities-and-political-campaigning-a-reflection-on-charities-responsibilities/. The guidance has not been fully tested in the courts, but cases have been taken up by the Commission to examine whether rules on political engagement have been breached. See for example, Stephenson's blog on a Charity Commission investigation into the activities of the National Trust. https://charitycommission.blog.gov.uk/2021/03/11/engaging-with-controversial-or-divisive-issues-reflections-for-charities/.

[31] The Lobbying Act (2014) intended to stifle the involvement of businesses or charities in political campaigning in the twelve months preceding general elections. For a useful commentary on the debate and the impact of the Lobbying Act on charities, see Simon Francis (2018) 'The Lobbying Act is stifling charity campaigners. It doesn't have to', *The Guardian* (17th January) https://www.theguardian.com/voluntary-sector-network/2018/jan/17/the-lobbying-act-stifling-charity-campaigns-it-shouldnt. Clarifications on reform of the Lobbying Act in 2019 eased concerns of many charities on potential restrictions on or consequences of engagement in campaigning. For a brief overview of new Electoral Commission guidance for non-party campaigners see: Douglas Dowell (2019) *New Electoral Commission guidance for charities: the Lobbying Act shouldn't stop you from campaigning',* London: Electoral Commission: https://www.electoralcommission.org.uk/new-electoral-commission-guidance-charities-lobbying-act-shouldnt-stop-you-campaigning. The Labour Party have proposed to repeal the Act in the following terms: *"The law should provide clear rules for how civil society can operate. Under the Conservatives, the Lobbying Act has created a culture of fear in the sector with many organisations now self-censoring and afraid to speak out about the social injustices they see. This harms democracy and prevents the Government learning from mistakes. Labour believes the law should energise civil society, not stifle it. We know that civil society wants clear, fair rules that help it to play a bigger role in supporting communities, so that is what Labour will deliver."* Labour Party (undated) *From paternalism to participation: putting civil society at the heart of national renewal*, London: Labour Party: https://labour.org.uk/wp-content/uploads/2019/06/Labour-Civil-Society-Strategy-June-2019.pdf.

[32] The impetus to pursue this aspect of analysis arose from discussion with Millfield House Foundation who commissioned this aspect of the work. The construction of the question was undertaken collaboratively with the foundation's Trust Manager, Cullagh Warnock.

[33] It is recognised that the above statements are 'generalised'. Lack of specificity is necessary in a large-scale study to ensure that all participants can answer, whether or not they have a comprehensive understanding of the issues surrounding legal rights, responsibilities and constraints. Nevertheless, these questions broke new ground by providing insights into sector-wide attitudes towards influencing local social and public policy and deepened understanding by comparing and contrasting attitudes by the characteristics of organisations and where they operate. No option was given to 'sit on the fence' by including a response category such as 'neither agree nor disagree' to ensure that respondents made a clear decision, either way. Similarly, no option was given to state that the question was 'not relevant/applicable to us' on the basis that all organisations should be in a position to take a view on each statement. For further discussion, see 2025 report on *Research methodology and sample structure*, 2025, ibid.

political activity; 41% express this view strongly. Fewer than 10% of organisations are strongly committed to engaging with local political issues. Attitudes have barely changed since 2022.

- ***We try to go to relevant meetings/events which relate to our kind of work*** – to find out if TSOs will participate in formal activities (orchestrated by, for example, local authorities, health authorities or local infrastructure organisations) which address local social and public policy priorities. In 2025, 70% of organisations state that they try to participate in formal meetings and events that address issues associated with local social and public policy – but enthusiasm is muted. Only 18% of organisations strongly agree that they do this; 14% strongly emphasise that they have no interest in attending such events. Commitment to get involve in formal consultations is much the same as in 2022.
- ***We campaign to further the interests of our beneficiaries*** – to see if TSOs aligned with the principle of 'campaigning' to serve the interests of their area or beneficiaries.[34] Fewer than half of TSOs (48%) agree that they campaign to influence local policy in 2025. The strength of that agreement quite low (only 14% are heavily committed to campaigning compared with 22% of organisations which are strongly against campaigning). Commitment to campaigning is much the same as in 2022
- ***We trust a local third sector support agency to do this on our behalf (e.g. a CVS)*** – to determine whether TSOs were willing to delegate some aspects of responsibility to a trusted local infrastructure organisation to represent theirs and the sector's interests. In 2025, 31% of organisations trusted local infrastructure organisations (such as a CVS) sufficiently to delegate responsibility for engagement with local social and public issues. Trust has fallen slightly from 33% in 2022. Strongly expressed distrust of local infrastructure organisations in this respect has increased a little (from 33% to 35%).
- ***We tend to work behind the scenes to influence policy*** – to find out if organisations communicate with individuals in positions of power or influence informally to advance their organisation's and/or beneficiaries' interests.[35] Working behind the scenes to influence policy is not an option many TSOs choose to take. Only 8% of TSOs strongly agree that they do this – but another third agree that this is an option they sometimes take. A clear majority (58%) do not try to influence policy from 'behind the scenes'. Lobbying activity levels are about the same as in 2022.

[34] In the absence of a specific and widely accepted definition of what constitutes 'campaigning' participants were able to interpret the question their own way.

[35] The term 'lobbying' was purposefully not used so as not to signal negative or politically loaded connotations.

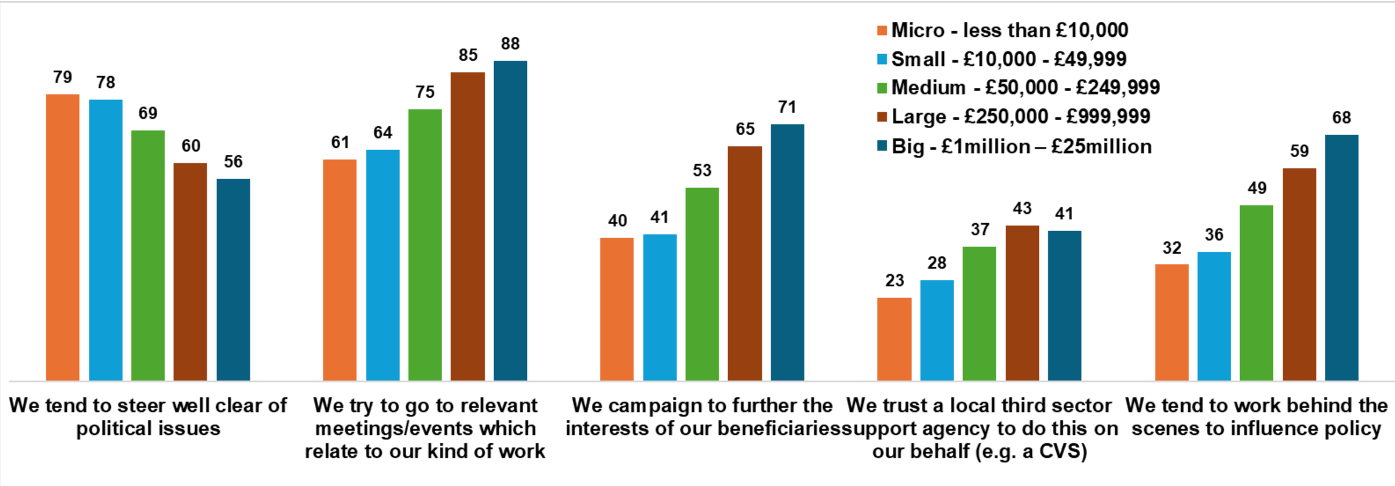
Table 4.1 **Voluntary organisations' engagement in politics and influencing 2022 and 2025**

	We tend to steer well clear of political issues		*We try to go to relevant meetings/events which relate to our kind of work*		*We campaign to further the interests of our beneficiaries*		*We trust a local third sector support agency to do this on our behalf (e.g. a CVS)*		*We tend to work behind the scenes to influence policy*	
	2025	***2022***	**2025**	***2022***	**2025**	***2022***	**2025**	***2022***	**2025**	***2022***
Strongly agree	41.3	*42.6*	18.0	*20.6*	14.0	*14.5*	6.4	*8.2*	7.7	*9.1*
Agree	31.8	*29.7*	51.6	*50.3*	33.7	*32.6*	24.8	*24.7*	34.4	*33.7*
Disagree	17.3	*18.8*	16.1	*15.0*	30.6	*30.6*	34.3	*33.9*	30.0	*29.3*
Strongly disagree	9.6	*8.9*	14.4	*14.1*	21.7	*22.4*	34.5	*33.2*	27.9	*27.9*
N=	8,548	*5,891*	8,518	*5,837*	8,461	*5,800*	8,397	*5,740*	8,456	*5772*

The above analysis indicates that most organisations continue to steer clear of political issues. Only a slight fall in the percentage of TSOs taking part in consultations and lobbying is noted together with slightly lower levels of trust in CVSs to represent local third sector interests. The commitment of TSOs to campaigning has increased very slightly. [36]

In the absence of reliable data, it would be tempting simply to assume that engagement in local social and public policy processes is the preserve of larger local organisations because they have more capacity, expertise and organisational purpose for doing so. As shown in Figure 4.1 larger organisations are *more likely* to attend consultations, campaign and lobby – but many of the smallest voluntary organisations get involved in influencing: 61% attend meetings, 40% campaign and 32% engage in lobbying.

Figure 4.1 **Participation in politics and influencing by size of voluntary organisations**
(Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025, n=8,548)

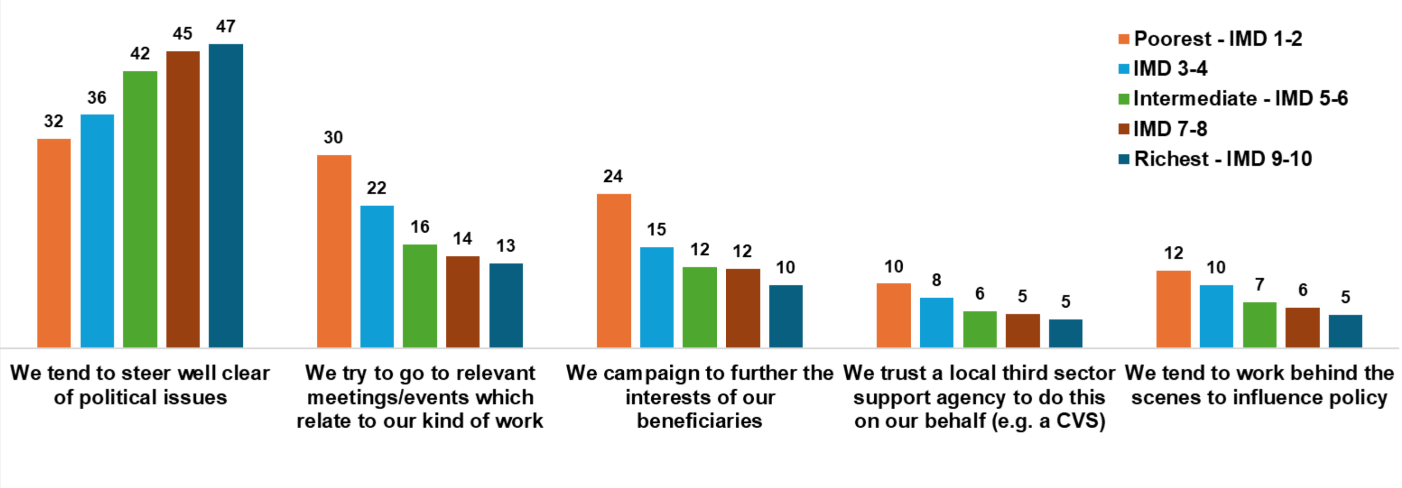


The willingness of voluntary organisations to engage in political activity and influencing varies by areas of affluence or deprivation. Figure 4.2 shows that fewer than half as many TSOs in the richest areas 'strongly agree' that they engage in

[36] Such delegation may have been a more attractive option in the pandemic, but now that TSOs are fully active again, they may be more likely to tackle such issues themselves.

consultations, campaigning and lobbying as voluntary organisations do those in the poorest areas.

Figure 4.2 **Participation in politics and influencing by size of voluntary organisations**
(Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025, n=8,548)



4.3 Interactions with the local public sector

Years of government austerity policies initiated in 2010 and sustained for almost a decade decimated many local authority budgets[37]. Pressure on NHS finances in the face of an ageing population, diminished public health, rising costs and unmet patient demand has also been relentless.[38] With a change of government, it may have been expected that spending on services would have improved, but economic and fiscal pressures have led the new Labour government not just to sustain a tight budgetary regime but to squeeze many departmental budgets further.[39]

In these straitened circumstances, relationships with the local voluntary sector must surely have suffered over the years?[40] But that does not seem to have been so. Between 2010 and 2022 the vast majority of voluntary organisations have felt that their work was valued by local public sector organisations (Table 4.2 for full 2025 data and Figure 4.3 for trend analysis).

Indeed, in 2022, TSOs were *more likely* to feel that local public sector organisations kept them informed about issues affecting them than in 2010 (rising from 62% in 2010 to 72% in 2022).[41] And while only about half of TSOs felt that they were

[37] See, Hernandez, T. (2021) 'The Consequences of the Austerity Policies for Public Services in the UK', *Studies in Social Justice*, 15(3), 518-537; Wistow, J. (2022) *Social policy, political economy and the social contract*. Policy Press.

[38] See: Stuckler, D., Reeves, A., Loopstra, R., Karanikolos, M. and McKee, M. (2017) Austerity and health: the impact in the UK and Europe. *The European Journal of Public Health*, 27(4),18-21; Cummins, I. (2018) The impact of austerity on mental health service provision: a UK perspective. *International journal of environmental research and public health*, 15(6), 1145.

[39] Murphy, C. and Diamond, P. (2025). 'Prudence from the left: Economic restraint and UK social democracy since 1945', *The British Journal of Politics and International Relations*, 1-24.

[40] Given the generalised orientation of Third Sector Trends surveys, it is often left to the good sense of respondents to interpret broadly-based questions. 'Public sector organisations' is intended to embrace, primarily, local authorities and health authorities – but also include other organisations which have close relationships with the Third Sector such as police, fire, probation, educational, employment and social services that operate at the local level. Crucially, respondents are given the opportunity to state that they have no such relationships so as to isolate those TSOs which can have a viewpoint on public sector relationships.

[41] Analysis proceeds on the assumption that these responses reflect how voluntary organisations feel 'now' as they could not be expected to compare with their opinions in previous survey stages. Nonetheless is seems extraordinary that percentages have remained very similar since 2010 when there were still many formal partnerships arrangements set up by New Labour, such as local strategic partnerships, those managed by regional government offices or regional development agencies prior to their abolition (together with other initiatives such as health, housing and education actions zones etc.).

appropriately involved in developing and implementing policies that are relevant to them, this remained largely unchanged since 2010.

In 2025, most TSOs (which have a relationship with the public sector) still feel that their work is highly valued by local public sector organisations although this is now at the lowest level since 2010. In all other respects, the mood has changed.

- From 2010 to 2022, the percentage of TSOs which felt they were informed on issues that affected them rose steadily from 62% to 72% - that has now dropped back to 64%.
- Since the study began, fewer organisations have generally believed that public sector organisations involve them appropriately in developing and implementing policy - but around 50% of TSOs consistently felt that they were between 2016 and 2022. That has changed. Only 42% feel appropriately involved now.
- In 2019, Third Sector Trends began asking if TSOs felt that local public sector bodies acted upon their opinions. The percentage of organisations agreeing this is so, has fallen from 54% in 2019 to just 42% in 2025.

Table 4.2 **Perceptions of the quality of relationships with the local public sector**
(Third Sector Trends in England and Wales 2025)

	They value the work of our organisation	**They inform our organisation on issues which affect us or are of interest to us**	**They involve our organisation appropriately in developing and implementing policy on issues which affect us**	**They act upon our organisation's opinions and / or responses to consultation**
Strongly agree	35.9	15.9	9.2	7.3
Agree	51.5	47.8	32.4	35.7
Disagree	8.3	25.5	38.9	38.8
Strongly disagree	4.3	10.8	19.6	18.2
Not applicable to us	***19.9***	***27.4***	***35.4***	***37.8***
Total	8,582	8,582	8,582	8,539

Something is going on, in short, that has diminished voluntary organisations' confidence in the local public sector that has not been observed before. To find out what that might be, more finely tuned analysis on organisational and spatial variations need to be considered.[42]

Interestingly, the size of voluntary organisations does not make a dramatic difference to attitudes about the quality of relationships with the local public sector. Most TSOs, (which have a relationship with the public sector) feel valued and the percentage saying so rises only gradually from 85% to 92% by organisational size. From a public sector organisations' point of view, this is good news, as it shows that they are balanced in the way they work with voluntary organisations, irrespective of size.

When the extent to which TSOs feel that they are *appropriately informed* about policy, *involved in decision making* or that *their opinions are acted upon and considered* - larger TSOs are more likely to express positive attitudes than their smaller counterparts. That is not especailly surprising as, given their scale, bigger

[42] Comparative analysis by regions, combined authority areas and so on will follow in subsequent reports.

organisations may justifiably feel that the scale of their involvement is greater – nonetheless, these variations are not wide.

Figure 4.3 **Extent to which voluntary organisations feel valued and involved with the local public sector** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025 n=8,618, 2022 n=6,021, 2019 n=4,083, 2016 n=3,613, 2013 n=2,214, 2010 n=974)

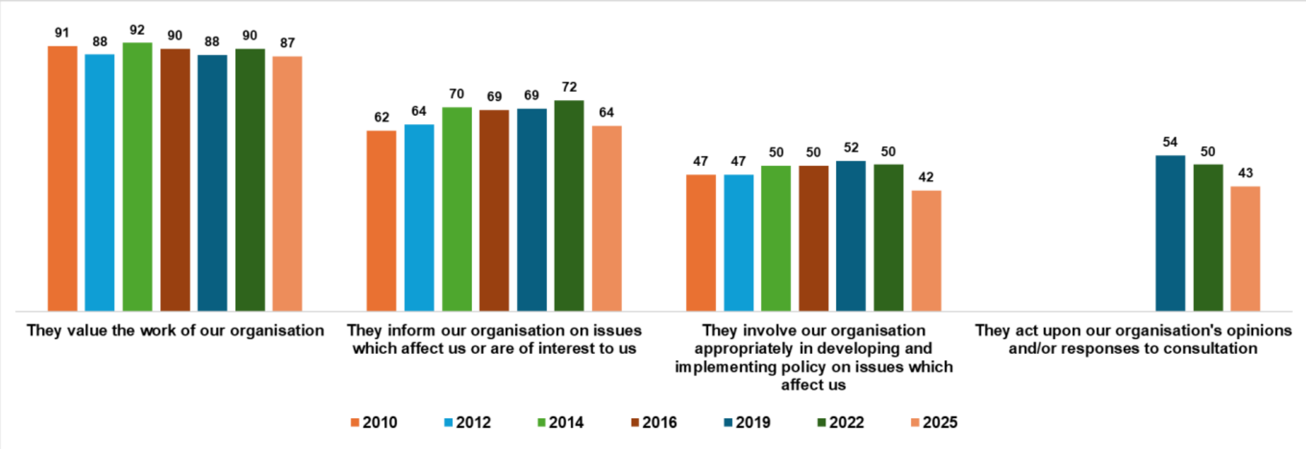
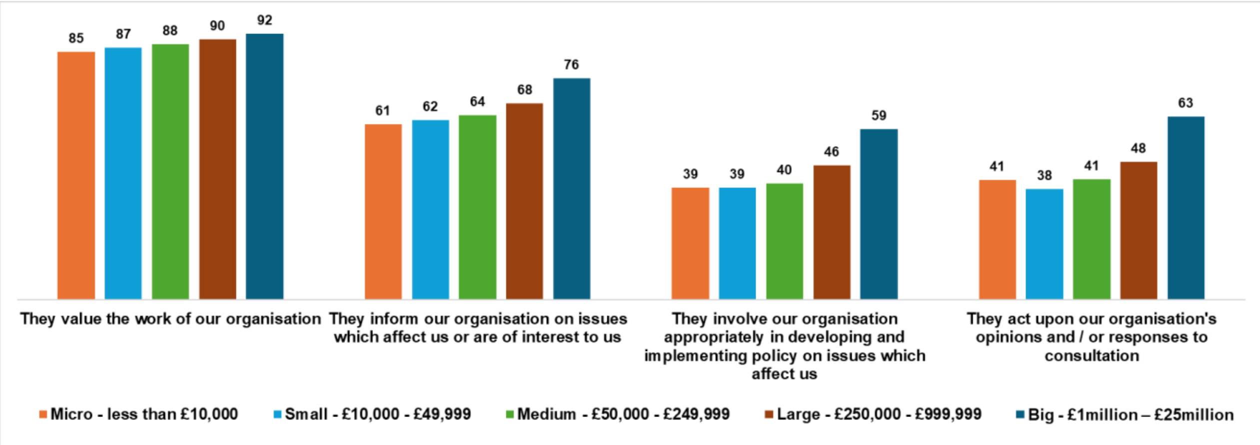


Figure 4.4 **Extent to which voluntary organisations feel valued and involved with the local public sector by size of TSOs** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025, n=6,904)



While organisational size has some bearing upon perceptions of involvement with and influence upon local public agencies – variations by urban form are minimal (Figure 4.5) and differences by area affluence are also strikingly similar (see Figure 4.6). This again implies that the local public sector treats voluntary organisations even handedly – strongly supporting the notion that officers subscribe closely to the universalistic principles of balance and fairness in service quality. [43]

[43] 'Universalism' refers to a long cherished (though badly depleted) political principle in state welfare policy. For useful analysis of those pressures which have undermined aspects of universalism see: Ellison, N. (2019) 'Beyond universalism and particularism: rethinking contemporary welfare theory', *Critical Social Policy,* 19(1), Vabø, M. (2011) 'Changing governance, changing needs interpretations: implications for universalism', *International Journal of Sociology and Social Policy*, 31(3/4), 197-208; Anttonen, A. (ed.) (2012) *Welfare state, universalism and diversity*, London: Edward Elgar.

Figure 4.5 **Extent to which voluntary organisations feel valued and involved with the local public sector by urban form** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025, n=6,904)

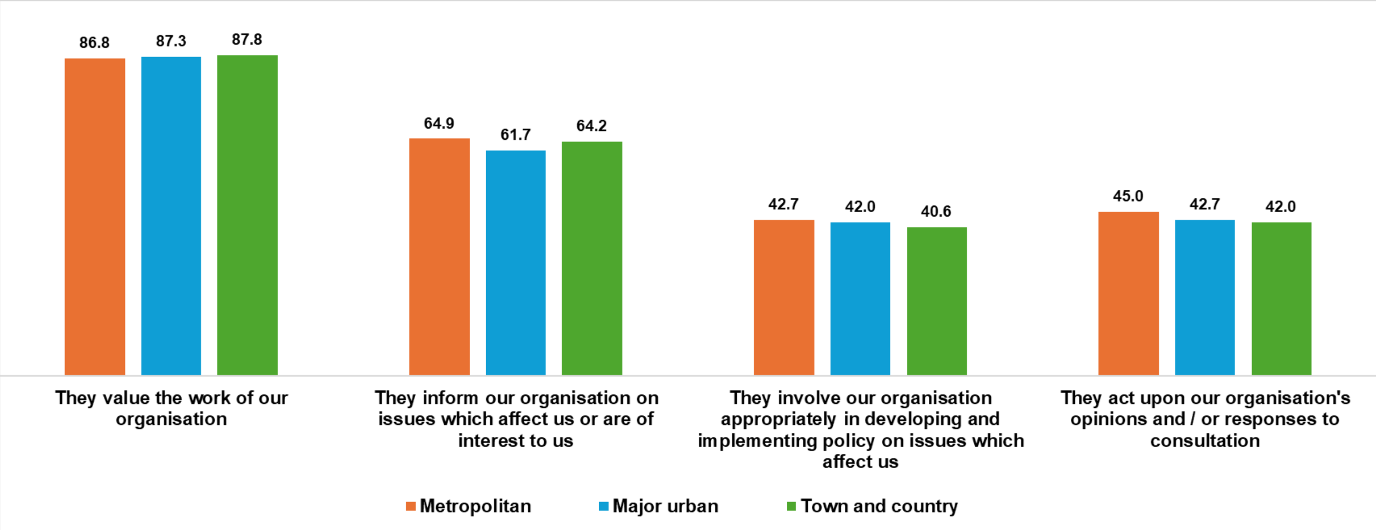
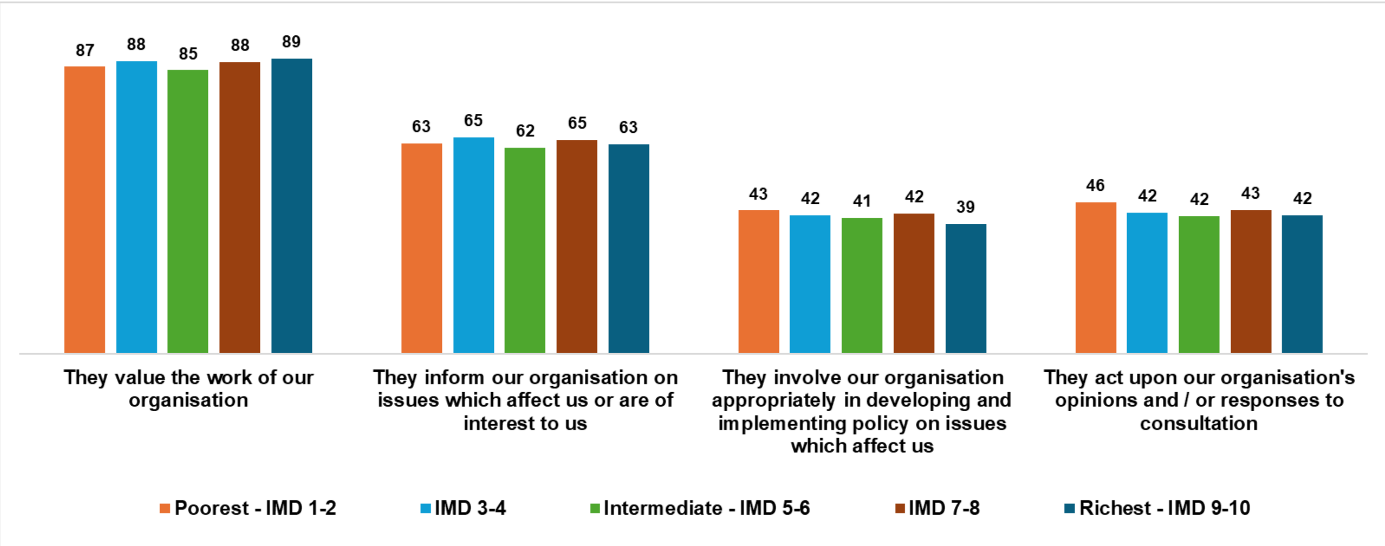


Figure 4.6 **Extent to which voluntary organisations feel valued and involved with the local public sector by indices of deprivation** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England and Wales 2025, n=6,904)



4.4 The devolution of decision making in England

Following the election of a Labour government in 2024, policies initiated by the previous Conservative government have been strengthened to shift aspects of decision making to the local level in England.[44] The primary objective is to devolve powers to local leaders in combined authorities and larger mayoral unitary authorities.[45]

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[44] Third Sector Trends surveys were identical in England and Wales apart from one question on English devolution. In Wales, a separate question was asked on TSOs opinions bout working with government at national and local level which will be analysed in a discrete report on the Wales voluntary sector for WCVA to be published in early 2026.

[45] The Government's *English Devolution White Paper* can be found here: https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper. See also, a brief assessment of devolution policies by the Institute for Government, https://www.instituteforgovernment.org.uk/comment/one-year-labour-devolution.

The devolution of powers will give locally elected representatives and mayors more control over issues such as public health, transport, the local environment, skills and employment support – which could have a direct impact upon the work of local voluntary organisations working in these fields of activity.

The activities of the local voluntary sector may also be affected by policies enacted to enhance community rights to take control of community assets and to increase community engagement by strengthening partnerships between public bodies, the private sector and voluntary organisations.[46]

Third Sector Trends is now in a position to provide baseline data on current sector attitudes about the impact of policy surrounding the local devolution of powers to public bodies. This analysis should be regarded as preliminary as some areas have well established mayoral combined authorities (such as Greater Manchester, West of England, Tees Valley and Cambridge and Peterborough combined authorities), while others were founded very recently (such as the North East, East Yorkshire & Hull and Lancashire combined authorities).

Current two-tier shire counties have been invited to make proposals to Government to establish unitary authorities (including, amongst others, Derbyshire, Essex, Kent, Lincolnshire, Oxfordshire and Suffolk).[47] Some smaller unitary authorities have also been asked to consider merging.[48]

In this fluid environment, analysis can best proceed by presenting a big-picture perspective on current voluntary sector attitudes.[49] Figure 4.7 presents attitudinal evidence on several aspects of local devolution (those TSOs which state that they do not have any contact or relationship with the public sector are excluded). For each statement, respondents were asked to reflect on how things had changed over the last two years.

- A small majority of TSOs (56%) broadly agree that ***opportunities for effective collaborative working*** have increased (e.g. with local council / NHS). That stated, only 6% strongly agree that is so, compared with 10% which strongly disagree.
- Relatively few TSOs (31%) agree that ***policy makers now give more notice now about new initiatives***. Only 2% strongly agree that this is so compared with 19% which strongly disagree.
- On balance, a majority of TSOs (61%) disagree that ***policy makers have become more receptive to their arguments (even if they don't always agree).*** Indeed 16% strongly disagree that this is so while only 2% strongly agree.
- When asked if they feel that ***public sector agencies are now working more effectively together***, most TSOs remain sceptical; 61% of TSOs disagree.

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[46] For a specific analysis on how devolution may affect localities, see Freeman, M. (2025) 'What does devolution mean for the local voluntary sector?' Cambridge CVS (9th January): https://cambridgecvs.org.uk/what-does-devolution-mean-for-the-local-voluntary-sector/

[47] In February 2025, the Minister of State for Local Government and English Devolution wrote to all two-tier councils and small neighbouring local authority areas to invite them to submit proposals for local government reorganisation with the intention of holding elections in May 2027 for newly established local authority areas. See: Local Government Association: https://www.local.gov.uk/topics/devolution/devolution-hub/local-government-reorganisation-lgr#:~:text=The%20English%20Devolution%20and%20Community,at%20the%20end%20of%20November. The original letter from the Minister, published 16th December 2024 can be located here: https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-two-tier-areas

[48] The Local Government Association has produced a useful glossary and answers to frequently asked questions about local government reorganisation – including that of merging smaller unitary authorities which is available here: https://www.local.gov.uk/our-support/devolution-and-lgr-hub/devolution-and-local-government-reorganisation-faqs-and-glossary

[49] Once new combined authority and mayoral unitary authority boundaries have been finalised, the dataset can be reconfigured to those geographies for comparative purposes in the next round of the study in 2028.

Only 2% of TSOs strongly agree that public sector agencies are working together more effectively.

- About 61% of TSOs say that they are now ***asked more often now to help engage with the local community by local public sector agencies*** – only 12% of TSOs strongly agree that this is their experience.

Table 4.3 Voluntary organisations' views about the impact of devolution policies
(Third Sector Trends in England 2025)

	Strongly agree	Agree	Disagree	Strongly disagree	*This doesn't really affect us*	Number of TSOs (England only)
Opportunities for effective collaborative working have increased (e.g. with local council / NHS)	6.2	49.8	33.6	10.4	***42.8***	7,927
Policy makers give us much more notice now about new initiatives	2.1	29.1	49.9	18.9	***43.6***	7,892
Policy makers are more receptive to our arguments even if they don't always agree	2.3	36.8	44.7	16.2	***47.1***	7,880
Public sector agencies seem to be working together more effectively	2.2	36.9	44.8	16.2	***43.6***	7,876
We're asked more often to help improve engagement with local people	10.9	49.9	27.7	11.5	***41.2***	7,897

When views about devolution are compared for organisations of different sizes, some interesting variations emerge (see Figure 4.7).

- The largest TSOs are only a little more likely to feel positive about ***opportunities for effective collaboration*** with public bodies (60%) when compared with micro TSOs (53%). This is likely due to the generally higher level of collaboration previously established by bigger organisations.
- About a third of micro to medium-sized TSOs agree that ***policy makers give us much more notice now about new initiatives***. Interestingly, larger (27%) and the biggest (30%) voluntary organisations are slightly less likely to be in agreement.
- The biggest voluntary organisations are much more confident (52%) than all other types of TSOs (38-39%) that ***policy makers are more receptive to our arguments even if they don't always agree***.
- Opinion is mixed as to whether ***public sector agencies seem to be working together more effectively***; percentages of TSOs which agree vary from 35% to 42% but there is no clear pattern.
- As to whether voluntary organisations are ***asked more often to help improve engagement with local people***, it is clear that organisational size has a big impact on opinion: only 53% of the smallest TSOs agree, rising to 71% of the biggest organisations.

At a spatial level, opinion on devolution policies varies little by areas of affluence or deprivation with one notable exception (Figure 4.8). In the poorest areas, voluntary organisations are more likely to be asked to improve engagement with local people (68%) than in the richest areas (58%).

An underlying issue producing clear variations in opinion is TSOs' involvement in the delivery public sector services under contract (Figure 4.9). Such organisations are *much* more likely to agree that collaboration has improved with public bodies (65%), that policy makers are more receptive to their arguments (50%) and of being asked to improve engagement with local communities (76%) than organisations which do not want to be involved in such work.

Figure 4.7 **TSOs perceptions about the devolution of local decision making by organisational size** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England 2025, n=4,537)

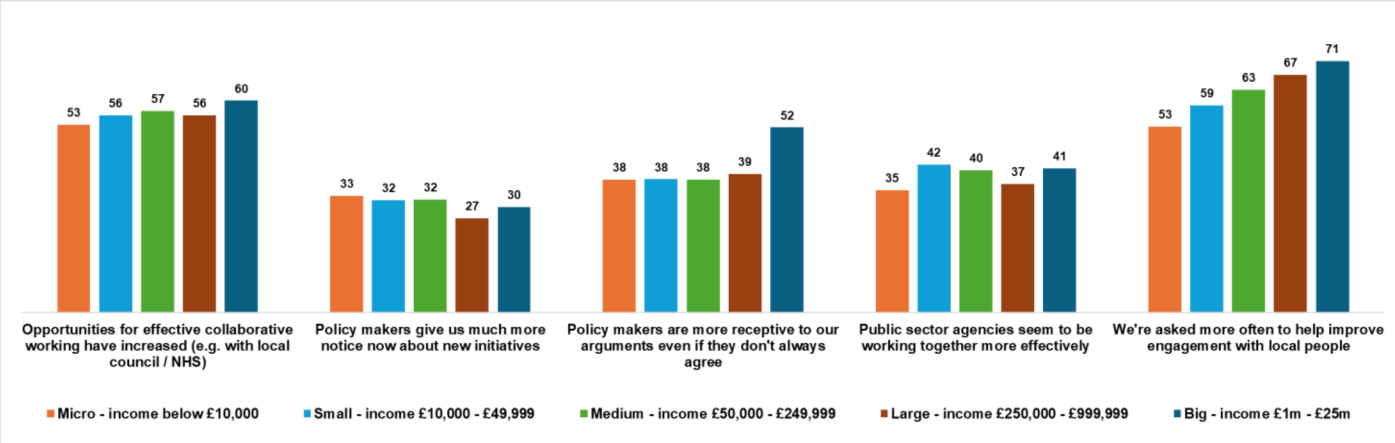


Figure 4.8 **TSOs perceptions about the devolution of local decision making by area affluence** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England, n=4,537)

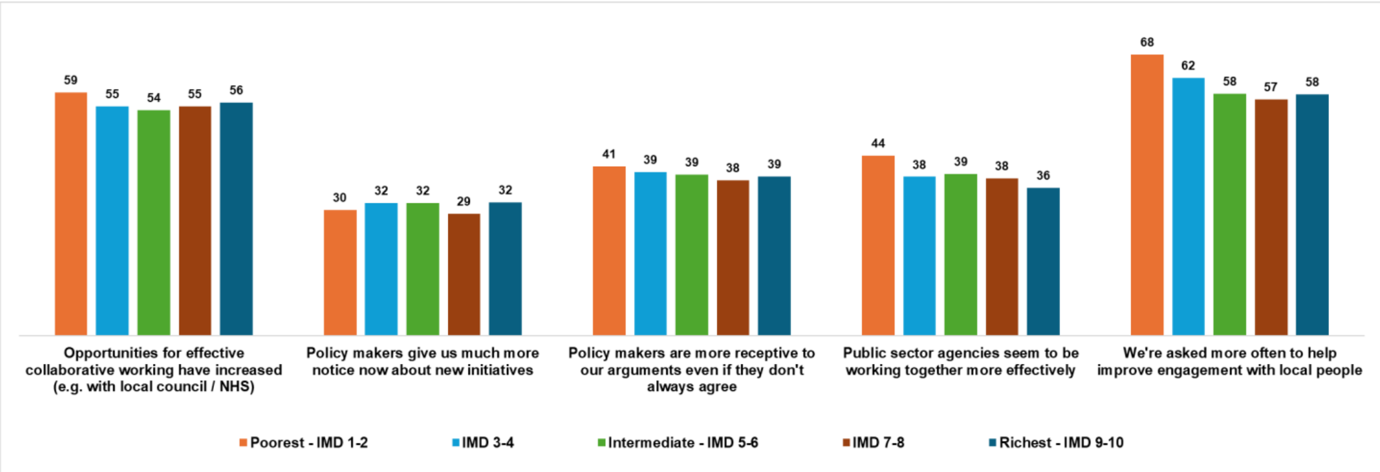
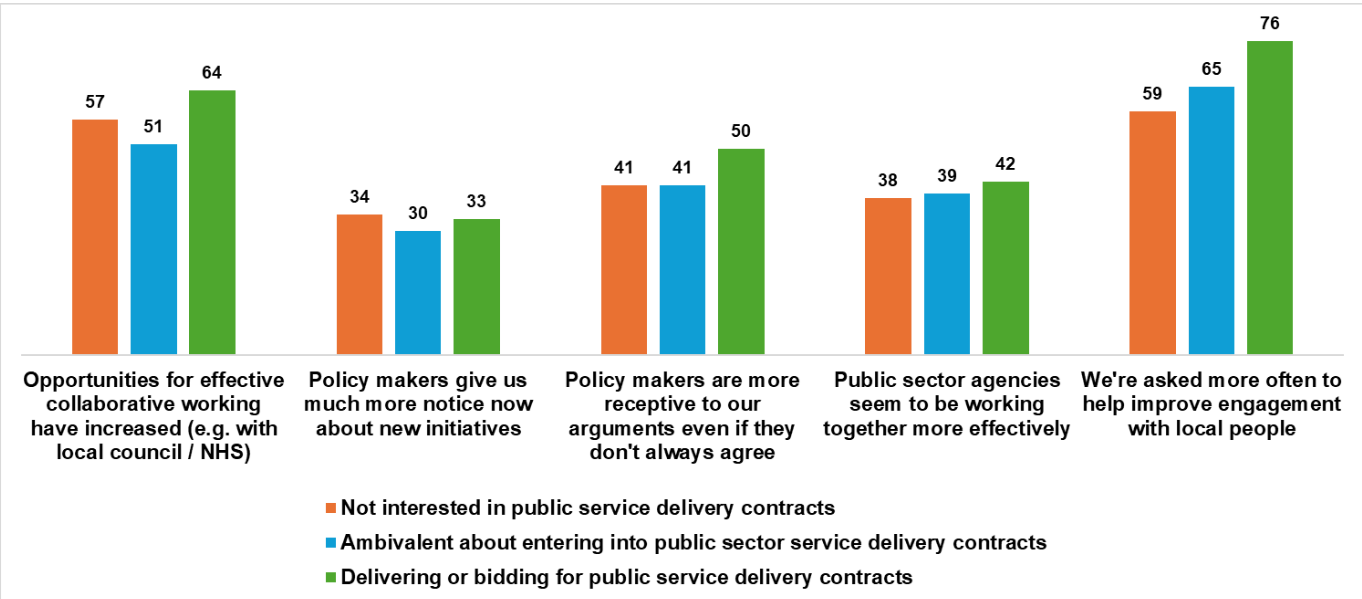


Figure 4.9 **Perceptions about the devolution of local decision making by TSOs current involvement in public service delivery contracts** (TSOs which do not have a relationships with the local public sector are excluded. Percent which 'agree' or 'strongly agree' with each statement. Third Sector Trends in England 2025, n=4,528)



While positive opinions on the impact of devolution policies are more strongly expressed by voluntary organisations engaged in the delivery of public service delivery contracts, that does not mean that there is a rush of TSOs into this field of activity. As the next sub-section will show, the opposite is the case – many voluntary organisations are withdrawing from contracted work to deliver public services.

4.5 Contractual relationships with the local public sector

Successive governments have expressed strong interest in engaging the third sector in the delivery of public services under contract. Political enthusiasm for such policies was bolstered over twenty years ago by New Labour's commitment to embrace the idea of establishing a 'mixed economy of welfare'.[50]

The tenor of the government's position at the time is captured by Prime Minister, Tony Blair's foreword to the former Office of the Third Sector's publication *Partnership in Public Services: An action plan for third sector involvement* (2006).

> ***The best public services are those which are focused on the user – that is why the role of third sector organisations is vital. We know that, throughout the country, there are programmes being delivered by charities, social enterprises and voluntary groups that work brilliantly. It is groups like these at the front line of delivery who know about what works and what doesn't. Their creativity, their innovation, their energy, and their capacity to build trust are helping us to meet the tough challenges ahead and to drive improvements, to extend choice and to give a voice to the public.***

Despite persistent efforts to incentivise and help prepare TSOs to engage in the delivery of contracts through investment in capacity building programmes – such opportunities only attracted a small section of the voluntary sector.[51]

Nonetheless, governments of all political persuasions have subscribed to the view that voluntary organisations should be engaged to deliver public services. The present government has committed to 'maximise procurement spend' with voluntary organisations and small to medium sized businesses (SMEs); with that end in mind, targets were set in February 2025.[52]

These targets need to be set in a wider fiscal context. As NCVO has shown, interest in increasing VCSE sector engagement in procurement processes is underpinned by a second set of targets for government departments to cut administrative costs by a

[50] Labour government policy was encapsulated by HM Treasury (2002) *The Role of the Voluntary and Community Sector in Service Delivery: A cross cutting review*, London: HM Treasury. A large academic literature was produced in response to these policy initiatives. See, for example, Chapman, T., Crow, R. and Brown, J. (2008) 'Entering a Brave New World? An assessment of Third Sector readiness to tender for the delivery of public services', *Policy Studies*, 28(1) pp. 1-17; Kendall, J. (2000) 'The mainstreaming of the third sector into public policy in England in the late 1990s: whys and wherefores', *Policy and Politics*, 28(4), pp. 541-62; Kramer, R.M. (2004) 'Alternative paradigms for the mixed economy: will sector matter?', in A. Evers and J. Laville (eds.) *The Third Sector in Europe*, Cheltenham: Edward Elgar; Osborne, S.P. and McCloughlin, K. (2004) 'The cross cutting review of the voluntary sector: where next for local government-voluntary sector relationships?', *Regional Studies*, 38:5, pp. 573-582; Powell, M. (2000) 'New Labour and the third way in the British welfare state: a new and distinctive approach?', *Critical Social Policy*, 20(1), pp. 39-60.

[51] See: Dayson, C., Paine, A. E., Macmillan, R. and Dayson, S. (2017) 'Third sector capacity building: the institutional embeddedness of supply', *Voluntary Sector Review*, 8(2), 149-168; Macmillan, R. (2011) 'Supporting' the voluntary sector in an age of austerity: the UK coalition government's consultation on improving support for frontline civil society organisations in England', *Voluntary Sector Review,* 2(1): 115–24' Macmillan, R. and Ellis Paine, A. with Kara, H., Dayson, C,. Sanderson, E. and Wells, P. (2014) 'Building capabilities in the voluntary sector: What the evidence tells us' TSRC Research Report 125, Birmingham: TSRC.

[52] Cabinet Office (2025) Procurement Policy Note: SME and VCSE procurement spend targets (February): https://www.bing.com/search?q=h&cvid=76764ff211c8490094a2120a1f1c70e7&gs_lcrp=EgRlZGdlKgYIABBFGDkyBggAEEUYOTIGCAEQRRg8MgYIAhBFGDwyBggDEEUYPDIGCAQQRRg8MgYIBRBFGDwyBggGEEUYPDIGCAcQRRg8MggICBDpBxj8VagCALACAA&FORM=ANAB01&PC=HCTS

quarter. This means that day-to-day departmental spending will grow at the rate of 1.2% which is well below current inflation levels.[53]

Government policies to engage TSOs in public service delivery is currently focused upon smoothing 'routes to funding' rather than raising the value of the contracts issued sufficiently fully to meet the costs incurred in service delivery. For example, the *Transforming Public Procurement* programme was devised to:

> ***"…create a simpler and more flexible, commercial system that better meets our country's needs*** [and] ***…open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts and embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.***[54]

Historically, government policy on the procurement of service delivery from TSOs has lacked critical awareness of market demand for such work and mistakenly believed that sector capacity can easily be built. Current procurement policies differ little, in essentials, from previous incarnations of two decades ago.

Before scrutinising long-term trends in market demand, the analysis begins with an assessment of voluntary sector interest in delivering public services under contract. Table 4.3 compares current levels of interest by size of organisations and as would be expected, micro to medium-sized organisations (given their purpose, practice preferences and capacity) have neither awareness of nor interest in such work.

Most of the biggest TSOs are aware of such opportunities (90%), but many are now disinterested (29%) or are at best 'ambivalent' (17%) about getting involved. That stated, 39% of the largest TSOs are currently delivering contracts and another 5% are bidding to do so.

Table 4.4 **Engagement with public service delivery contracts by TSO size** (England and Wales 2025)

		Micro income below-£10,000	**Small** income £10,000-£49,999	**Medium** income £50,000-£249,999	**Large** income £250,000-£999.999	**Big** Income £1m - £25m	**All TSOs**
Not aware of these opportunities		43.3	38.5	31.9	19.8	10.1	34.7
Aware of these opportunities but they are not relevant to our organisations objectives		47.9	48.8	39.7	31.5	28.9	43.4
Ambivalent about contracts	Are aware of these opportunities but need more information	2.3	3.2	4.1	4.5	3.7	3.3
	Are interested in this option but would need extra support to do this	2.9	4.0	8.6	9.6	4.6	5.5
	Are interested in this option but feel there are barriers in the tendering process	1.9	3.5	8.1	13.8	8.8	5.6
Are already bidding to deliver public sector services		0.8	0.7	2.2	5.3	4.6	1.8
Are already delivering public sector services for which we have tendered		0.9	1.2	5.3	15.4	39.2	5.7
N=		2,448	2,643	2,056	946	454	8,547

[53] Konynenburg, S. (2025) Spring statement 2025: what it means for charities, London: NCVO: https://www.ncvo.org.uk/news-and-insights/news-index/spring-statement-2025-what-it-means-for-charities/

[54] UK Government (2025) *Transforming Public Procurement: How public procurement will change to improve the way supplies, services and works are procured for the public sector.* London: Government Commercial Function (latest update 26th June 2025): https://www.gov.uk/government/collections/transforming-public-procurement.

When tracking changing attitudes about delivering public services under contract, interesting patterns emerge (Figure 4.10). Medium-sized voluntary organisations (with income from £50,000 to £249,000) have never been very interested in such work due to their wider interests and limited capacity: the enthusiasm some had in 2013 (15%) has more than halved in 2025 (6%).

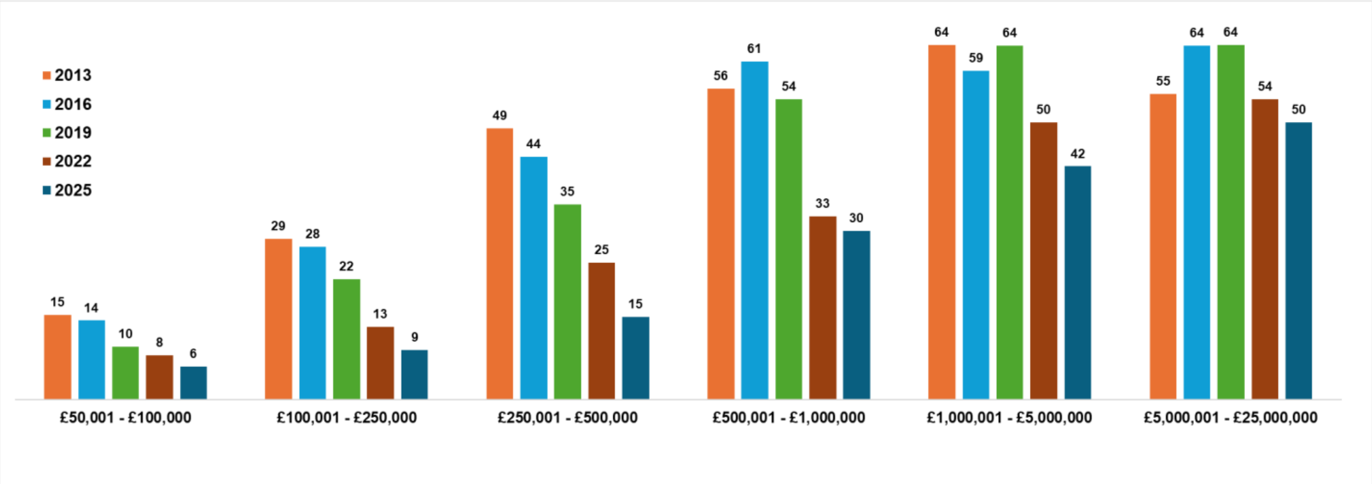
Many voluntary organisations with income up to £500,000 have abandoned the idea (falling from 49% in 2013 to 15% in 2025). Over 60% of TSOs with income between £500,000 and £1m were involved in 2016; that collapsed to 33% in 2022 and now stands at 30%.

Most startling is the finding that the involvement of organisations with income of £1m-£5m has fallen from 64% in 2019 to 42% now. And for TSOs with income from £5m-£25m, participation continues to fall from 64% in 2019 to 54% in 2022 and 50% in 2025.

In the last round of the Third Sector Trends study, it was predicted that interest in the delivery of public sector services under contract would decline further unless the value of tenders increased.[55] Already in 2022 many organisations with contracts were struggling to recruit and retain staff and the indications from qualitative research were that many organisations were delivering such work below cost to sustain activity in their local area.[56] The situation has deteriorated further in the last three years.

Government policy statements about 'smoothing' procurement practices to help voluntary organisations to get involved with contracts miss the point. Time-series analysis shows that there has been little success in 'converting' interest in bidding for contracts (where TSOs argue that *more information is required, that barriers have been identified* or *support needs to be provided*) into purposeful action.

Figure 4.10 **Bidding for or delivering public services under contract by size of organisations 2013 – 2025** (Third Sector Trends, 2025, n=8,547, 2022 n=5,928, 2019 n=3,085, 2016 n=3,444, 2013 n=2,119)[57]



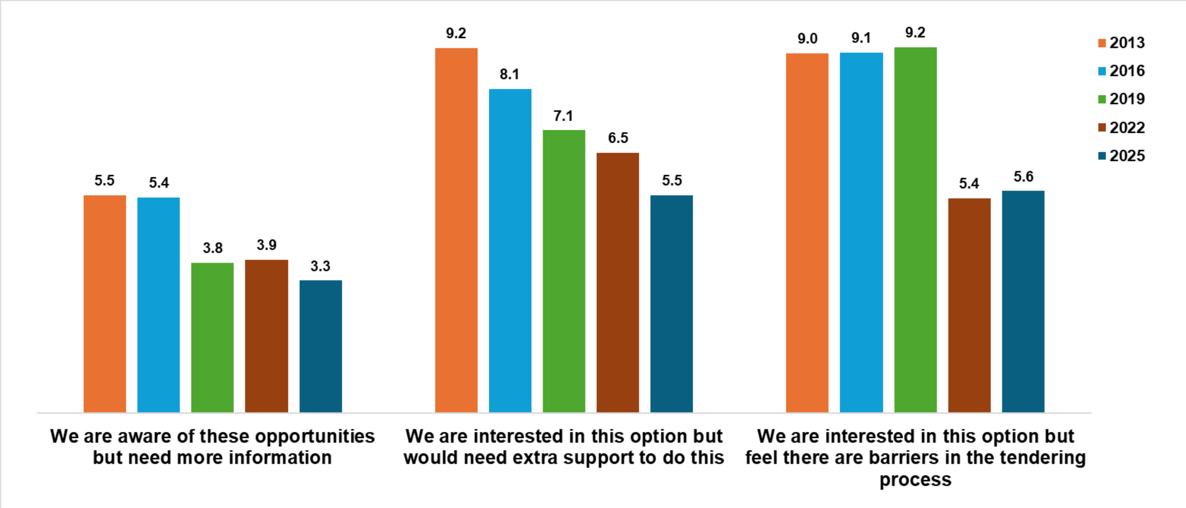
[55] See: Chapman, T. (2023) *Third Sector Trends in England and Wales 2022: finances, assets and organisational wellbeing*, Newcastle upon Tyne: Community Foundation North East, p.59. https://www.communityfoundation.org.uk/wp-content/uploads/2023/01/Third-Sector-Trends-2022-finances-assets-and-organisational-wellbeing-January-2023.pdf

[56] See: Chapman, T. (2022) *Going the distance: how Third Sector organisations work through turbulent times*, Newcastle upon Tyne: Community Foundation North East [first edition]. https://www.stchads.ac.uk/wp-content/uploads/2022/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-July-2022.pdf; Chapman, T. and Gray, T. (2019) *Striking a balance: A study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sector*, Bristol, Power to Change. https://www.stchads.ac.uk/wp-content/uploads/2024/05/Striking-a-balance-trading-interactions-amongst-community-businesses.pdf

[57] As most micro and small organisations are not interested in public-service delivery contracts, they are excluded from the analysis.

On the contrary, the proportion of TSOs expressing ambivalence about engaging with public service delivery contracts has fallen dramatically since 2013 (Figure 4.11). Only 3% of TSOs now think that it is lack of information that is blocking their way, just 6% now feel that they need more support and only 6% are put off by perceived barriers to tendering. In short, these findings indicate a hardening of attitudes against involvement in such work.

Figure 4.11 **Ambivalent attitudes about bidding for or delivering of public services under contract: 2013 – 2025** (Third Sector Trends, 2025, n=8,547, 2022 n=5,928, 2019 n=3,085, 2016 n=3,444, 2013 n=2,119)



Raising the value of contracts sufficiently to meet the full cost of delivery by voluntary organisations is the only way forward. Our concern is that such arguments may be ignored by ministers until a point is reached where their only other option is to increase local councils' and NHS funding so that services can be brought in house. The longer that realisation takes, the harder it will become to re-engage voluntary organisations once their capacity and interest in doing such work is lost.

4.6 Summary

This section has addressed a series of issues about voluntary-sector interactions with the local public sector and national government. Four sets of findings have been presented.

Some ministers in the previous government adopted an aggressive stance towards the voluntary sector's involvement in matters of state – but that does not seem to have dampened TSOs' enthusiasm to do so. The extent to which voluntary organisations are willing to engage in political issues, public sector consultation exercises, campaigning and lobbying remains largely unchanged since 2022.

Devolution policies are currently in a state of flux. Some areas have had devolved powers for some time, others only recently and many areas are currently being asked to shift from two-tier authority structures to unitary status while smaller councils are being asked to consider merging. Attitudes about the benefits of devolution are currently quite mixed in these circumstances. The national headlines on sector attitudes presented in this report will require further analysis. This will happen in future reports focusing on area-based studies.

The extent to which voluntary organisations feel valued, involved and listened to by the local public sector has held up well for many years. In the last three years that has changed, suggesting a loss of confidence in those relationships. To some extent, that might be related to raised government expectations about such relationships rather than a fundamental loss of faith. Once new devolved government arrangements have bedded in by 2028 it will be possible to get a clearer impression about the direction of travel of voluntary sector opinion.

Governments of all persuasions have been keen to engage the voluntary sector in the delivery of public services under contract. This is partly justified by their belief in the sector's connectedness with communities and trust that engenders. But the key driver has always been financial – based on an expectation that engaging voluntary organisations will be cheaper than doing the work in house.

As has been shown in this report – many voluntary organisations have lost interest in such work because the value of contracts is insufficient to meet the cost of doing the work. It will be argued in the conclusion that unless government acts fast - re-engaging voluntary organisations will be extremely difficult if their trust and capacity to do such work has been lost.

Section 5
Summary and next steps

5.1 Partnership relationships within the voluntary sector

This report has focused on 'relationships' and demonstrates that partnership remains a 'cornerstone' of voluntary sector practice and culture. About 80% of voluntary organisations work with each other in complementary, collaborative or formal partnership working – but patterns of partnership working are changing.

Within the voluntary sector, participation in formal and informal collaborative working dipped during the Coronavirus pandemic when lockdowns, furloughing of staff and access to beneficiaries severely restricted activity. In 2025, perhaps surprisingly, levels of partnership working within the voluntary sector have not returned to 'normal'.

The indications are that the pandemic may have led many voluntary organisations to rethink how they work and certainly, the findings from this report suggest that they are becoming more 'selective' about partnership working. But this does not mean that the quality of remaining relationships has diminished. On the contrary, due to greater selectivity, they may well have improved.

The survey evidence has highlighted another shift in voluntary sector dynamics. More organisations are working completely autonomously. These 'ruggedly independent' organisations have grown in number from around 10% of TSOs in 2019 to between 16-20% now (that's at least 33,000 of them in England and Wales).

Rugged independents tend to be smaller, working very locally and operating in richer areas. They are also less likely to focus on aspects of beneficiaries' critical social or economic needs than voluntary organisations which work collaboratively. But there is also a sizeable number of fully autonomous TSOs (perhaps as many as 600) which are bigger, address issues associated with critical social need and take part in delivering public sector services.

Identifying trends is one thing, but making firm predictions about what will happen next with partnership working requires caution. The long shadow of the pandemic is still upon us and has reframed many aspects of people's working lives. Working from home remains popular, holding meetings online is a more 'efficient' use of time as it cuts out the bother of travelling to see people or making preparations to meet and greet those who come to visit.

There may be a downside to this. Focus and efficiency can limit elements of spontaneity that spark ideas when people interact face-to-face in less purposeful or unplanned ways. So Third Sector Trends needs to keep an eye on this issue and in 2028 ask more searching questions about the mechanics, productivity and the emotional value of partnership working.

5.2 Working in partnership with the private sector

In the face of challenging fiscal and market conditions, it is not surprising to report that assistance from business to voluntary organisations has not yet recovered to pre-pandemic levels.

- In 2016, 39% of voluntary organisations were receiving useful financial support from businesses. As the pandemic waned in 2022, that had fallen to 20%. This has now recovered to 33% (but has still not returned to pre-pandemic levels).
- In-kind support (such as free use of facilities or provision of goods) reached its zenith in 2019 (36% of voluntary organisations received valuable support). That fell to 29% during the pandemic and has fallen further to 27% in 2025.
- Employer supported volunteers helped 23% of voluntary organisations in 2016 and 2019. That support fell to 17% during the pandemic and has not since recovered.
- The percentage of voluntary organisations receiving pro bono support from business has fallen steadily from 28% in 2016 to 20% in 2025.

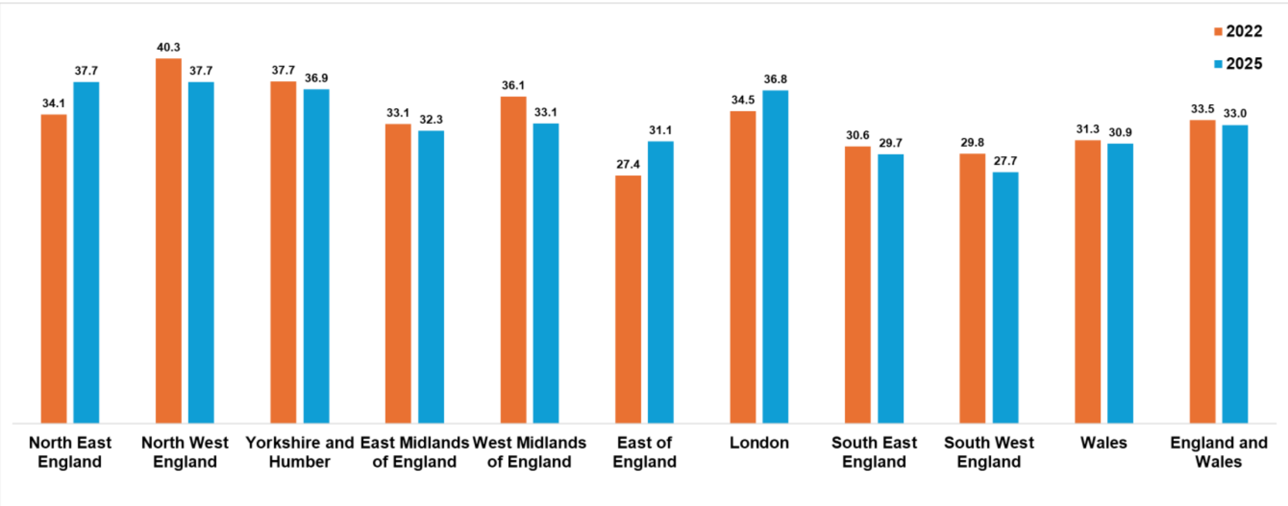
Voluntary sector observers may be tempted to 'blame' business for this lowering level of support to voluntary organisations. But that would be far too crude a conclusion to draw because, as we have seen, voluntary organisations themselves have been pulling back from collaborative working.

This report shows that much of the interaction between businesses and voluntary organisations is not 'patterned'. It seems as likely to occur due to 'happenstance' than as a consequence of strategic planning. Furthermore, much of the interaction between business and the voluntary sector is 'ephemeral' or 'occasional' which means that, without care, relationships do not cement as they might with 'regularised' collaborative action.

The pandemic has led many businesses and voluntary organisations to become more inward looking and choosier about collaborative activity. And it looks like such behaviours have become *more*, not *less*, embedded since – as if, perhaps, people have got out of the habit of getting together on the off-chance to see what happens.

Preliminary local analysis using Third Sector Trends data shows that this has not happened everywhere. In North East England and East of England, for example, the percentage of voluntary organisations receiving valuable financial support from business has risen substantially from 2022-2025 while in most English regions and in Wales support has fallen (Figure 5.1).

Figure 5.1 **Percentage of voluntary organisations receiving financial support from business**
(Third Sector Trends 2013 – 2025, refers to respondents stating that financial support is 'important' or of 'some importance')



Keeping the dialogue going between the voluntary sector and businesses is important so that when economic and market conditions improve, productive interactions can resume. Local community foundations, as trusted intermediaries, are particularly well placed to help with that because most of them have deep connections with local businesses and the voluntary sector.

Studying trends is useful because it makes people think hard about what might happen next and what the consequences could be. It is vital to remember that trends do not continue of their own accord nor, necessarily, in the same direction – and especially so if action is taken to try and accelerate or reverse them.

5.3 Relationships with the public sector

The relationship between the previous government and the voluntary sector became quite testy towards the end of its period of office. Sensitivities surrounding the involvement of voluntary organisations in politics and campaigning led many commentators to worry that the campaigning zeal of the voluntary sector may be undermined.

Reassuringly, Third Sector Trends analysis presented in this report shows that the willingness of voluntary organisations to engage in campaigning, participation in local public consultations and lobbying behind the scenes remains much the same as in 2022.

A change of government has led to renewed assurances, as written into the *Civil Society Covenant*, that voluntary organisations' right to engage in campaigning is secure. And further, stronger emphasis has been placed on the importance of their involvement in local public and social policy processes.

The government's agenda surrounding the devolution of powers to local areas has been gathering momentum over the last year. This has raised the stakes on the importance of voluntary organisations and public bodies working well together. There are some positive signs: 31% of TSOs agree that local public sector bodies are giving them more notice about new initiatives that affect them.

On balance, however, many TSOs feel that public agencies have become less receptive to their arguments. In 2019, for example, 54% of voluntary organisations felt that local public sector bodies acted upon their opinions and responses to local consultations – now that stands at 43%.

As Third Sector Trends analysis proceeds, area studies will look at variations in productive engagement between the local voluntary sector and the public sector. That will not be easy in a fluid local social and public policy environment as currently, there is a mix of well-established mayoral combined authorities in some areas while others have only very recently been founded. In many areas negotiations about local government reorganisation are still taking place.

The reorganisation of local government (and parallel changes mooted for NHS Integrated Care Board boundaries) has the potential either to enhance or upset relationships with the voluntary sector. When large areas are split, for example, into separate unitary authorities, long-standing relationships and established protocols can be disrupted.

The complexities and costs associated with working across public authority and health sector geographies may undermine the commitment of some TSOs to continue working in the field of public service delivery. But a more acute problem is that the financial value of such contracts is often insufficient to meet the full cost of delivery.

Third Sector Trends data clearly demonstrates that despite present and previous government efforts to incentivise and help prepare voluntary organisations to engage in the delivery of public services under contract, their interest continues to weaken.

Participation of smaller-sized voluntary organisations in bidding for and delivering public service contracts has never been especially strong and has declined steeply from 29% in 2013 to 9% now. Conversely, 64% of bigger TSOs (with income from £1m-£5m) stayed involved in delivering contracts between 2013 and 2019. That commitment collapsed during the Covid-19 pandemic to 50% and has fallen steeply to 42% in 2025.

Political enthusiasm to involve voluntary organisations in the delivery of public services under contract remains strong and government has produced new guidelines to smooth procurement processes and set targets for the engagement of voluntary organisations (and small and medium sized businesses) in this field of work.

It seems unlikely that this will make much difference. A decade ago, 24% of voluntary organisations were 'ambivalent' about getting involved in public service contracts due to lack of information, the need for support of perception or barriers to engagement; only 14% feel that way now – indicating a hardening of opposition to contract working.

In 2022, TSOs were withdrawing from this field of work because contract values were too low to meet the full cost of delivery (especially in a context of rising costs and difficulties in retaining and recruiting staff). In 2025 their problems have deepened as government has raised both the National Minimum Wage and Employer National Insurance Contributions.

The evidence presented in this report strongly suggests that raising the value of contracts to meet the full cost of delivering of public services by charities and social enterprises is the only way forward. Tinkering around the edges by smoothing procurement processes and offering support with capacity building will make only a marginal difference.

A concern remains that such arguments will be dismissed by ministers until that point is reached when, in the absence of voluntary sector involvement, their only remaining option is to instruct local councils' and the NHS to take statutory public services back in house – leaving government to deal with the fiscal consequences. Certainly, the longer that realisation takes, the harder it will become to re-engage voluntary organisations once their interest and capacity to do this work is lost.

5.4 Next steps

The second report in a series from Third Sector Trends will address the issue of people resources in the voluntary sector. It will focus on the following issues;

- ***The estimated size and distribution of the labour force in the voluntary sector*** (including employees, volunteers and trustees) will be presented by regions. An assessment of the scale of labour market challenges using comparative evidence from 2022 and 2025 will explore where problems are the most and least evident.
- ***How the voluntary sector invests in its people through training and staff development***. The study will include analysis of the sources of various aspects of training and organisational development, stratified by organisational types and spatial distribution. Tentatively, links between investment in people and organisational success will be examined.
- ***The trials and tribulations of organisational leadership*** will be explored firstly by producing comparative organisational, spatial and time-series statistics on the biographical characteristics of leaders. The experience of leadership will be examined with reference to new questions on the 'excitement' and 'worries' leaders share about their strategic and managerial roles.

- ***The financial and added social value that 'people energy' in the voluntary sector produces*** will be calculated using the established Third Sector Trends statistical model devised for this purpose.

It is expected that this report will be published in late November 2025. Subsequent reports will focus upon:

- ***The financial wellbeing of voluntary organisations*** (January 2026).
- ***Area-based comparative analysis of voluntary sector structure and dynamics*** (February 2026).
- ***Voluntary sector vitality and impact on community wellbeing*** (March 2026).

NOTES

Community Foundation North East

https://www.communityfoundation.org.uk/