



# **Third Sector Trends in England and Wales 2025**

Technical paper on sector structure and  
analytical techniques [third edition]



**December 2025**

## About the Author

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

<https://www.stchads.ac.uk/category/research/>

## Third Sector Trends Study

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

The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Lloyds Bank Foundation England and Wales, WCVA and Millfield House Foundation.

More information about Third Sector Trends can be found here:

[Third Sector Trends in England and Wales - St Chad's College Durham](https://www.stchads.ac.uk/category/research/)

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

Policy&Practice  
St Chad's College  
Durham University  
18 North Bailey  
Durham DH1 3RH

<https://www.stchads.ac.uk/category/research/>

December 2025



# Contents

## Acknowledgements

<b>Introduction</b>	<b>4</b>
<b>Section 1 Definition of the third sector</b>	<b>6</b>
1.1 What is the third sector and where does it reside?	
1.2 Defining third sector organisations	
1.3 The Third Sector Trends Combined Register	
<b>Section 2 Sector structure</b>	<b>18</b>
2.1 Population and distribution of organisations	
2.2 Organisational size and characteristics	
2.3 Sector income	
2.4 Organisational density by area affluence	
2.5 Spatial range of organisational activity	
<b>Section 3 Sector energy</b>	<b>27</b>
3.1 Employee estimates	
3.2 Methodology to produce estimates	
3.3 Regional employment estimates	
3.4 Adjustments to current labour market conditions	
3.5 Regular volunteers estimates	
<b>Section 4 Sector purpose, beneficiaries and impact</b>	<b>38</b>
4.1 Sector purpose and beneficiaries served	
4.2 Perceptions of impact	
4.3 Impact interactions	
<b>Section 5 Sector impact</b>	<b>50</b>
5.1 How to value sector activity	
5.2 The limitations of assessing impact attribution	
5.3 Financial impact indicators	
5.4 Understanding third sector impact	
5.5 How can sector value be assessed?	
5.6 The accumulation of value	
<b>6 Next steps</b>	<b>67</b>

## Acknowledgements

In 2025, I'd like to acknowledge *Community Foundation North East*, *Lloyds Bank Foundation England and Wales*, *Wales Council for Voluntary Action* and *Millfield House Foundation* for investing in the research.

It being a long running study, there have been many people involved as researchers. I'd particularly like to acknowledge Fred Robinson, Peter van der Graaf, Victoria Bell, Judith Watson and David Kane who were heavily involved in the study in its early stages. More recently, Tanya Gray and Jonathan Wistow have been instrumental in developing the study. I'd also like to acknowledge the following people, then working in foundations supporting the study, for introducing new ideas for analysis: Simon Thorington (on sector borrowing), Suzanne Perry and Ailbhe McNabola (on issues surrounding social and community enterprise and TSOs' perceptions of social impact).

The section in this report on how to assess sector impact emerged from a project in Yorkshire and Humber. I'd like to thank Jo-Anne Baker, James Brown, James Flanagan, Gary Sainty, Karen Smith, Ruth Speare and Ruth Willis for their insights (and forbearance) as this was a difficult project to think through. Subsequent development of the statistical model on sector energy and impact was developed with Martin Brookes when trying to assess the impact of government changes to National Insurance contributions.

In defining the purpose and the intricacies surrounding the design of the survey in 2025, I'd particularly like to thank Stephen Barnett, Jo Curry, Mark Freeman, Adam Lopardo, Hannah Mackay-Christie, Suzanne Perry, Mark Pierce, Matt Roche, Cullagh Warnock and Natalie Zhivkova and many others who helped in the piloting of the questionnaire.

And that's just scratching the surface when taking account of the hundreds of organisations such as local infrastructure bodies, community foundations and of course the many thousands of people who have generously responded to the survey over the years and shared their ideas.

## Introduction

The original version of this working paper, published in 2020, developed a set of baseline benchmarks and multipliers on sector size, structure and dynamics for use in subsequent analysis of the local third sector using Thirds Sector Trends survey data and a combined register of third sector organisations (TSOs). The paper was revised and its scope extended in 2022.

This working paper now needs to be updated following the collation of a new combined register and the latest round of survey evidence collected across England and Wales in 2025. This is very much a live document and may be amended from time to time – notes will be appended at the end of the introduction if changes are made should readers have used an earlier edition.

Reportage of Third Sector Trends findings are available in the formal triennial survey reports and may differ from those presented here, for example, if previous survey data are used for illustrative purposes, or if preliminary analysis was done mid-survey.

The paper has several sections. The content and purpose of each is briefly described below.

### **Section 1: Definition of the third sector**

This section provides a working definition of the third sector as used in all subsequent reports together with a definition of civil society within which most third sector activity is located.

### **Section 2: Sector structure**

Using combined register and 2025 survey data, basic structural analysis is presented on the size of the sector as a whole and in aggregated format by TSOs, legal form, organisational size, location and spatial reach.

### **Section 3: Sector energy**

The purpose of this section is to provide detailed explanation of how the sector workforce is defined and its size estimated. Analytical techniques are presented to produce estimates for TSOs' employees and regular volunteers.

### **Section 4: Sector purpose**

Defining the purpose of the third sector is complex due to the pluralistic nature of its values and variations in the types of organisations which deliver activity. Register and survey data are used to examine interactions between discrete areas of purpose.

### **Section 5: Sector impact**

Assessing sector impact is a complex problem as there are many ways of considering the value of the voluntary sector's work. This section explains the approach taken by Third Sector Trends and provides basic findings on current sector impact.

# Section 1

## Definition of the third sector

### 1.1 What is the third sector and where does it reside?

The terms ‘third sector’ and ‘third sector organisation’ (TSO) are widely recognised internationally by academics and policy makers and are adopted consistently in this report to avoid confusion.

It is recognised, however, that there are other widely used terms for the sector such as the ‘*voluntary sector*’, ‘*social sector*’, ‘*non-profit sector*’, ‘*charity sector*’, ‘*civil society sector*’, ‘*voluntary, community and social enterprise sector*’ (which is sometimes also extended to *VCFSE sector* to include faith organisations). In turn, individual entities are described as *non-profit organisations*, *voluntary organisations*, *social enterprises*, *charities*, *civil society organisations* and *VCSE/VCFSE organisations*.

The ‘**third sector**’ is constituted by TSOs which share a set of similar characteristics, while ‘**Civil society**’ is the ‘place’ or ‘domain’ within which the third sector resides.<sup>1</sup> As such, this study broadly follows an approach by Evers and Laville (2004) to conceptualise civil society as being located centrally but separately from three other core sectors in society – whilst recognising that boundaries can be blurred because there are many cross-overs and much interaction between civil society, the state, private sector and private life (see Figure 1)

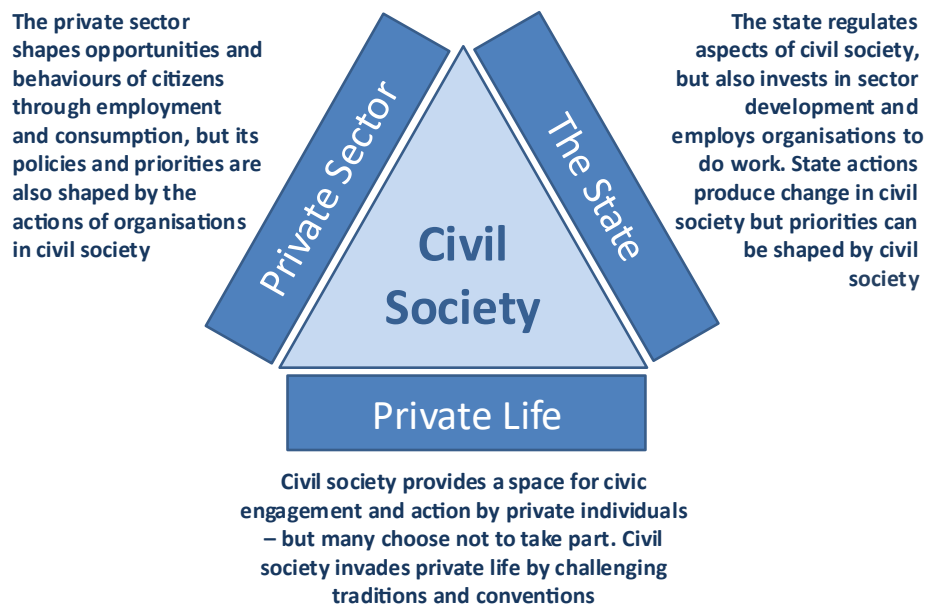
Definitions of the third sector and civil society are endlessly contested because each has ‘fuzzy’ boundaries.<sup>2</sup> This is why, from the perspective of many TSOs, it is often easier to define what they *are not* rather than what *they are*:

- TSOs differentiate themselves from private-sector companies because they are not driven primarily by financial profitability – instead they prioritise the creation of social, cultural or environmental value. That does not mean that TSOs cannot operate in ‘businesslike’ ways and produce a surplus (or profit) to reinvest in socially oriented activity.
- TSOs distinguish themselves from private individuals because they have come together with a shared interest to achieve a mission which transcends notions of personal self-interest. That does not mean that people in the third sector cannot benefit from their engagement financially (through the paying of their wages) or terms of gaining social status and/ or strengthening social capital.

---

<sup>1</sup> The definition of civil society has been the subject of academic debate for many years. Consensus on an exact definition of civil society is elusive, but most commentators agree that civil society is different from the state and necessarily must be separate. As an entity, civil society is sustained through the existence of relationships which are built on trust and reciprocity rather than formal or legal constraints. It provides informal mechanisms for conflict resolution, problem solving and co-operation. In sum, civil society provides the arena within which voluntary action flourishes, often to the benefit of society as a whole but also to the benefit of individuals and interest groups which both gain and can inject social capital into civil society through their association.

<sup>2</sup> This section is a shortened version of a report on the role of charitable trusts and foundations which support TSOs. See Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle upon Tyne: Community Foundation North East: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

Figure 1.1 Civil society as the 'place' where the third sector resides<sup>3</sup>

- TSOs position themselves as independent entities which are separate from the state – often claiming that they exist to remedy problems that have gone unrecognised, been ignored or even caused by government. But that does not mean that people working in third sector have a monopoly over socially beneficial activity.

Within the domain of civil society, the third sector has the capacity to *advance, ameliorate or resist* changes brought about by the market, state or private individuals – it also *produces* change by challenging the status quo and effecting new ways of tackling issues.

As such, the third sector is not single-minded in its purpose and it is not structured systematically. On the contrary it is a pluralistic entity which is full of imaginative, creative, committed, ambitious and determined people who want to get things done their own way about issues which are important to them.

Consequently, competition to win influence and resources is intense. All organisations and groups make 'claims' about the value of their work and believe that the cause they champion is as or more important than those pursued by other TSOs. This makes it virtually impossible for the third sector as a whole to agree on priorities apart from that of sustaining their right to organise and act as they choose within the realm of civil society.

No matter how the third sector and its component parts are defined, and no matter how it attempts to distinguish its role from other sectors – the fact remains that nothing stands still socially, politically, culturally or economically. Always, the third sector is in a state of flux.

<sup>3</sup> This model of civil society is developed from work by Evers, A. and Laville, J. L. (2004) 'Defining the third sector in Europe' in A. Evers and J.L. Laville (eds.) *The third sector in Europe*, Cheltenham: Edward Elgar Press. A more recent and potentially influential contribution defines civil society as a 'third pillar' alongside the state and private sector. This analysis is unconvincing as it pays insufficient attention to the blurred boundaries between sectors and over-stresses the physical scale and extent of homogeneity of the 'third pillar'. See Rajan, R. (2019) *The Third Pillar: the revival of community in a polarised world*, London: William Collins.

## 1.2 Defining third sector organisations

The current UK Government definition of the ‘civil society sector’ (i.e. the third sector) is relatively loose and imprecise:

***“The civil society sector covers charities, voluntary organisations or trusts, social enterprises, mutuals and community interest companies. The civil society sector is not like a traditional industry and therefore data is not readily available in the usual data sources. Where possible, data is provided from official sources and the definition used varies.”***<sup>4</sup>

Aligning with the *International Classification of Nonprofit Organisations* (ICNPO),<sup>5</sup> NCVO adopts a more precise definition of what constitutes ‘voluntary sector’ organisations for the UK Civil Society Almanac:

***“Our working definition. In the Almanac, the voluntary sector includes organisations that have six common features. While we recognise that there is no perfect term or definition, the Almanac focuses on organisations that meet the following criteria.***

- ***Formality: they are formalised and institutionalised to some extent, with a recognisable structure, and a constitution or a formal set of rules.***
- ***Independence: they are separate from the state and private sector.***
- ***Non-profit distributing: they do not distribute profits to owners or directors but reinvest them in the organisation or use them for the benefit of the community.***
- ***Self-governance: they are truly independent in determining their own course.***
- ***Voluntarism: they involve a meaningful degree of voluntary participating through having, for example, a trustee board, volunteers, and donations.***
- ***Public benefit: they have social objectives and work to benefit the community.***<sup>6</sup>

Third Sector Trends aligns fully with this definition.

---

<sup>4</sup> HM Government Department for Culture, Media & Sport. ‘DCMS Sectors economic estimates definitions’ (most recent update 31<sup>st</sup> July 2025) <https://www.gov.uk/government/publications/dcms-sectors-economic-estimates-methodology/dcms-sector-economic-estimates-methodology>. It is stated, under the definition of the civil society sector that ‘For more information about the definition used in each statistical release, see the technical report published alongside the release’, however, the civil society sector is not discussed in the technical report on definitions as it crosses the boundaries of standard industrial classifications: <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F688b968364845ffe80890c4%2FDCMS-Sector-Subsector-SIC-Definitions.ods&wdOrigin=BROWSELINK>

<sup>5</sup> See Salamon, L. and Anheier, H. (1996) *International classification of nonprofit organisations*, Baltimore: Institute for Policy Study, Johns Hopkins University. [https://asauk.org.uk/wp-content/uploads/2018/02/CNP\\_WP19\\_1996.pdf](https://asauk.org.uk/wp-content/uploads/2018/02/CNP_WP19_1996.pdf)

<sup>6</sup> NCVO (2025) How do we define the voluntary sector? <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2021/profile/voluntary-sector-definition/>

## 1.3 The Third Sector Trends Combined Register

The Third Sector Trends study uses a relatively broad definition of the types of organisations to be included in the study which aligns with those of NCVO and the ICNPO - but most notably, *demands* that such organisations are formally constituted and are included in one or more of the appropriate national registers as defined below. The combined register only includes organisations which are based in England and Wales.

### **Charity Commission Register**

Registered charities constitute the majority of organisations within the Third Sector Trends Combined Register. The population of charities totalling 160,291 in the database are enumerated as follows

#### ■ **Registered Charities**

- Charitable Company: 29,581
- Trust: 19,881
- Previously excepted 3,166
- Other general charities: 75,872

#### ■ **Charitable Incorporated Organisations: 31,991**

By comparing 2020 and 2025 Third Sector Trends Combined Registers, it is clear that there have been some significant changes in sector structure (see Table 1.1). The percentage of *Registered Charities* has reduced from 70% to 64% of the third sector while the more recently established legal form, *Charitable Incorporated Organisations* (CIOs), have grown from 10% to 16% of the sector.

Charities tend to constitute a larger proportion of TSOs in the East Midlands, East of England, South East England and South West England. CIOs are fairly evenly distributed across English regions – in Wales there is a slightly higher proportion.

### **Register of Community Interest Companies**

Community Interest Companies (CICs) constitute a relatively new legal form about which the Regulator of CICs produces an annual report.<sup>7</sup> In 2005, the first year of registration, only 208 CICs were entered onto the register. This has accumulated over the years to 37,081 in the UK by 2025.

CICs are a special type of limited company which exist to benefit the community rather than private shareholders. Specific guidance has been provided on the criteria required for setting up a CIC, but the essential difference from registered charities is that *directors* (as opposed to *trustees*) can be paid.<sup>8</sup>

***“A CIC operates in the same way as any other company. It has all the well understood characteristics of a limited company such as a separate legal identity; the ability to enter into contracts and own assets in its own name; and flexibility in borrowing and fund raising. The separate legal identity means that a CIC will continue to exist despite changes in ownership or management. The directors can be paid or unpaid and have the same rights and duties as any other directors.”***

<sup>7</sup> See Regulator of Community Interest Companies (2025) *Annual Report 2024-25*, Cardiff: Office of the Regulator of Community Interest Companies. <https://www.gov.uk/government/publications/community-interest-companies-regulator-annual-report-2024-to-2025>

<sup>8</sup> <https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic>

Table 1.1    Distribution by legal form of organisations in Wales and English regions comparing 2020 and 2025 combined registers												
	Charities		Charitable Incorporated Organisations		Community Interest Companies		Registered Societies		Community Amateur Sport Clubs		Count of registered organisations	
	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020
North East England	54.3	(60.3)	16.3	(10.8)	19.4	(17.2)	6.5	(8.0)	3.6	(3.7)	7,134	(6,922)
North West England	59.7	(66.1)	14.9	(9.8)	17.9	(15.4)	4.2	(5.1)	3.3	(3.6)	20,755	(20,095)
Yorkshire and Humber	61.0	(67.8)	16.9	(11.0)	13.4	(11.0)	5.0	(6.3)	3.6	(3.9)	15,057	(14,568)
East Midlands of England	66.2	(72.3)	14.2	(9.7)	12.3	(10.1)	3.7	(4.3)	3.6	(3.6)	14,646	(14,491)
West Midlands of England	61.4	(67.9)	14.5	(8.8)	17.0	(14.9)	4.2	(5.1)	3.0	(3.2)	17,501	(16,751)
East of England	69.4	(75.4)	13.8	(9.0)	10.4	(8.5)	3.0	(3.6)	3.4	(3.5)	22,108	(21,610)
London	63.0	(70.6)	17.2	(12.0)	15.9	(12.7)	2.8	(3.4)	1.2	(1.3)	38,861	(38,485)
South East England	66.9	(72.5)	15.0	(10.2)	10.7	(9.4)	3.4	(3.9)	4.1	(4.0)	33,979	(33,353)
South West England	64.1	(70.0)	14.1	(8.7)	13.9	(12.4)	4.1	(4.9)	3.7	(3.9)	24,426	(23,683)
Wales	59.9	(67.1)	19.1	(13.7)	12.1	(9.8)	5.4	(6.1)	3.5	(3.4)	10,533	(10,041)
England and Wales	63.6	(70.1)	15.5	(10.3)	14.0	(11.8)	3.8	(4.6)	3.1	(3.2)	205,000	(200,000)

There were 29,826 CICs registered in England and Wales when the Third Sector Trends Combined Register database was finalised in March 2025.

In 2020, CICs constituted 12% of the third sector, in 2025 that has risen to 14%. CICs tend to be more prevalent in London, North West England, North East England and the West Midlands.

## ***Public Mutuals Register***

The Public Mutuals Register lists organisations governed by the Financial Conduct Authority. The register provides detail only of the organisation's name and address which means that the data are of limited use analytically.

The register lists 30,735 organisations – however only a minority are active: 20,955 were recorded as 'de-registered'. 424 organisations on the register were listed as under a 'cancellation notice' 'dissolving', 'in administration', 'in liquidation' 'in receivership', 'transferred engagements' or 'winding up'.<sup>9</sup>

The most numerous categories of active organisations include the following legal forms.

- **Community Benefit Societies:** 1,341 registrations (formerly Industrial and Provident Societies).
- **Cooperative Societies:** 551 registrations.
- **Credit Unions:** 155 registrations.
- **Registered Societies:** 5,283 registrations.
- **Working Men's Clubs:** 642 organisations.

Registered societies are more common in historically industrial areas of Northern England, the West Midlands and South Wales. Currently there are 8,166 active organisations in the Third Sector Trends Combined Register. That represents a fall from 5% of the third sector in 2020 to 4% in 2025.<sup>10</sup>

## ***Community Amateur Sport Clubs Register***

The current edition of the Third Sector Trends Combined Register has identified 6,650 Community Amateur Sport Clubs in England and Wales.<sup>11</sup> CASCs are defined as TSOs because qualifying conditions include, amongst other things, a requirement to be open to the whole community and be organised on an amateur basis with its main purpose being 'the provision of facilities for, and the promotion of participation in, one or more eligible sports'. Under the Charities Act 2011, CASCs cannot also register as a charity, but can deregister as a CASC if they wish to do so.

<sup>9</sup> The Mutuals Public Register is available here: [Mutuals Public Register \(fca.org.uk\)](https://www.fca.org.uk/public/mutuals-public-register).

<sup>10</sup> Some types of Registered Societies were excluded from the first version of the Combined Register in 2020, but have been retained in 2025 for future reference but are not used in analysis (including those established to serve the financial interests of their members: 'benevolent societies', 'building societies', 'friendly societies', 'loan societies', 'superannuation societies'). 'Working men's clubs' are also now retained and are included in analysis as there appears to be little tangible difference in their social purpose compared with, say, a theatre or an opera house (which are generally registered as charities). In both types of organisations, people get dressed up for a night out, to see their friends and 'be seen' by others. Commonly drawn distinctions between 'high culture' and 'low culture' are not, therefore, subscribed to in this context.

<sup>11</sup> The CASC register is available here: <https://www.gov.uk/government/publications/community-amateur-sports-clubs-casc-registered-with-hmrc--2> The most recent available estimates derive from a 2021 report: <http://www.cascinfo.co.uk/>. HMRC definitions, qualifying conditions and taxation rules of CASCs can be observed here: <https://www.gov.uk/government/publications/community-amateur-sports-clubs-detailed-guidance-notes/community-amateur-sports-clubs-detailed-guidance-notes#become-a-community-amateur-sports-club>

The number of CASCs has remained about the same between 2020 and 2025. They are spread fairly evenly across Wales and English regions with the exception of London where numbers are proportionately smaller.

## Other types of organisations

### Faith Groups

There are no reliable data sources to determine how many charities (or other legal forms) are faith-based or faith-led. Similarly, it is not known how many faith groups which are closely associated with or integrated into faith organisations which are active, but are unregistered, which contribute to civil society. In the Third Sector Trends benchmarking exercise undertaken by Southampton University, an attempt was made to map these organisations. They constituted 4.3% of active TSOs in North East England but it is likely that a growing proportion are now registered with the Charity Commission.<sup>12</sup>

### Companies Limited by Guarantee / Shares

Many TSOs are registered as charities and also as Companies Limited by Guarantee/ Shares. In the Third Sector Trends data set in 2022, 28.6% of registered charities were also registered as CLG/Ss; but only 12% of CLG/Ss were not registered as charities.<sup>13</sup> The majority of these organisations are quite large (more than 50% have income above £250,000). Fewer than 5% of micro or small organisations are registered as CLG/Ss.<sup>14</sup>

## Exclusions

Third Sector Trends does not include several types of registered organisations which other studies may consider to be part of the third sector. These exclusions include **trade unions**, **political parties** and **trade associations** because these organisations are more likely to serve 'sectional interests' purposefully at the potential expense of others.

While many businesses have social objectives, most pursue financial profit as a principal objective if they are to survive and thrive. Consequently, all **private sector businesses** (including or 'for-profit' worker cooperatives/ partnerships) are excluded.

**NHS hospital trusts** and **universities** can make a significant contribution to economy and society but they are excluded from the analysis (although these organisations are retained in the CCR database for future analysis). Semi-autonomous Non-Departmental Public Bodies (NDPBs) which are state-funded entities such as **research councils** and the **Care Quality Commission** are also excluded.<sup>15</sup>

---

<sup>12</sup> Defining the range of faith-based organisations and how they are registered or regulated is beyond the scope of this study. Having access to such data would be invaluable, but undoubtedly difficult to classify as the range of faith organisations is substantial, see for example: [https://en.wikipedia.org/wiki/List\\_of\\_religious\\_organizations](https://en.wikipedia.org/wiki/List_of_religious_organizations). For a useful report on Christian faith organisations' activity in this field, see *Church in action: a national survey of Church-based social action* (2018) Church Urban Fund/Church of England. [Church In Action: A National Survey Of Church-Based Social Action - CUF](https://www.cuf.org.uk/publications/church-in-action-a-national-survey-of-church-based-social-action)

<sup>13</sup> The mapping exercise undertaken by Kane, D. and Mohan, J. (2010) *Mapping registered third sector organisations in the North East*, Newcastle-upon-Tyne, Northern Rock Foundation: <https://www.nr-foundation.org.uk/downloads/Mapping-TSOs-in-NE.pdf> indicated that 10% of TSOs were CLGs that were not also registered charities.

<sup>14</sup> Some TSOs are registered as Companies Limited by Shares but they are currently few in number.

<sup>15</sup> The Cabinet Office defines a non-departmental public body (NDPB) as a "body which has a role in the processes of national government, but is not a government department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from ministers". See: <https://www.gov.uk/guidance/public-bodies-reform#:~:text=A%20non%2Ddepartmental%20public%20body,at%20arm%27s%20length%20from%20ministers%E2%80%9D>. A more substantive discussion of such bodies can be downloaded here: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/663615/PublicBodies2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663615/PublicBodies2017.pdf). Producing a definitive list of NDPBs or similar organisations has become increasingly complex as several such bodies have been

While Third Sector Trends has become more *open* in the way it collates and includes data on registered TSOs (such as the inclusion of Working Men's Clubs), other studies have moved in the opposite direction.

*My Cake*,<sup>16</sup> for example was recently established to use available financial data to assess the contribution of the third sector to the civic strength of localities. As with Third Sector Trends and the NCVO *UK Civil Society Almanac*, a broadly based definition of TSOs is defined which also aligns with the *International Classification of Nonprofit Organisations* (ICNPO).<sup>17</sup>

Given its close focus on local area social impact, *My Cake* employs a wider range of exclusions from its analysis than Third Sector Trends. These include, for example, organisations which work overseas because they do not make a tangible contribution to local wellbeing while Third Sector Trends has reversed its previous approach and now includes them because it is interested in the dynamics of the local sector broadly defined even if purpose and impact is directed elsewhere.

Those organisations which work on a wider spatial level within the UK are also excluded in some cases. This is explicable because it is hard to determine, without robust survey evidence, what proportions of area-based organisations contribute to the locality. Consequently *My Cake* removed almost two thirds (61%) of organisations in their analysis of the social impact of the third sector in London.<sup>18</sup>

Like Third Sector Trends, *My Cake* recognises from its associated qualitative work that limiting analysis to registered organisations could under-estimate the role of local unregistered organisations. However, the scope to do that is severely limited as discussed in the section below on those informal groups that sit 'below the radar' of formal registers.

## **Comparing 2020 and 2025 combined registers**

Making comparisons between the two registers is complex and potentially unproductive because, as noted above, several changes have been made in the construction of the 2025 version. Irrespective of these adjustments, when combined registers are compared by organisational size or region – they are remarkably similar as shown in Tables 1.2 and 1.3.

When comparing combined registers on the basis of income distribution, again, they are remarkably similar.<sup>19</sup> There is likely to have been some mobility between categories as some organisations experience significant growth and others decline. Furthermore, there will be an inflationary effect where a small number of organisations move into adjacent categories.

The analysis of Third Sector Trends survey data generally adopts a five category income scale. Using combined register data, these categories are compared for 2020 and 2025 (Table 1.4). The distribution is broadly similar, although there is a slightly higher proportion of the biggest organisations which, in income terms, may need to be taken into account when interpreting findings.

---

redefined as charitable organisations such as British Waterways which in England is now known as the Canal and River Trust (see: <https://www.gov.uk/government/news/over-1-billion-investment-secures-future-of-new-waterways-charity>).

<sup>16</sup> Wilding, K., Thelwall, S., Kane, D. and White, K. (2024) *The contribution of the voluntary and community sector and grant making to London's civic strength*, London: My Cake: <https://mycake.org/news/the-contribution-of-the-voluntary-and-community-sector-and-grantmaking-to-lon-don-s-civic>

<sup>17</sup> See Salamon, L. and Anheier, H. (1996) *ibid*,

<sup>18</sup> There is a strong case for that in London as Third Sector Trends area statistical modelling works much less well in London than it does in other English regions and Wales because the London sector, taken as a whole, works across much wider spatial areas both in the UK and abroad. In the regions, exclusions would likely be more limited.

<sup>19</sup> The patterns of income distribution are based on scaled-up CCR data as no such data are available for CASCs, CICs and Registered Societies.

**Table 1.2 Comparison of 2025 and 2020 Third Sector Trends Combined Registers in Wales English regions and Wales**

	Third Sector Trends Combined register 2020	Third Sector Trends Combined register 2025	Percentage distribution by Wales and English region 2020	Percentage distribution by Wales and English region 2025
North East England	6,922	7,134	3.5	3.5
North West England	20,095	20,755	10.1	10.1
Yorkshire and Humber	14,458	15,057	7.2	7.3
East Midlands of England	14,491	14,646	7.2	7.1
West Midlands of England	16,751	17,501	8.4	8.5
East of England	21,610	22,108	10.8	10.8
London	38,485	38,861	19.3	19.0
South East England	33,353	33,979	16.7	16.6
South West England	23,683	24,426	11.8	11.9
Wales	10,041	10,533	5.0	5.1
<b>England and Wales</b>	<b>200,000</b>	<b>205,000</b>	<b>100.0</b>	<b>100.0</b>

**Table 1.3 Comparison of 2020 and 2025 Third Sector Trends Combined Registers by income categories**

Income categories	2020	2025	2020	2025
Income up to £2,000	28,400	29,315	14.2	14.3
£2,0001 - £5,000	22,000	20,500	11.0	10.0
£5,001 - £9,999	18,400	23,370	9.2	11.4
£10,001 - £24,999	42,000	36,695	21.0	17.9
£25,001 - £49,999	14,800	21,525	7.4	10.5
£50,001 - £99,999	21,800	20,705	10.9	10.1
£100,001 - £249,999	23,600	23,165	11.8	11.3
£250,001 - £499,999	11,200	11,070	5.6	5.4
£500,001 - £999,999	6,800	6,970	3.4	3.4
£1 million - £5 million	7,600	7,790	3.8	3.8
£5 million - £25 million	2,800	2,870	1.4	1.4
Over £25 million	800	820	0.4	0.4
<b>England and Wales</b>	<b>200,000</b>	<b>205,000</b>	<b>100.0</b>	<b>100.0</b>

Table 1.4 Population of registered organisations by five categories

	Number of TSOs in each category		Percentage population in each category	
	2020	2025	2020	2025
Micro TSOs (£10,000 or below)	70,098	73,553	35.0	35.9
Small TSOs (£10,001 to £50,000)	57,744	58,389	28.9	28.5
Medium TSOs (£50,001 to £250,000)	46,180	44,147	23.1	21.5
Larger TSOs (£250,001 to £1m)	18,251	18,120	9.1	8.8
Big TSOs (£1m to £25m)	7,728	10,791	3.9	5.3
<b>England and Wales</b>	<b>200,000</b>	<b>205,000</b>	<b>100.0</b>	<b>100.0</b>

## Unregistered organisations

It is not known for certain how many organisations and groups sit 'below the radar' of registers in England and Wales. Many local infrastructure organisations (such as Councils for Voluntary Service) claim to hold extensive listings of local members or associates which enumerate many more groups than can be identified on registers.

Academic study on the characteristics, purpose and social value produced by such societies, organisations or groups has been undertaken,<sup>20</sup> but firm empirical evidence to affirm how many informal organisations exist and where they tend to be concentrated remains extremely illusive.

Third Sector Trends undertook the most detailed study to date to estimate the proportion of groups which operated below the radar in 46 local authorities in Cumbria, Yorkshire and Humber and North East England in 2008. From this work it was determined that there was an average of 3.66 below the radar groups per 1,000 population.<sup>21</sup> This equates to 1.29 below the radar groups for every registered organisation.<sup>22</sup>

More recent research for *Local Trust* by NCVO and 360Giving has drawn a distinction between more structured unregistered organisations (which are in a position, for example, to apply for grants) and informal groups such as reading groups or small scale tool shares. The evidence suggests that some unregistered groups operate in a sufficiently similar way to registered micro TSOs that they should be incorporated into sector estimates.

<sup>20</sup> See, for example, McCabe, A. and Phillimore, J. (2009) Exploring below the radar: issues of theme and focus, Birmingham, *third sector Research Centre Working Paper no. 8*: <https://www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/tsrc/working-papers/working-paper-8.pdf>. A second collection of observations related to this study was published with critical commentary on what defined such informal groups. Qualitative analysis had much to say about the experience, purpose and potential social benefit produced by such groups but avoided speculation on their number. See: McCabe, A. (2018) Ten years below the radar: reflections on voluntary and community action 2008-2018, Birmingham, *third sector Research Centre Working Paper no. 143*. <https://www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/tsrc/working-papers/10-years-below-the-radar-final.pdf>

<sup>21</sup> Mohan, J., Kane, D., Wilding, K., Branson, J. and Owles, F. (2010) *Beyond 'flat earth' maps of the third sector*, Newcastle-upon-Tyne: Northern Rock Foundation: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/NRF-TST-Report-Beyond-Flat-Earth.pdf>. The summation of area statistics was undertaken using all three Third Sector Trends Mapping reports for Cumbria, Yorkshire and Humber and North East England which listed 23,526 registered organisations in an area with a population of 8.3m people. See also, McCabe, A., Phillimore, J. and Mayblin, L. (2010) 'Below the radar' activities and organisations in the third sector: a summary of the literature, Birmingham, TSRC Working paper no. 23; and Soteri-Proctor and Alcock, P. (2012) 'Micro mapping: what lies beneath the third sector radar?' *Voluntary Sector Review*, vol. 3, No. 3.

<sup>22</sup> In Third Sector Trends surveys, all organisations and groups are welcome to join the study by invitation from the researchers (using registered listings), funding bodies (such as trusts and foundations), public bodies (such as local authorities and NHS Trusts) and local infrastructure organisations (at regional or local authority/district level) which hold listings.

*Local Trust* estimate that there are between 200,000 - 300,000 below the radar groups. Around 13,000 of which received grants between 2016-19.<sup>23</sup> Third Sector Trends would suggest a similar number using the 1.29 multiplier (amounting to around 264,000 groups in England and Wales). Such estimates are plausible, but their use remains contentious as it is not known whether they are comparable with registered organisations because nothing is known about what they do, how big they are, what they achieve, whose interests they serve, how long they have been established, where they are concentrated spatially or if their proportions vary in areas of wealth or deprivation.

During the Covid-19 pandemic, there were some indications that *mutual aid groups* had been effective in tackling a wide range of issues such as social isolation and homelessness. Mutual aid groups have been defined as:

***“A mutual aid group is a volunteer led initiative where groups of people in a particular area join together to support one another, meeting vital community needs without relying on official bodies. They do so in a way that prioritises those who are most vulnerable or otherwise unable to access help through regular channels.”***<sup>24</sup>

*Local Trust* has estimated that there are around 4,300 mutual aid groups in the UK which marshal the efforts of up to 3 million volunteers who provide support for local communities. Furthermore, Covid-19 related researcher asserted that many of these groups and volunteers may continue to inject energy into their communities once the pandemic subsided – though not necessarily on the same issues.

While evidence is extremely patchy, keen interest is expressed by many sector representative bodies, think tanks and policy analysts to include unregistered societies and groups in sector estimates. That is not easy to do. Third Sector Trends, for instance, invites informal organisations to take part in its triennial surveys but response rates from unregistered groups are too small to report analytical findings with confidence.<sup>25</sup>

Previous difficulties associated with the accumulation of robust evidence on unregistered organisations has not dented enthusiasm to explore the issue. For example, a new study led by Exeter University and NAVCA has been set up to assess the value of the ‘voluntary sector *microbiome*’ which is defined, somewhat unflatteringly, as follows:

***“Using the metaphor of the ‘microbiome’ is a way to recognise both the number and importance of the smallest voluntary sector organisations. Anyone who takes a probiotic every day is probably familiar with the idea that our gut flora is important to our health. In fact, the human body has countless microorganisms living in and on us that contribute to the functioning of the whole human biophysical system. There are flora flourishing on and in our mouths, noses, airways, lungs, stomachs, colons, sexual organs, and skin. We don’t know they’re there, but they are essential. They help us digest, metabolise, and form a first line of defence.”***

---

<sup>23</sup> See: 360Giving and NCVO (2020) *Below the Radar: exploring grants data for grassroots organisations*, London: Local Trust: <https://localtrust.org.uk/wp-content/uploads/2020/08/Below-the-Radar-Report-HR.pdf>.

<sup>24</sup> See, for example, Power, A. and Benton, E. (2021) *Where next for Britain’s 4,300 mutual aid groups?*, London: London School of Economics: <https://blogs.lse.ac.uk/covid19/2021/05/06/where-next-for-britains-4300-mutual-aid-groups/>. The full academic article by the same authors ‘Community responses to the Coronavirus pandemic: how mutual aid can help’, is available here: <https://ppr.lse.ac.uk/articles/10.31389/lseppr.21/>. <https://covidmutualaid.org/> is the coordinating body, although not all mutual aid groups are registered here.

<sup>25</sup> Unregistered organisations are encouraged to take part in Third Sector Trends surveys by local infrastructure organisations such as those CVs which include them in their listings. Only 143 unregistered organisations completed the Third Sector Trends survey from a sample of 6,070 in 2022, which is insufficient to undertake analysis in any depth, in 2025 there were 223 unregistered groups.

The project has produced estimates about the number of ‘below the radar’ groups, stratified by, for example, NHS Integrated Care Board areas and top tier-local authorities although it is not clear how these estimates were arrived at and little is offered about where these groups are, what they do, how long they stay active, or how and whom they help. Nonetheless, that has not deterred the researchers from making strong claims about the potential of their work.

***“Innovation is critical. Bravery is a prerequisite. Some long-held assumptions about how things work will have to be let go of. But if we get it right, this is also a once-in-a-generation opportunity for individuals, communities, and voluntary sector organisations of all shapes and sizes nationwide to play an active part in improving the quality of life for all.”***<sup>26</sup>

In Wales, somewhat more pragmatically and convincingly, there has been substantial investment in collating more reliable, renewable and accessible information on registered and unregistered organisations, societies and groups by *third sector Support Wales* (TSSW). This is a network of 20 local and national infrastructure organisations working across Wales.

Information is made available and is fully searchable on the TSSW Knowledge Hub and is accessible using *Infoengine* – a directory of third sector services. As inclusion in the database is voluntary, it is currently incomplete and not yet suitable for reliable statistical analysis. But over time, this could become a valuable resource to assess the scale, viability, duration, purpose and impact of smaller informal groups.<sup>27</sup>

Ultimately, research teams have to decide what they want to achieve and ensure that this aligns with their level of tolerance of uncertainties surrounding the volume, depth and quality of data they are able to collect. In the case of Third Sector Trends, a definitive statement on sector size (to include unregistered organisations) is not a priority given the limited success of this in our own and several other well-resourced studies.

Instead, we remain more interested in producing baseline data on sector structure, income, expenditure, purpose from public registers so that aspects of sector dynamics can be explored further through robust survey data and, where appropriate, be scaled up fairly accurately to whole sector level.<sup>28</sup> The next section presents core data from the recently collated combined register which can subsequently be used to strengthen the analysis from Third Sector Trends survey data.

<sup>26</sup> Leyshon, C., James, S., Leyshon, N. Esmene, S. and Hopkinson, J. (2025) *The Value of the Voluntary Sector Microbiome in Integrated Care Systems*, Sheffield, NAVCA. [https://cdn.prod.website-files.com/65f03713c1b91171910c63a5/678f8aeacd60de009d78596b\\_Microbiome%20InDesign.pdf](https://cdn.prod.website-files.com/65f03713c1b91171910c63a5/678f8aeacd60de009d78596b_Microbiome%20InDesign.pdf) Estimates on the numbers of unregistered organisations devised by this project can be located here: <https://www.navca.org.uk/unseen-but-essential>

<sup>27</sup> TSSW website can be located here: <https://thirdsectorsupport.wales/>. The Knowledge hub can be located here: <https://knowledgehub.cymru/>. Access to infoengine is free but requires registration and once complete can be accessed here: <https://en.infoengine.cymru/how-to-searching-registering>.

<sup>28</sup> To do that with absolute confidence is never going to be possible. That is because there is a time lag before core information for newer charities becomes available on the Charity Commission Register when they produce annual reports which are then recorded in register statistics. Consequently (and unsatisfactory though this is), Third Sector Trends retains data from ‘removed’ charities for a period of twelve months in its database to counterbalance the lack of data from those which have been entered in the previous twelve months. This has involved drawing down the data first in March 2024 and then updating it in March 2025 to take note of new registrations (5,041) and removals (4,152). This means that the database is at least 4,000 organisations too high – but this is tolerable so that evidence on previous financial activity is retained to compensate for the lack of in the new starters in the last twelve months (and likely a great many more from the previous year). This level of refined, though flawed, sorting is not possible on other registers where it is necessary to accept register data as given on the date of collation.

## Section 2

# Sector structure

### 2.1 Population and distribution of organisations

The Third Sector Trends study is primarily concerned with the contribution of the third sector to social, economic and environmental wellbeing of localities. Consequently, the study does not report on data held on major charitable organisations with income above £25million. These data are available elsewhere as NCVO collate substantive data on the activities and resources of larger charities which is reported in their annual Civil Society Almanac.<sup>29</sup>

In England and Wales, it is estimated that there are about 205,000 registered TSOs. These organisations are not distributed evenly across Wales and English regions. Instead, as shown in Table 2.1 there is a higher concentration of TSOs per 1,000 members of the local population in more affluent regions such as South East England than is the case in poorer regions such as North East England.

	Estimated Number of TSOs	Percentage of TSOs in each region	Population in each region (1,000s) <sup>30</sup>	TSOs per 1,000 population
North East England	7,134	3.5	2,711	2.6
North West England	20,755	10.1	7,600	2.7
Yorkshire and Humber	15,057	7.4	5,594	2.7
East Midlands of England	14,646	7.2	4,991	3.0
West Midlands of England	17,501	8.6	6,086	2.9
East of England	22,108	10.8	6,469	3.4
London	38,861	19	8,945	4.4
South East England	33,979	16.6	9,483	3.6
South West England	24,426	11.9	5,811	4.2
Wales	10,533	4.9	3,164	3.2
<b>England and Wales</b>	<b>205,000</b>	<b>100.0</b>	<b>60,854</b>	<b>3.4</b>

<sup>29</sup> The most recent data from NCVOs Civil Society Almanac is available here: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/>. It was announced in November 2025 that NCVO had cancelled the launch of the 2025 version of the 2025: <https://www.civilsociety.co.uk/news/ncvo-delays-civil-society-almanac-publication-until-2026.html>

<sup>30</sup> Statista, 2023 <https://www.statista.com/statistics/294729/uk-population-by-region/#:~:text=Population%20of%20the%20UK%202023%2C%20by%20region&text=The%20population%20of%20the%20United,West%20England%20at%207.6%20million.>

## 2.2 Organisational size and characteristics

The Third Sector Trends study does not use precisely the same size categories as the Charity Commission or NCVO in its analysis. This is because the study has a strong focus on the local third sector where a majority of organisations have income below £1million. If these smaller organisations are not disaggregated into discrete definitional categories, it is not possible fully to understand how the sector is structured, how it works and how it achieves its objectives.

The use of these categories does not imply that they are completely separate and distinctive, but they are useful when making comparisons about organisational structure, functions, policy and practice preferences which inform analysis, interpretation, conclusions and recommendations.<sup>31</sup>

- **Informal organisations:** ‘micro TSOs’ (with income below £10,000) and ‘small TSOs’ (with income between £10,000 and £50,000) rarely employ staff and therefore operate quite informally in terms of their policies and practices – they mainly operate at a local level, but not exclusively so. They are usually heavily or completely reliant on voluntarily given time to sustain their activity. Being small does not mean that these organisations lack complexity in terms of interpersonal relationships – this is due to the voluntaristic nature of participation in activity which requires the development of a negotiated order to define and tackle priorities.
- **Semi-formal organisations:** ‘medium-sized TSOs’ (with income between £50,000 and £250,000) adopt semi-formal practices. They tend to employ people but there is little scope for a complex division of labour or occupational specialisation. Often, they are the ‘embodiment’ of their leaders’ interest in cultural and value terms – but not always – some adopt more inclusive cooperative approaches. This can make personal interrelationships complex. While they are ambitious to achieve a great deal, they rely mainly on grants to keep going and most have limited or no interest in delivering public sector contracts.
- **Formal organisations:** ‘larger TSOs’ (which have income between £250,000 and £1million) are more formal in their structures and culture because their scale allows for specialisation and a more complex division of labour. There are formally embedded hierarchical aspects to organisational structure and some procedural practices are necessarily adopted. But they are not impersonal bodies in practice because of their small scale and limited number of employees and volunteers. These TSOs rely on a mixed finance diet where grants and self-generated trading tend to be amongst the most important income sources.
- **Formal hierarchical organisations:** ‘big TSOs’ (which have income between £1million - £25million). Due to scale they adopt more formalistic interpersonal relationships between strata of employees and social distance becomes more pronounced and separates domains of decision making and practice delivery – whilst not losing elements of organic change from across the formal hierarchy. Financially, these organisations rely on mixed sources: particularly grants, self-generated income and public contracts. They devote significant time to strategic planning and position themselves beneficially through effective public relations and networking.

<sup>31</sup> While Third Sector Trends analysis uses five categories of organisations, TSOs are also distributed into 12 income categories in the registered charities dataset and in the survey datasets. Only rarely, however, are these more finely tuned categories employed when finer tuned analysis is required.

- **Formal complex organisations:** ‘major’ or ‘super major’ TSOs which have income above £25million are not included in the study analysis because they are more likely to work nationally or internationally and resemble large businesses or smaller public sector bodies in organisational terms. Many rely heavily on public sector contracts, grants and trading. Very large organisations often depend upon self-generated fundraising. Consequently, they seek to develop a recognisable presence or ‘brand’ in the public domain. Such organisations tend to be effective at influencing policy stakeholders and/or formal engagement in visible campaigning.

The population of TSOs in the local third sector in England and Wales is shown in Table 2.2. It is clear from these data that the structure of the third sector is broadly similar across English regions and Wales – with the exception of London where there is a much bigger proportion of large organisations. In London, 10% of TSOs have income from £1million to £25million compared with a national average of 5%. Similarly, 14% of TSOs in London have income between £250,000 and £1million compared with a national average of just 9%. It will be necessary, therefore, to exercise caution when comparing London data with that of English regions or Wales.

Table 2.2 <b>Distribution of TSOs by size in Wales and English regions 2025</b> (Third Sector Trends Combined Register)						
	<b>Micro</b> (£10,000 or less)	<b>Small</b> (£10,001 - £50,000)	<b>Medium</b> (£50,001 - £250,000)	<b>Large</b> (£250,001 - £1m)	<b>Big</b> (£1m – £25m)	<b>Registered TSOs in each region</b>
North East England	34.1	28.4	22.2	10.3	5.0	7,134
North West England	35.4	27.9	22.8	9.0	4.9	20,755
Yorkshire & Humber	36.9	27.9	21.9	8.9	4.3	15,057
East Midlands of England	42.0	29.2	18.8	6.4	3.6	14,646
West Midlands of England	38.2	28.9	20.5	7.9	4.5	17,501
East of England	40.3	29.4	20.2	6.5	3.6	22,108
London	26.5	24.7	24.6	14.2	10.0	38,861
South East England	34.8	31.3	21.9	7.5	4.6	33,979
South West England	39.9	29.7	19.8	7.0	3.7	24,426
Wales	42.2	27.7	18.8	7.4	4.0	10,533
<b>England and Wales</b>	<b>35.8</b>	<b>28.4</b>	<b>21.6</b>	<b>8.8</b>	<b>5.3</b>	<b>205,000</b>

## 2.3 Sector income

It is not possible to produce definite figures on sector income because some registers provide no data and in those which do, data are incomplete and to some extent out dated. Nevertheless, using the available data and supplementing this with large scale survey data from Third Sector Trends helps to generate a good set of estimates on sector income at regional and national levels (see Table 2.3).

Estimating sector income is not a straight-forward matter. This is because several registers do not record income levels (CICs, CASCs and Registered Societies). This means that analysis is reliant upon Charity Commission Register data to assign multipliers to other legal forms. While this is not ideal, the use of Third Sector Trends survey data provides an opportunity to compare the distribution of categories by legal form.

Charity Commission average income multipliers are used as published<sup>32</sup> with two exceptions. Categories below £5,000 adopted by Third Sector Trends are more finely tuned, so these averaged were calculated from combined register tallies. At the upper end of the income scale, average income for organisations with income between £5m and £25m was generated in the same way as for very small TSOs.

Average income calculations are listed because these will be used in subsequent analysis to estimate levels of income in specific localities or for registered organisations with different characteristics, practices or purposes.

**Table 2.3 Estimated organisational income by TSO size and region (£millions, 2025)**

	<b>Micro</b> (£10,000 or less)	<b>Small</b> (£10,000 - £49,999)	<b>Medium</b> (£50,000 - £249,999)	<b>Large</b> (£249,999 - £999,999)	<b>Big</b> (£1million – £25million)	<b>Total estimated income per region</b>	<b>Number of TSOs in each region</b>
North East England	7.9	48.6	187.9	352.9	1,385.8	1,983.0	7,134
North West England	24.0	138.1	561.0	906.7	4,081.6	5,711.5	20,755
Yorkshire & Humber	17.7	100.2	387.6	643.0	2,720.2	3,868.7	15,057
East Midlands of England	20.0	100.2	325.1	452.8	2,046.0	2,944.0	14,646
West Midlands of England	21.6	120.2	420.6	657.5	3,389.2	4,609.0	17,501
East of England	28.7	151.2	529.3	684.1	3,553.0	4,946.1	22,108
London	33.3	236.6	1,155.8	2,764.5	15,796.9	19,987.1	38,861
South East England	39.5	250.9	878.5	1,218.1	7,161.3	9,548.3	33,979
South West England	32.9	169.7	561.0	822.9	3,817.9	5,404.3	24,426
Wales	13.9	69.9	222.0	375.6	1,576.7	2,258.1	10,533
<b>England and Wales</b>	<b>239.5</b>	<b>1,385.5</b>	<b>5,228.6</b>	<b>8,878.1</b>	<b>45,528.4</b>	<b>61,260.2</b>	<b>205,000</b>

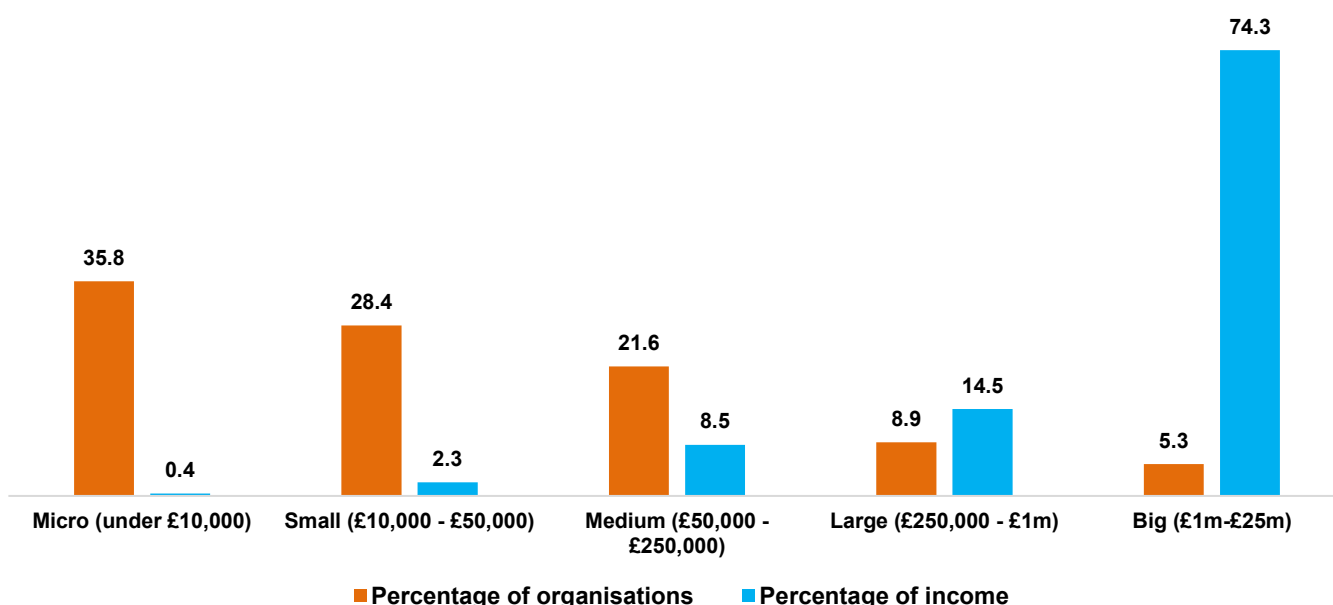
When organisational population is compared with income by TSO size categories, significant variations emerge. Micro TSOs, which constitute 36% of the sector share less than 1% of sector income. By contrast, the biggest organisations only comprise 5% of sector population, but command 75% of its income.

This tells a simple story. Larger organisations are heavily dependent upon ‘money’ to keep themselves going (so as to pay, for example, employed staff and managers to get things done) while the smallest organisations rely primarily upon the use of voluntarily given time to perform their roles.

This finding has a significant bearing on the interpretation of data because it is abundantly clear that in analytical terms, we are not comparing like-with-like. Consequently, sweeping generalisations about sector activities or expectations must always be treated with caution.

<sup>32</sup> Charity Commission data on average income is regularly updated. For this study, data were drawn down on 29<sup>th</sup> March 2025)

Figure 2.1 **Percentage distribution of organisations and percentage distribution of income**



## 2.4 Organisational density by area affluence

The distribution of TSOs by size and area affluence is shown in Table 2.4.<sup>33</sup> In the least affluent areas (IMD 1-2) there tends to be a higher concentration of medium, larger or big TSOs than in the most affluent areas (IMD 9-10) where there is a larger proportion of micro and small organisations.

The likely reason for the larger proportion of small organisations in wealthy areas, is that social capital is stronger and people have greater financial resources and productive time at their disposal. Each of these factors may incentivise people to engage in charitable work and/or be interested in the idea of setting up and running TSOs.

In poorer areas, there is a stronger concentration of larger charities for several inter-related reasons. At a pragmatic level, it is cheaper for organisations to establish themselves in less affluent areas because properties and rents may be lower. From a practice and purpose point of view, larger TSOs are more likely to engage in activities that meet urgent or critical needs – and much of this work may be funded by grants and contracts from agencies that have a statutory or strategic mission to invest in such issues.

<sup>33</sup> Not all registers of TSOs record organisational income or data is too partial to use reliably. So this study is reliant on evidence from Charity Commission Register data on charities and charitable incorporated organisations which is then scaled up to whole sector level. Indices of deprivation in England and Wales are measured differently, so data sets for England and Wales were categorised separately and then remerged into a single set of and quintiles for analytical purposes.

**Table 2.4 Percentage of TSOs by indices of deprivation by size of organisation** (Third Sector Trends Combined Register, column percentages, England and Wales 2025)

	<b>Least affluent</b> IMD 1-2	IMD 3-4	<b>Intermediate</b> IMD 5-6	IMD 7-8	<b>Most affluent</b> IMD 9-10	<b>N=</b>
Micro (£10,000 or less)	9.6	16.4	24.4	25.8	23.7	73,386
Small (£10,001- £50,000)	11.9	16.8	22.2	24.2	25.0	58,248
Medium (£50,001 - £250,000)	16.8	19.5	21.4	21.5	20.7	44,214
Large (£250,001 - £1m)	21.6	22.8	21.6	19.8	14.2	18,271
Big (£1m – £25m)	17.4	22.7	24.1	21.1	14.7	10,881
<b>All TSOs</b>	<b>9.6</b>	<b>16.4</b>	<b>24.4</b>	<b>25.8</b>	<b>23.7</b>	<b>205,000</b>

Table 2.5 compares the distribution of TSOs in each region by indices of multiple deprivation (IMD). Variations in distribution reflect comparative levels of affluence and deprivation across regions.

In South East England, for example, only 6% of TSOs are located in the least affluent quintile, while 35% are located in the most affluent. In North East England, by contrast, 28% of TSOs are located in the least affluent quintile while only 15% are situated in the most affluent.

**Table 2.5 Regional and national distribution of charities by area affluence<sup>34</sup>** (Third Sector Trends Combined Register, row percentages, England and Wales 2025)

	<b>Least affluent</b> IMD 1-2	IMD 3-4	<b>Intermediate</b> IMD 5-6	IMD 7-8	<b>Most affluent</b> IMD 9-10	<b>Number of TSOs</b>
North East England	27.9	23.1	18.9	15.1	15.0	7,134
North West England	30.4	17.8	17.3	18.8	15.7	20,755
Yorkshire and Humber	25.0	15.0	19.9	21.4	18.6	15,057
East Midlands of England	14.1	18.6	18.9	24.7	23.6	14,646
West Midlands of England	24.4	19.2	22.4	19.8	14.2	17,501
East of England	7.5	15.4	25.8	24.5	26.8	22,108
London	15.2	29.4	24.7	20.0	10.7	38,861
South East England	6.2	11.7	19.7	27.4	35.0	33,979
South West England	9.3	19.9	29.3	22.9	18.6	24,426
Wales	13.8	18.6	23.8	25.5	18.3	10,533
<b>England and Wales</b>	<b>15.5</b>	<b>19.2</b>	<b>22.6</b>	<b>22.5</b>	<b>20.3</b>	<b>205,000</b>

<sup>34</sup> Indices of deprivation in England and the Index of Deprivation in Wales are constructed in slightly different ways and are not strictly comparable. However, both sets of indices are similarly purposed so comparative data has been presented in a single set of quintiles. See: [Welsh Index of Multiple Deprivation](#); [English indices of deprivation 2019 - GOV.UK](#).

All regions are varied in their social, spatial and economic characteristics. This makes interpretation of comparative data complex. It is useful, therefore, to compare three 'area types'.<sup>35</sup> Table 2.6 shows the distribution of TSOs in 'metropolitan areas' (such as Bristol, Greater Manchester or London), 'town and country areas' (such as the shire counties of Dorset, Herefordshire or North Yorkshire), and 'major urban areas' (such as the cities of Cardiff, Leicester, Plymouth or Southampton).

<b>Table 2.6 Distribution of TSOs in 'metropolitan', 'major urban' and 'town and country' locations of England and Wales</b> (Third Sector Trends Combined Register, row percentages, England and Wales 2025)						
	<b>Least affluent IMD 1-2</b>	<b>IMD 3-4</b>	<b>Intermediate IMD 5-6</b>	<b>IMD 7-8</b>	<b>Most affluent IMD 9-10</b>	<b>N=</b>
Metropolitan	25.7	25.7	20.6	17.1	10.9	73,999
Major urban	17.3	17.1	17.6	20.7	27.2	49,217
Town and country	5.2	14.5	27.4	28.4	24.6	81,784
<b>England and Wales</b>	<b>15.5</b>	<b>19.2</b>	<b>22.6</b>	<b>22.5</b>	<b>20.3</b>	<b>205,000</b>

Variations in the distribution of TSOs in 'metropolitan', 'major urban' and 'town and country' areas across nations and regions are revealing (see Table 2.7). In those regions where there is a higher concentration of TSOs in the least affluent areas (such as North East England or the West Midlands of England) many more TSOs are located in 'metropolitan' areas. Whereas in the most affluent regions (such as East of England or South East England), the majority of TSOs are located in 'major urban' or 'town and country' areas.

<b>Table 2.7 Regional and national distribution of TSOs across 'metropolitan', 'major urban' and 'town and country areas'</b> (Third Sector Trends registers data, 2025)				
	<b>Metropolitan</b>	<b>Major urban</b>	<b>Town and country</b>	<b>N=</b>
North East England	42.4	16.0	41.6	7,134
North West England	55.8	24.1	20.1	20,755
Yorkshire & Humber	62.9	7.6	29.5	15,057
East Midlands of England	0.0	38.7	61.3	14,646
West Midlands of England	42.2	16.3	41.5	17,501
East of England	2.6	44.0	53.4	22,108
London	100.0	0.0	0.0	38,861
South East England	2.5	39.6	57.9	33,979
South West England	8.5	23.2	68.3	24,426
Wales	0.0	44.6	55.4	10,533
<b>England and Wales</b>	<b>36.1</b>	<b>24.0</b>	<b>39.9</b>	<b>205,000</b>

<sup>35</sup> These distinctions were drawn using ONS look ups. This involved merging local authority categories with ONS/Defra rural/urban categorisations. For details see *Third Sector Trends: technical Paper on Analytical Techniques*, *ibid*.

## 2.5 Spatial range of organisational activity

One of the difficulties of analysing the activities of TSOs using register data is that reliable evidence is not collected on the spatial range of activity of individual organisations. Consequently, it is necessary to use Third Sector Trends survey data to estimate the operational reach of organisations of different sizes.

Table 2.8 shows that micro TSOs are the most likely to limit their range of activity to the immediate locality of a village or neighbourhood (51%). But many work more widely within local authorities, across the region, nationally or at international level.

Given the scale of their operational capabilities, it is not surprising that the biggest TSOs are most likely to work at a regional or wider level: about two thirds of these organisations work beyond the boundaries of the local authority within which they are based. Nevertheless, nearly a third of the largest TSOs commit their resources entirely to their local authority area – 4% of which focus entirely on the local neighbourhood.

**Table 2.8 Spatial range of TSOs' operation in England and Wales** (Column percentages, Third Sector Trends survey data, 2025)

	<b>Micro</b> (£10,000 or less)	<b>Small</b> (£10,000 - £49,999)	<b>Medium</b> (£50,000 - £249,999)	<b>Large</b> (£249,999 - £999,999)	<b>Big</b> (£1million – £25million)	<b>All TSOs</b>
Just in our neighbourhood or village	50.8	44.2	28.3	12.4	3.7	36.7
Within our local authority / county council district / London borough	25.7	27.7	32.7	39.3	26.9	29.6
Across at least two local authorities / districts / London boroughs	9.0	11.2	15.3	20.0	27.8	13.4
At a regional level (e.g. North East England, London or South West England)	4.4	4.3	8.6	10.3	14.4	6.5
At a national level / across the UK	6.1	7.3	9.5	13.9	20.4	8.9
Internationally	4.0	5.3	5.6	4.2	6.8	5.0
<b>England and Wales</b>	<b>2,500</b>	<b>2,672</b>	<b>2,079</b>	<b>955</b>	<b>457</b>	<b>8,663</b>

It is also useful to know whether the range of organisational work varies by nations and regions to aid interpretation. The most striking variations occur in London where only 12% of organisations work at neighbourhood level (compared with 37% nationally). At the other end of the spectrum, 35% of TSOs in London work nationally or internationally compared a sample average of just 14%. The dynamics in London are so pronounced that comparative analysis with regions must proceed with great care.

Distribution in other English regions and Wales are fairly similar – but there are anomalies which must be noted.

- In North East England, the percentage of organisations working regionally is unusually high (21% compared with a sample average of 7%) because this is, by far, the smallest English region.
- The proportion of TSOs working only at neighbourhood or village level is highest in East of England and South West England – both are predominately town and country areas.

The distinction between local authorities / local authority districts and working across two or more local authorities has become less useful over time. This is due to local

government reorganisation where several two-tier counties have either become single tier or split into two smaller local authorities.

Unfortunately this has undermined analysis between waves of the study as the political geographies are no longer comparable. In analytical terms it makes sense in comparative analysis, therefore, for these two categories to be merged.

Table 2.9 <b>Spatial range of TSOs' operation in Wales and English regions</b> (Third Sector Trends 2025 survey data)							
	Just in our neighbourhood or village	Within our local authority / county council district / London borough	Across at least two local authorities / districts / London boroughs	At a regional level (e.g. North East England, London or Mid Wales)	At a national level (e.g. Wales / England / across the UK)	Inter-nationally	N=
North East England	33.7	26.7	13.7	20.8	2.9	2.3	659
North West England	34.3	33.2	16.4	6.6	6.1	3.3	798
Yorkshire and Humber	39.6	33.0	13.3	5.5	5.6	3.0	952
East Midlands of England	40.7	30.2	13.6	5.4	6.5	3.6	612
West Midlands of England	38.9	29.3	11.7	5.7	9.1	5.3	736
East of England	44.1	29.4	13.9	3.6	5.5	3.5	1,120
London	12.1	27.3	15.6	10.2	22.4	12.4	774
South East England	37.5	30.8	13.5	3.2	8.7	6.4	1,209
South West England	46.9	26.5	9.8	3.6	8.3	4.9	1,094
Wales	30.2	28.5	13.7	7.3	15.8	4.5	709
<b>England and Wales</b>	<b>36.7</b>	<b>29.6</b>	<b>13.4</b>	<b>6.5</b>	<b>8.9</b>	<b>5.0</b>	<b>8,663</b>

## Section 3

### Sector energy

#### 3.1 Employee estimates

Making estimates on the number of employees and regular volunteers in the third sector is useful because they help to gauge the social and economic contribution of TSOs collectively to localities. Getting them right is another matter and has been a cause for concern since this project began in 2010.

There are several good reasons to be worried. To begin with, national classifications of industrial sectors do not include a separate category for TSOs. Instead, they are distributed across a wide range of Standard Industrial Classifications (SIC) codes depending up on what they say they do. That of itself is a concern because TSOs generally do many things, not one – making it harder still to know where to put them.

A second cause of worry is determining what proportion of third sector employees are full time or part time. When the study began in 2010, this was already a problem because part-time staff do not work standard numbers of hours. This meant that an average had to be determined for multipliers and adjusted according to the size of organisations. We achieved this through our qualitative work with 50 organisations in North East England and Cumbria.

Full-time employment estimates are checked from time to time in Third Sector Trends. We do this by asking how many people are employed full time and part time in bands. It would be better, from a statistical perspective to ask precise numbers of hours worked – but that would be disastrous from a surveying point of view as respondents would be highly unlikely to cooperate even if they held such data. Banded numbers of full and part-time employees is imperfect, but still helpful in a large-scale survey as it provides broad indications of employee numbers by size of organisations.

Then judgements have to be made about the ‘average’ number per size of organisations (in 12 categories). That is complicated because some organisations with high levels of income and expenditure have big employee costs (such as a social care organisation) while others will have very low employee costs (such as a charitable trust or foundation where most of their expenditure is on grant awards).

The banded numbers from the survey are useful in making these judgements but they do not hold water on their own. One way around this is to look at expenditure levels and determine (compared with other industrial sectors) what proportion of income is likely to be devoted to staff costs and other expenses. In the retail or manufacturing sectors – enormous costs are associated with the purchase of products to sell or raw materials to process. This is, in turn, bolstered by costs of high street rents in retail and machinery costs in manufacturing.

The voluntary sector is more similar to public sector organisations such as schools, health organisations or social services departments where staff costs constitute a very high proportion of expenditure. So when estimates are made of the number of full-time equivalent employees in Third Sector Trends, these are checked against

average income of organisations. If staff costs constitute between 60-80% of expenditure, we 'feel' that we're in the right kind of territory.

The notion of full-time employment has become more complex.<sup>36</sup> Many employees are now on 'fractional' full-time contracts. For example, many organisations have been experimenting with permanent 0.8 FTE contracts so that employees work a four day week. We simply have no idea how many organisations do that. Others adjust days worked when times get hard financially so that they do not lose capability in the staff group and then return to full hours when things improve.

Little can be done to resolve this. Consequently, the methodology is used consistently across waves of the study so that, at least, comparable data are produced. These can then, in turn, be compared with estimates from other studies or agencies such as Charity Commission Register (CCR) and the National Survey of third sector organisations (NSTSO) – together with useful benchmarks on the size of the employed and volunteer workforce from NCVO.

## 3.2 Methodology to produce estimates

To do this, it is necessary to build a statistical model which relies on a mix of strong data on sector structure and configuration and plausible 'multipliers' on the likely number of 'regular volunteers' and 'full-time equivalent employees' to be found in organisations of specific types.

Baldly stated, this means that reliability and plausibility of the estimates will necessarily be limited by a series of judgements made about multipliers. Consequently, these judgements must be explained and (as far as possible) evidenced here.

There are many stages involved in building a statistical model which can calculate estimates of volunteers and employees consistently and reliably within the parameters set. The model is contained within an Excel spreadsheet in such a way that once a set of data on sector structure (at any geographical or other level) are put into a designated position, the remaining cells will automatically calculate a final set of statistical findings which are then linked to a summary page at the front end of the document.

The full model can be adjusted from time to time when it is thought necessary to update multipliers on the basis of new survey data or other source of data of relevance (such as average median wages, employer on-costs for National Insurance and pensions, inflationary increases in wage value, changes to National Minimum Wage and so forth).

The model includes the following sections (which are arranged sequentially here in a vertical format, but in the Excel spreadsheet are horizontally placed).

---

<sup>36</sup> See, for example, analysis by NCVO on part-time and fractional working. Hewitt, B. (2022) *Sector culture: flexible working and the challenges for charities*, London: NCVO (downloaded 15<sup>th</sup> August 2025). <https://www.ncvo.org.uk/news-and-insights/news-index/time-to-flex/sector-culture-flexible-working-and-the-challenges-for-charities/>

Section	Column(s) subject section	Comments																		
1	Area	<p>The model is used to designate values to geographical areas – usually at the level of Wales and English regions or large geographical areas such as mayoral or non mayoral combined authorities. It can also be taken down to lower levels such as individual local authorities although reliability is weakened at lower levels.</p> <p>Theoretically it would be possible to use the model for other types of areas using variables such as rural, urban and metropolitan areas, by areas of affluence or deprivation or according to density of the local ethnic minority population although this has not yet been attempted.</p> <p>Furthermore, there could be scope to use the model for areas of purpose (such as serving children and young people), or practice (such as 'social enterprise'.</p>																		
2	Unadjusted (raw) and Adjusted data levels	<p>The model relies on data from the Charity Commission Register (CCR) on individual organisations most recently recorded income to separate them in size categories. In the 2022 Third Sector Trends reports, this was based on five categories (as used extensively in Third Sector Trends reports).</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p style="text-align: center;"><b>Survey based data scaled up to whole sector register levels to compare sector structure in five categories</b></p> <table border="1"> <thead> <tr> <th>Category</th> <th>CCR</th> <th>Other Legal Forms</th> </tr> </thead> <tbody> <tr> <td>Micro</td> <td>36.4</td> <td>24.3</td> </tr> <tr> <td>Small</td> <td>34.8</td> <td>28.5</td> </tr> <tr> <td>Medium</td> <td>30.4</td> <td>24.6</td> </tr> <tr> <td>Large</td> <td>15.2</td> <td>9.9</td> </tr> <tr> <td>Big</td> <td>7.8</td> <td>12.7</td> </tr> </tbody> </table> <p style="text-align: center;">■ CCR ■ Other Legal Forms</p> </div> <div style="width: 50%;"> <p>In 2025, the methodology has changed to include a 12 category scale. This was done to facilitate analysis of the impact of a rise in National Insurance costs to employing organisations with VONNE in North East England.<sup>37</sup></p> <p>Two columns are included for the 'raw' data entered (that is, the raw CCR data collated from register searches) and 'adjusted' data for the wider sector to include CICs, CASCs and Registered Societies. For instance, in 2025, there are about 160,000 CCR cases in the combined database but a further ~55,000 other entries for which there are no income data. The assumption is that the distribution of income amongst these organisations will be similar to that of CCR registered organisations.</p> <p>The evidence to support that assertion comes from Third Sector Trends survey data which shows that self-reported data is broadly similar in structure for CCRs and none CCRs. These data are based, however, on just 1,117 organisations which were scaled up in 12 income categories to registered sector numbers. It is hoped that a stronger return rate from CASCs CICs and CCBSs will help to determine how representative they are collective of CCR structure and provide reassurance that estimates are reliable sector-wide.</p> </div> </div>	Category	CCR	Other Legal Forms	Micro	36.4	24.3	Small	34.8	28.5	Medium	30.4	24.6	Large	15.2	9.9	Big	7.8	12.7
Category	CCR	Other Legal Forms																		
Micro	36.4	24.3																		
Small	34.8	28.5																		
Medium	30.4	24.6																		
Large	15.2	9.9																		
Big	7.8	12.7																		
3	Conversion of raw data to adjusted data	<p>Thirty nine columns are designated in three sections to adjust data to sector level. Into the first set of twelve organisational income size columns, raw data are entered. The next 12 columns converts these data to percentages and the remaining 12 columns scale up the CCR data to whole sector level. The three columns at the end of the calculation provide counts of raw data, percentage checks and the final column lists the scaled up data on sector structure – which is then copied into column 2, section 2..</p>																		

<sup>37</sup> See: [Impact of higher employer NICs on North East Charity Sector | Voluntary Organisations' Network North East](#)

<b>N.B. all sections are marked in blocks of 14 columns (12 for each of the organisational size categories, one for count and one for percentage total) unless otherwise specified</b>		
4	<b>MULTIPLIER &amp; CALCULATION</b> <b>Average most recently reported CCR income</b>	This multiplier column contains data from the Charity Commission at a designated date for each of the 12 income categories – except for the division of the £1-£5,000 category which is calculated from the combined register to fit Third Sector Trends categories (1) Under £2,000 and (2) £2,001 - £5,000) and £5million to £25million. The calculation section provides summary data from an automatic calculation of sector income by designated geographies for each organisational size category and the entire sector.
5	<b>MULTIPLIER &amp; CALCULATION</b> <b>Total number of employees</b>	<p>A multiplier is placed for each of the 12 income categories on estimated number of employees by organisational size. This takes account of the number of organisations which are (or are not) employees garnered from Third Sector Trends survey data.</p> <p>The multiplier is built by taking account of numbers of part-time and full-time employees and is modified according to current information on change in employment patterns. The plausibility of multipliers is checked against income cost and employers ability to pay. Income costs include employer oncosts such as National Insurance and employer pension contributions. The calculation section provides summary data from an automatic calculation of sector employment by designated geographies for each organisational size category and the entire sector</p>
6	<b>MULTIPLIER &amp; CALCULATION</b> <b>Total salary cost</b>	<p>Median salary multiplier levels are gleaned from ONS / NOMIS data by area designation (currently by Wales or English region).</p> <p>The model, based as it is on the estimation of FTE employees is at risk of inflating costs to some extent due to exemption from payment of NI by smaller employers. This is controlled for in subsequent columns. This column only contains actual wage receipts not the full-cost of employment to employers</p>
7	<b>CALCULATION OF EMPLOYER ON-COSTS</b>	<p>An estimation of employer on-costs is added to employee wage receipts in this section. This can be modified to include raised employer NI contributions and employer pension contributions.</p> <p>A separate column provides an automatic percentage of organisational wage costs against total organisational income. Third Sector Trends works on the assumption wage costs constitute around two-thirds of organisation costs (with the remainder for operational costs). This is much lower than for many industrial sectors which have higher operational costs (purchase of materials, servicing debt, energy, distribution, etc.).</p>
12	<b>MULTIPLIER &amp; CALCULATION</b> <b>Number of regular volunteers</b>	A multiplier for regular volunteers is entered in each of 12 categories of organisational size (see separate explanatory section in this report). The multiplier is adjusted in each round of Third Sector Trends research (every three years) to accommodate clues gleaned from survey evidence on change in the volunteer workforce. This has an automatic calculation which is summed for designated areas. The sum will be much lower than those reported by NCVO or Government because Third Sector Trends is concerned with 'regular volunteers' who can be relied up on sufficiently for organisations to plan against this resource
14	<b>MULTIPLIERS &amp; CALCULATION</b> <b>Hours worked by volunteers and estimated proxy salary levels.</b>	<p>These calculations are based on 'standard' multipliers of 72 hours per year, the current level of the National Minimum Wage (lower estimate) which is scaled up to FTE level (7.5 hours x 225 days = 1,687.5 hours annual work represents 1 FTE employee). A second higher-level value calculation works on the basis of 20% of regional median wage.</p> <p>The two totals provide the possible range of sector value from regular volunteers by area designation which can be compared. Trend analysis can also be undertaken providing that previous years totals are recalculated using the Bank of England Inflation Calculator.</p>
<b>The statistical model extends beyond this point to calculate whole sector value. This is detailed in the section below on sector value and impact later on in this report.</b>		

### 3.3 Regional employment estimates

To produce reassurance about the accuracy of Third Sector Trends employment estimates, comparisons were made with data from the much larger, though now dated, National Survey of Third Sector Organisations (NSTSO). Third Sector Trends and NSTSO studies both asked respondents to state how many employees and regular volunteers currently worked for them. In each case, banded responses were coded. Although these bands were constructed slightly differently, it is possible to accumulate direct or mid-point averages from each band to create an overall estimate for each size category of TSO.<sup>38</sup>

Two sets of estimates were sought:

- Employee and volunteer population estimates in each English region using NSTSO data (but not available for Wales) and Third Sector Trends/ CCR data (on TSO numbers in England and Wales).
- Multipliers on the average number of employees and volunteers by organisation size (making estimates from both NSTSO/CCR and Third Sector Trends/CCR datasets).

While NSTSO data are somewhat out of date (2010), the size of the sample is such (44,000) that evidence should be drawn upon for reanalysis to test the accuracy of Third Sector Trends findings.<sup>39</sup> Estimated full-time equivalent (FTE) employee numbers for each region were scaled up using current CCR data.

The Third Sector Trends dataset used for this comparative analysis is more recent (2022) with just over 6,000 cases. The dataset is used to estimate average levels of employment by organisational size (together with the percentage of employee organisations in each band) it was then possible to scale up to a regional level using CCR estimates.

The resulting estimates from NSTSO/CCR and Third Sector Trends/CCR data are higher than those offered by NCVO which bases their estimates on Labour Force Survey data.<sup>40</sup>

The results from the analysis are presented in Table 3.1. It is clear that the percentage estimates for employer numbers and employees are broadly similar from NSTSO and Third Sector Trends studies within each region.<sup>41</sup> NCVO estimates are lower because they only include registered charities and CIOs.

<sup>38</sup> In the case of NSTSO, respondents were asked to report the number of full-time equivalent employees. This was judged to be too complex a task in Third Sector Trends so respondents were asked to respond for both full-time and part-time employees. These were then combined using an assumption that on average, one full-time equivalent employee was made up of 2.5 part-time staff. At the upper end of the spectrum (where, for example, employees have more than 100 employees) that upper figure is used as the estimate as it is not possible to make a valid appraisal above this level – this could lead to an underestimation of regular volunteers. But that is unlikely because, as shown in Table 23, employee estimates were shown to be in proportion to overall income.

<sup>39</sup> NSTSO data had relatively low response rates to employee and regular volunteer questions (non-response rates for employee questions were 7%, and volunteers 6.7%. Income categories were also subject to relatively high non-response rates at 11.5%. All Third Sector Trends response rates were above 97.5% of the whole sample.

<sup>40</sup> As the NCVO Almanac notes 'The voluntary sector workforce is small compared to the public and private sectors. This means that changes in the voluntary sector workforce tend to have a bigger impact. While a thousand or so people leaving one subsector and joining another would likely not be noticed in the private sector figures, this would constitute a significant change for the voluntary sector. The difference in numbers between the sectors is also linked to the survey itself. As mentioned in the methodology section, 38,000 people are interviewed each quarter for the survey, but only about 1,000 report that they are from the voluntary sector. This makes the voluntary sector figures much more liable to variation.' Equally, it is likely that estimates of sector size are somewhat under-estimated. <https://data.ncvo.org.uk/workforce/#notes-and-definitions>

<sup>41</sup> The exception is London where initial Third Sector Trends estimates (which are based on CCR regional data) were too high and especially so in inner London boroughs. From more detailed appraisal of very large inner-London TSOs from the CCR it appeared that that in London, the numbers of employees in many large organisations were over-estimated firstly because many international charities employ staff overseas. Similarly, numbers of employees in larger organisations appeared to be exaggerated because charitable foundations (which are based primarily in London) employ very few staff relative to their income. In outer London boroughs, standardised multipliers worked much better and were nearer in line with regional estimates. On the basis of this

**Table 3.1 Employment estimates using NSTSO, NCVO<sup>42</sup> and Third Sector Trends data (2022)**

Nation / English region	Estimated number of organisations (TSTS 2022)	Estimated percent employers NSTSO	Estimated percent employers TSTS (2022)	NSTSO Estimated number of employers	TSTS estimated number of employers (2022)	Number of employees NCVO 2022 (Charities / CIOs only)	Number of employees NSTSO	Number of employees TSTS (2022)
North East	6,128	43.0	40.1	2,633	2,457	32,807	36,601	37,300
North West	18,977	38.2	39.4	7,248	7,477	83,191	116,199	101,300
Yorkshire & Humber	14,275	40.5	38.7	5,785	5,524	83,831	81,589	66,900
East Midlands	14,665	35.8	38.2	5,243	5,602	55,110	80,348	56,600
West Midlands	16,039	34.8	34.6	5,579	5,549	85,791	94,993	79,000
East of England	22,691	31.9	36.5	7,229	8,282	91,099	99,519	88,800
London	39,675	44.0	46.2	17,470	18,330	156,187	276,314	193,700 (365,400)
South East	34,366	35.1	40.3	12,055	13,849	165,038	186,232	169,500
South West	23,133	33.3	37.3	7,715	8,629	85,521	108,898	97,700
<b>England</b>	<b>189,949</b>		<b>39.9</b>		75,790	<b>841,575</b>	<b>1,080,692</b>	<b>1,062,500<sup>43</sup></b>
Wales	10,051		33.2		3,337	33,502		41,678
<b>England &amp; Wales</b>	<b>200,000</b>		<b>39.6</b>		<b>79,200</b>	<b>937,003</b>		<b>1,104,178</b>

To determine whether these estimates are reasonably accurate, an appraisal of the full cost of employing staff was undertaken in 2022. Assumptions were made that wage costs are lower in the third sector than in many other industrial sectors. This is a widely shared view, but the extent of differentiation remains contentious. Third Sector Trends has generally assumed that third sector pay stands at about 80% of median regional wages (not mean, which has a lower value). *Pro Bono Economics*, by contrast, estimates that sector wages stand at about 8% below mean wages. These two estimates are not too far apart but neither study can (nor does) claim to be pin-sharp accurate.<sup>44</sup>

These costs are compared with total income of TSOs in English regions and Wales (see Table 3.4). The results indicate that the plain costs of employment as a proportion of total income is quite consistent across all English regions and Wales. These data will be updated and published alongside Third Sector Trends findings in 2025 to take account of current median wages in each region together with additional estimated costs associated with raised employers' National Insurance Contributions (NICs). This will use the new area model which will calculate estimates by region,

additional analysis, the number of employees in London has been adjusted to 325,000 from an initial estimate of 409,924 when using local third sector multipliers.

<sup>42</sup> NCVO UK Civil Society Almanac, <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/>

<sup>43</sup> Sum includes higher London estimate of 365,400.

<sup>44</sup> O'Halloran, J. (2022) *The price of purpose? Pay gaps in the charity sector*, London: Pro Bono Economics: <https://civilsocietycommission.org/wp-content/uploads/2022/08/Final-Price-of-Purpose.pdf>

sub/region or combined authority areas / Integrated Care Networks etc. Other on-costs, including employers' pension contributions will also be factored into the analysis.

### 3.4 Adjustments to current labour market conditions

Before third sector employment estimates were generated from the statistical model in 2025, it was necessary to look closely at survey data to determine whether factors associated with labour-market retention and recruitment have had a positive or detrimental effect. The indications are that overall employment levels have not been undermined by labour market or financial conditions and, indeed, there is strong evidence to suggest limited growth in levels of employment across most areas of the third sector.

As shown in Tables 3.2(a) and 3.2(b), there is evidence of growth in full-time employees and to a greater extent in part-time employment. Clearly, the smallest employers have experienced significant drops in employment levels for both part-time and full-time staff. In larger organisations (with income £100,000 plus, the opposite is the case – and especially so in organisations in the income range of £1-£25million. This does not mean that employment has risen by 30+%, but that 30% of these organisations have experienced employee growth. Judgements on the extent of that growth are bolstered by evidence on organisational financial wellbeing which would allow them to take on more staff.

**Table 3.2(a) Change in levels of full-time employees, England and Wales 2025**

	Increased	Stayed the same	Reduced	N=	% change
No income	4.5	68.2	27.3	22	-22.7
£1 - £2,000	11.1	63.0	25.9	54	-14.8
£2,001 - £5,000	7.7	67.9	24.4	78	-16.7
£5,001 - £10,000	9.4	65.6	25.0	96	-15.6
£10,001 - £25,000	16.8	66.5	16.8	185	0.0
£25,001 - £50,000	15.2	71.3	13.5	237	1.7
£50,001 - £100,000	16.1	65.0	18.9	429	-2.8
£100,001 - £250,000	21.4	60.9	17.7	701	3.7
£250,001 - £500,000	28.3	54.5	17.2	501	11.2
£500,001 - £1,000,000	38.9	42.0	19.1	324	19.8
£1,000,001 - £5,000,000	46.8	35.7	17.5	308	29.2
£5,000,001 - £25,000,000	48.5	29.7	21.8	101	26.7
Over £25 million	44.8	27.6	27.6	29	17.2
<b>England and Wales</b>	<b>25.5</b>	<b>56.1</b>	<b>18.4</b>	<b>3,065</b>	<b>7.1</b>

<sup>45</sup> While these TSOs record none or very low levels of income in the previous year, this is not to say that they do not have operational running costs from existing grants or reserves.

Table 3.2(b) Change in levels of part-time employee numbers, England and Wales 2025					
	Increased	Stayed the same	Reduced	N=	% change
No income	17.4	52.2	30.4	23	-13.0
£1 - £2,000	19.5	53.7	26.8	41	-7.3
£2,001 - £5,000	11.7	70.0	18.3	60	-6.7
£5,001 - £10,000	7.8	75.2	17.1	129	-9.3
£10,001 - £25,000	18.9	68.4	12.8	392	6.1
£25,001 - £50,000	23.4	64.8	11.8	466	11.6
£50,001 - £100,000	33.8	52.9	13.3	622	20.4
£100,001 - £250,000	41.7	42.7	15.6	865	26.1
£250,001 - £500,000	44.1	41.0	14.9	551	29.2
£500,001 - £1,000,000	48.2	35.4	16.4	336	31.8
£1,000,001 - £5,000,000	50.7	32.8	16.6	302	34.1
£5,000,001 - £25,000,000	43.6	38.6	17.8	101	25.7
Over £25 million	55.2	27.6	17.2	29	37.9
<b>England and Wales</b>	<b>35.8</b>	<b>49.3</b>	<b>14.9</b>	<b>3,917</b>	<b>20.9</b>

It should be noted that the definition of the third sector has been broadened in the 2025 study to include organisations which are based in England and Wales but which also work overseas (see Section 1). This has increased the estimated size of sector by about 2.5% (from 200,000 to 205,000).

Table 3.3 Estimated levels of employment change 2022-2025				
	<i>Estimated FTE employees 2022 (previous 5 category model)</i>	<i>Estimated FTE employees 2022 (revised 12 category model)</i>	<i>Estimated FTE employees 2025 (revised 12 category model)</i>	<i>Change in FTE employees 2022-2025 (revised 12 category model for both years)</i>
North East England	37,300	36,225	37,453	1,228
North West England	101,300	103,984	107,908	3,924
Yorkshire and Humber	66,900	70,783	72,998	2,215
East Midlands of England	56,600	55,154	55,710	556
West Midlands of England	79,000	82,985	86,446	3,461
East of England	88,800	90,974	93,116	2,142
London	365,400	368,563	372,020	3,457
South East England	169,500	175,632	178,677	3,045
South West England	97,700	98,590	101,611	3,021
Wales	41,300	40,397	42,550	2,153
<b>England and Wales</b>	<b>1,103,800</b>	<b>1,123,288</b>	<b>1,148,489</b>	<b>25,201</b>

**Table 3.4 Costs associated with employing staff compared with total income of employing organisations by English regions and Wales (2025)**

	TSTS estimated number of FTE employees	Full cost of salaries <sup>46</sup> (£millions)	Total sector income estimate (£millions)	Percent of sector income spent on direct employee costs
North East England	37,453	1,236.2	1,983.0	65.1
North West England	107,908	3,749.2	5,711.5	68.6
Yorkshire & Humber	72,998	2,459.0	3,868.7	66.4
English East Midlands	55,710	1,902.5	2,944.0	67.5
English West Midlands	86,446	2,977.2	4,609.0	67.5
East of England	93,116	3,549.0	4,946.1	75.0
London <sup>47</sup>	372,020	15,848.7	19,987.1	82.9
South East England	178,677	6,950.1	9,548.3	76.1
South West England	101,611	3,554.8	5,404.3	68.7
Wales	42,550	1,453.7	2,258.1	67.3
<b>England and Wales</b>	<b>1,148,489</b>	<b>43,680.4</b>	<b>61,260.2</b>	<b>74.5</b>

### 3.5 Regular volunteers estimates

National estimates for the number of volunteers in the UK are published annually in NCVO's Civil Society Almanac.<sup>48</sup> It is reported that 16% of people volunteered at least once in the previous year with a group, club or organisation in the UK – this represents a decline from a recent peak of 23% in 2019-20. These are still impressive statistics which show that a culture of volunteering, in one capacity or another, is well established in the UK.

In studies of the third sector, it is necessary to be careful about extrapolating too much insight from these headline statistics, and especially so when considering the support volunteers regularly offer to TSOs. The Third Sector Trends Study is interested in levels of regular volunteering because they allow TSOs to be able to plan and practice their work with a clear idea in mind about the volunteering resources they can draw on (in addition to the work that might be done by paid employees when such staff exist).

To estimate the number of regular volunteers that TSOs can rely upon to provide support, an approach developed in the Third Sector Trends Study is used. Regular volunteers are defined as people who provide on average 72 hours of support to a TSO in one year (or an average of six hours per month).

The calculations exclude occasional or ephemeral (i.e. 'one-off') volunteering. Ephemeral or occasional volunteering may include people who help with a fundraising appeal, people who are allocated to volunteer through, for example, employer supported volunteer initiatives or by university student volunteer programmes.

<sup>46</sup> The plain cost of salaries is that paid to employees. Full cost includes employee National Insurance contributions (where applicable) at 15% (see: <https://www.gov.uk/national-insurance-rates-letters>) and Employers' pension contributions at an estimated average of 5% (minimum permissible by law is 3%). Additionally, employees contribute a minimum of 5% of salary to employer pensions together with National Insurance contributions (at varying rates as applicable, see <https://www.gov.uk/workplace-pensions/what-you-your-employer-and-the-government-pay>). Only employer NI and employers' pension contributions are factored into this analysis.

<sup>47</sup> The estimates produced in the statistical model are clearly too high for organisation based in London at 83%. It is likely that, due to the spatial distribution of employees across the UK or abroad by these organisations, salary costs will be substantially lower. However, there are no data available to explore such factors at present either in NCVO, the Labour Force Survey, Charity Commission or Third Sector Trends survey data.

<sup>48</sup> NCVO UK Civil Society Almanac 2024 <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/>.

As Third Sector Trends only has data from TSOs, several other kinds of volunteers cannot be included in the analysis:

- Volunteers giving time to public bodies such as local public libraries (unless they are community run entities) or the NHS (unless they are working directly for a TSO such as WRVS).
- Volunteering in schools as governors, as members of informal/unregistered parent teacher associations, supporting teachers in the classroom, school trips and sports days, or general school fundraising activities.
- Volunteering for other public bodies such as the police as special constables, the criminal justice system as magistrates and so on.
- Employee supported volunteers or the provision of pro-bono support by employees or professionals (unless it is facilitated via a TSO such as Pro-Bono Economics).
- Volunteers participating in national fundraising appeals (for example, BBC Children in Need, Comic Relief, Sport Relief, or for large national charities such as Save the Children and Oxfam<sup>49</sup> etc.)

It is not being insinuated that these forms of volunteering lack value or are of a lesser value than those working directly for local TSOs. It is simply a question of calculating the contributions volunteers make, via the local third sector to society. With these caveats in mind, it is possible to calculate the amount of energy which is produced through voluntarism<sup>50</sup> in TSOs of different sizes by estimating the number of hours regularly 'given' by volunteers.

Proxy financial 'replacement values' of the work of volunteers can be calculated using two measures: the National Minimum Wage and 80% average regional hourly wage as financial benchmarks. Estimates were scaled up to regional level using CCR-based population data.

---

<sup>49</sup> Supporting large nationals as volunteers in local charity shops would be included providing that federated branches responded to the survey at a local level.

<sup>50</sup> In this analysis, average numbers of 'regular volunteers' have been estimated from response data in each of the 5 standardised TSO income categories used in this report: micro TSOs=17.5, small TSOs=20, medium TSOs=25, large TSOs=35, big TSOs=55. Clearly the range of numbers vary considerably in individual organisations, but for a scaling-up exercise, averages must be adopted. Similarly, the hours worked by individual volunteers may vary widely, but in this study the average number of hours given by volunteers is estimated at 72 per annum or 6 per month. The emphasis is on regular volunteers. In micro and smaller TSOs only, this includes the contribution of trustees and committee members who tend to get more directly involved in day-to-day activities or, in very small TSO, the group may be entirely reliant upon them to do so. Hours worked are scaled up to FTE employees on the following basis: 7.5-hour days at 220 working days per year.

**Table 3.5 Estimated number and proxy replacement value of regular volunteers in TSOs (2025)**

	Number of regular volunteers	Estimated total hours worked (£millions)	Value at National Living Wage (£millions)	Number of full-time equivalent regular volunteers	80% average median regional wage	Value produced at 80% average regional (£millions)
North East England	148,929	10.7	130.93	6,285	27,506	172.9
North West England	431,455	31.1	379.30	18,209	28,954	527.2
Yorkshire & Humber	310,327	22.3	272.81	13,097	28,072	367.7
English East Midlands	289,687	20.9	254.67	12,226	28,459	347.9
English West Midlands	342,399	24.7	301.01	14,451	28,700	414.7
East of England	437,728	31.5	384.82	18,474	31,762	586.8
London <sup>51</sup>	903,481	65.1	794.27	38,131	35,501	1,353.7
South East England	708,229	51.0	622.62	29,890	32,415	968.9
South West England	492,764	35.5	433.20	20,797	29,153	606.3
Wales	212,277	15.3	186.62	8,959	28,471	255.1
<b>England and Wales</b>	<b>4,277,276</b>	<b>308.0</b>	<b>3,760.24</b>	<b>180,518</b>	<b>29,899</b>	<b>5,601.1</b>

**Table 3.6 Change in regular volunteer capacity for TSOs between 2022 and 2025**

	Number of regular volunteers		Estimated total hours worked (millions)		Number of full-time equivalent regular volunteers	
	2022	2025	2022	2025	2022	2025
North East England	163,997	148,929	11.6	10.7	7,057	6,285
North West England	468,616	431,455	33.3	31.1	20,165	18,209
Yorkshire & Humber	335,044	310,327	23.8	22.3	14,417	13,097
English East Midlands	321,682	289,687	22.8	20.9	13,842	12,226
English West Midlands	384,366	342,399	27.3	24.7	16,539	14,451
East of England	484,562	437,728	34.4	31.5	20,851	18,474
London <sup>52</sup>	1,024,431	903,481	72.7	65.1	44,082	38,131
South East England	777,450	708,229	55.2	51.0	33,454	29,890
South West England	531,867	492,764	37.8	35.5	22,886	20,797
Wales	224,229	212,277	15.9	15.3	9,649	8,959
<b>England and Wales</b>	<b>4,716,244</b>	<b>4,277,276</b>	<b>334.9</b>	<b>308.0</b>	<b>202,941</b>	<b>180,518</b>

<sup>51</sup> Estimates of the number of volunteers may be over or underestimated in London because many larger organisations, such as charitable foundations, tend not to have volunteers. Large international organisations by contrast may have very large numbers of volunteers but they may not provide support in England and Wales. As a study of the local third sector, these estimates feel 'about right' when compared with other.

<sup>52</sup> Estimates of the number of volunteers may be over or underestimated in London because many larger organisations, such as charitable foundations, tend not to have volunteers. Large international organisations by contrast may have very large numbers of volunteers but they may not provide support in England and Wales. As a study of the local third sector, these estimates feel 'about right' when compared with other.

## Section 4

# Sector purpose, beneficiaries and impact

This section of the report<sup>53</sup> examines perceptions of sector purpose and perceptions of impact to underpin analysis of the economic and social value that the sector produces (which is presented in Section 5).

### 4.1 Sector purpose and beneficiaries served

Often, commentators and researchers want to pin down what it is, exactly, that the third sector does, for whom and with what consequence. After studying the sector for many years, however, it is apparent from this study that most TSOs, when asked, state that they have many purposes, serve a range of beneficiary groups and claim to produce a variety of social impacts. No matter how complex taxonomies of purpose, beneficiaries and impact are, the likelihood that individual organisations will tick just one box for each is so limited that when trying to paint the big picture on these issues, it is better to do so using broad strokes.

The current list of charitable purpose used by the Charity Commission shows that some issues are ascribed to by very large numbers of organisations. As Table 4.1 shows, for example, just over half of organisations state that they are concerned with 'education and training'. The extent to which charities align with purpose varies to some extent by their size.

For example, 29% of the largest organisations work in the area of 'the advancement of health and the saving of lives' while only 14% of the smallest organisations do so. These differences are even more pronounced in areas such as housing and accommodation where bigger charities are much more likely to be involved (for the obvious reason that such activity requires substantial financial investment). In the fields of 'arts, culture, heritage and science' or 'amateur sport', by contrast, commitment is more or less equal irrespective of organisational size.

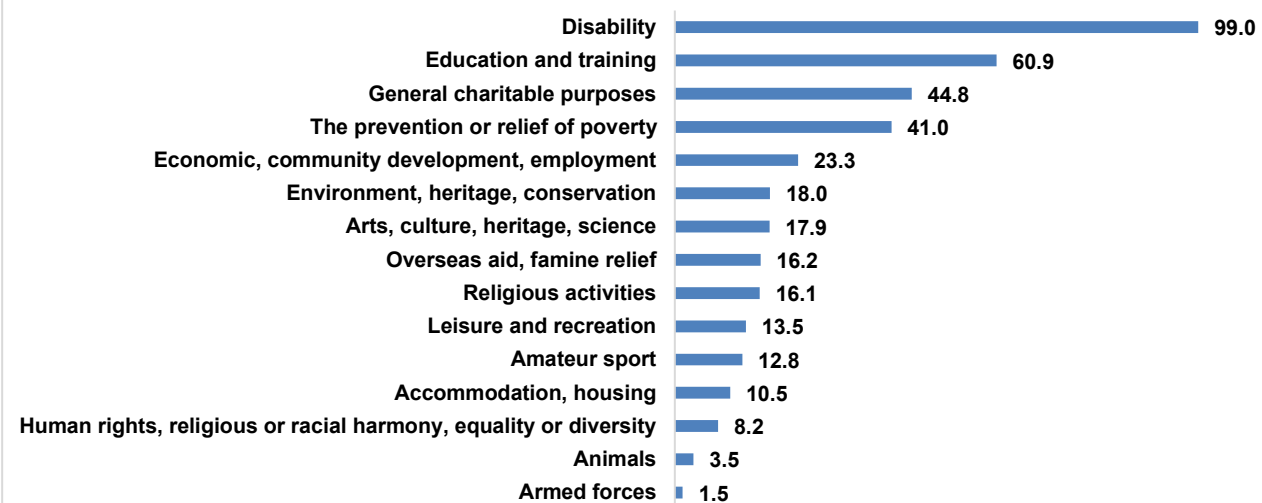
---

<sup>53</sup> This section of the report is adapted from the initial analysis undertaken in Yorkshire and Humber in 2021. To read this in context, see: [\(PDF\) The structure, dynamics and impact of the voluntary, community and social enterprise sector: a study of West Yorkshire Combined Authority, West Yorkshire & Harrogate Health and Care Partnership and Humber Coast and Vale Health and Care Partnership areas \(researchgate.net\)](#). In this report, data were presented separately for West Yorkshire Combined Authority Area and two NHS Health Care Partnership areas. In this review, data are only included from West Yorkshire Combined Authority Area.

**Table 4.1 Engagement with aspect of charitable purpose by organisational size** (Third Sector Trends Combined Register 2025)

Charity Commission categories on third sector organisations' purpose	Micro income below £10,000	Small income £10,000-£49,000	Medium income £50,000 - £249,999	Large income £250,000-£999,999	Big income £1million - £25million	Percent of all Charity Commission registered TSOs (in rank order)
Education and training	46.9	50.2	51.5	57.2	66.3	51.1
General charitable purposes	35.9	36.2	30.3	32.3	29.0	34.3
Disability	20.6	21.7	25.3	33.7	37.7	24.2
Religious activities	15.4	20.1	32.1	27.9	15.6	21.5
The prevention or relief of poverty	17.0	16.5	20.9	28.2	24.9	19.2
Arts, culture, heritage, science	18.5	21.9	15.6	17.0	17.2	18.7
Advancement of health / saving of lives	13.6	14.4	16.7	23.4	28.5	16.3
Environment, heritage, conservation	16.9	20.8	12.9	10.9	9.9	16.3
Econ., community dev., employment	9.3	12.3	13.4	18.8	19.2	12.5
Amateur sport	13.5	10.5	8.9	10.9	12.9	11.5
Leisure and recreation	9.2	13.3	9.6	8.4	6.6	10.3
Overseas aid, famine relief	4.8	5.8	6.1	6.0	5.1	5.5
Accommodation, housing	2.7	4.6	5.0	8.1	13.4	4.9
Human rights, religious or racial harmony, equality or diversity	2.4	3.5	4.6	6.1	4.8	3.7
Animals	2.0	2.8	3.1	3.3	3.2	2.7
Armed forces	0.4	0.4	0.6	0.8	0.9	0.5

Using the same Charity Commission Register data (which has been collated for England and Wales in the Third Sector Trends Combined Register) it is apparent that charities do not align to just one issue. For example, amongst those charities which report that they address 'the advancement of health or saving of lives' many also state that they attend to other issues (see Figure 4.1). In some cases, the association between issues is very close: 99% of TSOs which are concerned with the advancement of health also align with 'disability' as an aspect of their purpose.

**Figure 4.1 Percentage of organisations which address health and the saving of lives with other aspects of purpose**

Third Sector Trends uses a short list of beneficiaries served to provide broad indications of sector activity. Table 4.2 compares alignment to beneficiary purpose in 2022 and 2025. The datasets are quite similar and differences of less than 2% should be generally discounted as these may be due to sample bias. That stated, it is perhaps surprising in the context of the 'cost of living crisis' which is often cited in news reports on the impact of the third sector that TSOs' attendance to issues surrounding poverty, unemployment and deprivation in urban areas have all fallen between 2022 and 2025.

Table 4.2 Beneficiaries served comparing 2020 and 2025 (Third Sector Trends surveys 2022 and 2025)			
Beneficiaries served	2022	2025	Percentage difference
People in general	52.9	55.7	2.8
Children and young people	41.5	39.3	-2.2
Older people	31.7	32.5	0.8
People with physical disabilities	20.1	20.6	0.4
People with physical health conditions	20.4	20.5	0.1
People with mental health conditions	24.4	23.5	-1.0
People with learning disabilities	17.9	17.6	-0.3
Carers	10.3	12.2	1.9
People of a particular ethnic or racial origin	8.0	6.6	-1.4
People with homelessness and housing issues	10.6	10.6	0.0
Unemployed/workless people	13.1	11.9	-1.2
People or households living in poverty	18.8	18.6	-0.3
People with concerns about gender and sexuality	4.5	4.0	-0.5
People in rural areas	15.6	15.9	0.3
People in disadvantaged urban areas	16.3	13.9	-2.5
Overseas aid (e.g. famine relief, education, development work)	No data	4.6	No data
Animals	No data	2.7	No data
<b>N=</b>	<b>6,070</b>	<b>8,680</b>	

Larger TSOs are more likely to serve many beneficiary groups – as would be expected given that they have more resources available to do so. Although there are some exceptions, such as those organisations which support people in rural areas.

Table 4.3 Percent of TSOs serving beneficiaries by size of organisation 2025						
	Micro income below £10,000	Small income £10,000- £49,000	Medium income £50,000 - £249,999	Large income £250,000- £999,999	Big income £1million - £25million	N=
People in general	59.4	60.2	53.0	46.1	41.8	4,837
Children and young people	30.2	37.9	49.4	45.4	38.5	3,409
Older people	30.7	33.4	34.2	31.3	31.5	2,820
People with physical disabilities	16.6	18.1	23.7	27.5	27.8	1,785
People with physical health conditions	15.6	18.2	24.6	27.3	28.7	1,783
People with mental health conditions	14.5	19.3	31.0	36.3	35.9	2,036
People with learning disabilities	11.3	15.3	22.7	25.7	25.8	1,530
Carers	7.7	10.1	17.0	15.9	18.8	1,057

People of a particular ethnic or racial origin	3.9	6.3	8.8	9.3	7.4	573
People with homelessness and housing issues	4.0	8.9	13.9	19.8	22.1	919
Unemployed/workless people	5.7	8.9	17.2	20.8	20.6	1,033
People or households living in poverty	9.1	15.2	26.9	30.3	27.6	1,611
People with concerns about gender and sexuality	1.8	2.7	5.6	7.6	7.9	344
People in rural areas	15.7	16.3	15.5	17.9	12.9	1,383
People in disadvantaged urban areas	5.4	10.2	21.5	26.3	20.8	1,203
Overseas aid (e.g. famine relief, development work)	3.4	5.6	5.5	3.7	2.8	397
Animals	2.9	2.5	3.0	2.3	2.8	236
Other TSOs (e.g. a grant making trust or a CVS)	1.8	2.6	3.9	8.2	10.1	321
Other	11.1	7.3	9.5	12.7	12.0	847
<b>N=</b>	<b>2,505</b>	<b>2,677</b>	<b>2,085</b>	<b>956</b>	<b>457</b>	<b>8,680</b>

The extent to which TSOs serve discrete beneficiary groups is shaped by the characteristics of the places where they are based. Table 4.4 shows the percentage of TSOs attending to beneficiary groups seems to reflect the level of affluence of the area where they work. For example, three times as many TSOs in the least affluent areas (21%) serve people facing homelessness or housing issues than in the most affluent areas (7%). A similar pattern is repeated for those TSOs serving people in disadvantaged urban areas, people and households living in poverty, and unemployed or workless people.

**Table 4.4 Percent of TSOs serving beneficiary groups by area affluence 2025**

	Least affluent areas IMD 1-2	IMD 3-4	Inter-mediate IMD 5-6	IMD 7-8	Most affluent areas IMD 9-10	All TSOs
People in general	52.1	55.5	57.3	57.3	55.0	4837
Children and young people	45.7	41.9	38.0	37.3	36.3	3409
Older people	36.9	35.1	31.1	31.8	29.6	2820
People with physical disabilities	26.7	24.5	18.7	18.1	17.8	1785
People with physical health conditions	28.1	23.1	17.8	18.2	18.8	1783
People with mental health conditions	36.4	28.5	20.5	19.2	18.3	2036
People with learning disabilities	25.1	22.3	15.7	15.2	13.4	1530
Carers	17.6	14.0	10.7	10.3	10.6	1057
People of a particular ethnic or racial origin	13.6	7.8	5.3	5.1	3.9	573
People with homelessness and housing issues	20.5	13.4	8.1	8.2	6.8	919
Unemployed/workless people	24.0	16.5	9.1	9.1	5.9	1033
People or households living in poverty	35.1	23.9	14.6	14.5	11.6	1611
People with concerns about gender and sexuality	7.8	5.4	3.2	2.8	2.3	344
People in rural areas	9.8	15.7	20.6	19.3	11.6	1383
People in disadvantaged urban areas	31.0	18.8	10.0	9.3	7.2	1203
Overseas aid (e.g. famine relief, development work)	3.1	3.8	3.8	6.2	5.4	397
Animals	1.9	2.9	2.7	3.3	2.5	236
Other TSOs (e.g. Grant making trust, CVS)	5.0	3.9	3.7	3.7	2.6	321
Other	9.8	10.1	9.8	9.8	9.3	847
<b>N=</b>	<b>1,270</b>	<b>1,531</b>	<b>2,013</b>	<b>2,000</b>	<b>1,866</b>	<b>8,680</b>

## 4.2 Perceptions of impact

Currently, Third Sector Trends is the only large-scale study which collects substantive data on perceptions of sector impact. New questions were introduced in 2019 on the impact of the sector's work which were developed in collaboration with *Power to Change*. Respondents were asked "at a community level, what kind of impact do you think you have?" in several domains of purpose.

For each aspect, respondents were invited to tick one of the following responses: 'we have a very strong impact', 'we make an important contribution', 'we make some difference' and 'no we don't try to do this'. Response rates to each question were high (never falling below 94% for each statement) which bolsters the reliability of the findings. It was a matter of concern, when the survey was launched, that TSOs might be tempted to 'over emphasise' the value of their work. But this did not turn out to be the case. Respondents were measured in their assessments of the areas of impact to which they contribute.

Table 3.8 shows the strength of impact that TSOs say they have on personal, social and community wellbeing. Two findings stand out. Firstly, a higher percentage of TSOs perceive that they have very strong impact on 'generalist' objectives such as 'health and wellbeing' (25%) or 'social isolation' (27%), while fewer make such claims about more specialised or focused aspects of impact such as 'increasing employability' (6%) or 'improving the local environment' (8%).

Secondly, it is worth paying close attention to areas of impact that TSOs do not contribute towards (see Table 4.5). It may be surprising that over half of the sector (51%) does not try to tackle 'the consequences of poverty'. Other core areas of support for people facing critical needs are not attended to by large percentages of TSOs such as 'increasing access to basic services' (54%) or 'improving the local environment' (48%).

**Table 4.5 Extent to which TSOs feel that they make an impact on aspects of social wellbeing**  
(Third Sector Trends in England and Wales 2025)

	We have a very strong impact	We make a good contribution	We make some difference	We don't try to do this	N=
Develop knowledge & skills through education & training	16.7	30.1	27.9	25.3	8,396
Improve health and wellbeing	24.6	35.3	26.7	13.4	8,451
Reduce social isolation	26.8	32.0	24.6	16.6	8,404
Encourage physical activity and improve fitness	12.5	20.8	23.3	43.3	8,254
Increase employability	6.0	13.4	22.5	58.1	8,178
Tackle the consequences of poverty	9.7	15.1	24.2	51.0	8,179
Improve people's access to basic services	10.5	15.6	20.3	53.7	8,155
Enhance the cultural and artistic life of the community	15.2	22.4	25.9	36.5	8,293
Improve the local environment	8.4	17.3	26.8	47.6	8,184
Promote community cohesion	18.4	28.5	29.8	23.2	8,303
Empower people in the community	17.8	24.5	26.2	31.5	8,212
Increase people's pride in their community	13.8	25.4	29.2	31.6	8,204
Give people confidence to manage their lives	20.1	23.0	23.5	33.4	8,239

To get beneath the surface of these headline findings, data must be disaggregated by size of organisations and their spatial location. Organisational size affects how TSOs judge their impact in specific areas of work. As shown in Table 4.6, larger organisations are much more likely to report that they make a 'strong' or 'good' contribution than smaller organisations in most areas of impact.

There are some exceptions. Smaller organisations are more likely to feel that they have impact on the enhancement of the cultural and artistic life of the community. In relation to 'improving the local environment' and 'increasing people's pride in the community', perceptions of impact are fairly evenly balanced.

The question is, why do larger TSOs generally feel that they make more of an impact? It may be a matter of 'scale', that they are bigger and achieve more. It could also be because they understand and are more comfortable with using the technical language surrounding impact evaluation or measurement. Or perhaps it is due to the stronger focus and specialisation of many larger organisations? These issues will need to be explored further at a later date.

**Table 4.6 Percent reporting 'very strong impact' or a 'good contribution' by size of TSOs**  
(interim Third Sector Trends survey findings 2025, n=6,597)

	Micro (income under £10,000)	Small (income £10,000 - £49,999)	Medium (income £50,000 - £249,999)	Large (income £250,000 - £999,999)	Big (income £1m or more)	All TSOs
We develop knowledge and skills through education and training	37.2	42.8	53.1	59.8	65.1	46.8
We improve health and wellbeing	42.8	56.6	70.3	80.4	81.8	59.9
We reduce social isolation	44.9	56.5	68.7	74.3	70.0	58.8
We encourage physical activity and improve people's fitness	25.1	33.8	37.1	42.5	38.8	33.4
We increase employability	8.0	13.3	25.3	39.8	44.0	19.3
We tackle the consequences of poverty	10.7	18.2	34.6	45.5	49.4	24.9
We improve people's access to basic services	11.6	18.4	35.1	50.7	53.8	26.1
We enhance the cultural and artistic life of the community	35.8	40.7	38.1	37.5	27.0	37.6
We improve the local environment	24.2	24.7	27.1	28.6	26.8	25.7
We promote community cohesion	35.1	46.0	56.6	58.0	49.9	47.0
We empower people in the community	25.0	35.1	55.5	66.0	64.6	42.3
We increase people's pride in their community	33.4	37.3	45.6	46.2	38.5	39.2
We give people confidence to manage their lives	23.6	34.7	57.6	69.0	74.3	43.1

Table 4.7 shows perceptions of impact achieved by TSOs which are located in richer or poorer areas using Indices of Multiple Deprivation. As would be expected, given the greater levels of need, assessments of impact tend to be much stronger amongst TSOs based in the poorest areas (with the exception of impact on *enhancing the cultural and artistic life of the community* and *improving the local environment*). Some findings stand out:

- Twice as many TSOs based in the poorest areas (66%) feel that they have a strong impact on giving people confidence to manage their lives as in the richest areas (34%).
- Almost twice as many TSOs based in the poorest areas (74%) perceive that they have a strong impact on social isolation compared with 53% in the most affluent areas.

- Many TSOs based in the poorest areas feel that they make a good or strong contribution to tackling the consequences of poverty (46%) compared with 16% based in the richest areas.

**Table 4.7 Percent reporting ‘very strong impact’ or ‘good impact’ by location of TSOs in richer or poorer areas** (interim Third Sector Trends survey findings 2025, n=6,597)

	IMD 1-2 Poorest	IMD 3-4	IMD 5-6 Inter- mediate	IMD 7-8	IMD 9-10 Richest	Average (in rank order)
We develop knowledge and skills through education and training	58.7	49.0	45.5	43.0	42.1	46.8
We improve health and wellbeing	74.2	64.8	56.8	54.7	54.9	59.9
We reduce social isolation	74.2	64.2	55.9	53.4	52.5	58.8
We encourage physical activity and improve people's fitness	41.7	34.6	31.7	31.4	30.3	33.4
We increase employability	32.7	24.5	17.3	14.3	13.0	19.3
We tackle the consequences of poverty	45.6	31.5	20.5	19.0	15.7	24.9
We improve people's access to basic services	48.3	33.5	20.9	18.8	17.6	26.1
We enhance the cultural and artistic life of the community	39.0	39.4	37.4	36.8	36.1	37.6
We improve the local environment	29.8	28.1	25.1	23.8	23.4	25.7
We promote community cohesion	61.4	52.3	46.1	41.1	39.5	47.0
We empower people in the community	64.5	51.4	39.3	33.7	31.4	42.3
We increase people's pride in their community	51.1	44.1	37.5	34.7	33.6	39.2
We give people confidence to manage their lives	65.8	51.0	39.3	34.8	33.5	43.1
<b>N=</b>	<b>1,235</b>	<b>1,495</b>	<b>1,933</b>	<b>1,942</b>	<b>1,791</b>	<b>8,396</b>

### 4.3 Impact interactions

Assessing the impact that TSOs have in precise terms is complicated because most organisations want to achieve a wide range of outcomes. To assess the extent to which this happens, using data from 2019, Table 4.8 presents a matrix of data to find out if when TSOs state they have a strong or good impact in *one area* of activity - *where else* do they feel they make a difference.<sup>54</sup>

The table should be read along the rows. For example, 1,059 TSOs in the sample stated that they had a strong or good impact on reducing social isolation. Amongst these TSOs, 66% also felt that they had a good or strong impact on improving health and wellbeing, 56% felt that they had a good or strong impact on giving people confidence to manage their lives... and so on.

It is not necessary to describe the matrix in detail, but it is worthwhile for readers to spend some time looking at these interactions to determine ‘what tends to go with what’. The darker green boxes indicate the complementary areas of strong impact, As the strength of perceived impact diminishes, the green boxes are lighter in colour.

A few examples of interactions are provided in the following bullet point:

<sup>54</sup> These data are drawn from the whole of the Third Sector Trends data set (n=4,081) to ensure that findings are as representative of general sector activity as possible.

- **TSOs which focus on health and wellbeing** are most likely also to feel that they have a good or strong impact on *improving people's confidence to manage their lives, reduce social isolation and empower people in the community*. These TSOs are least likely to state that they have an impact on the *environment, employability or help lift people from poverty*.
- **TSOs which focus on tackling the consequences of poverty** are most likely also to feel that they have a good or strong impact on building *confidence, helping to lift themselves from poverty, reduce isolation, increase empowerment and improve health and wellbeing*. They feel that they have less impact on increasing *pride in the community, improving the environment or enhancing the artistic and cultural life of the community*.
- **TSOs which focus on enhancing the cultural and artistic life of the community** tend to be the most focused on a single issue – apart from *increasing pride in the community and promoting community cohesion*. Most of these organisations are amongst the least likely to feel that they have a strong or good impact on issues surrounding *poverty, employability or access to services*.
- **TSOs which focus on increasing people's pride in the community** are most likely to feel that they also have a strong or good impact on promoting *community cohesion and empowering people in the community*. They also put emphasis on improving *health and wellbeing and tackling social isolation*. Such organisations are less likely to claim that they have an impact on issues surrounding *poverty and employability*.

The purpose of this analysis is to show that interactions between areas of impact tend to be clustered together due to the many interactions. Looking at the situation at this level of detail is, however, somewhat complex. Consequently, it is necessary to slim down the areas of perceived impact into more manageable categories. If the value of the third sector activities is to be assessed in broad terms, it is necessary to identify core areas of sector practice into which its energy is directed. The above analysis has indicated that there is a good deal of overlap in the work of the third sector.

Recognition that cross-overs in impact exist is important because it helps to show how difficult it is to 'attribute' impact in a highly focused way. This section shows the extent of cross-overs between different aspects of the third sector's work. It does so using four 'core' variables that have been created from the twelve aspects of impact discussed in the previous section. Through a process of clustering the twelve factors to see 'what-goes-with-what', four new broadly-based variables have been created. They address issues, arguably, of equal social importance, but that does not mean that the sector necessarily injects the same amount of energy into them with equal vigour.

The four core variables are shown on the top line of Table 5.5, and underneath is the list of variables that helped to construct it.

- **Personal health:** refers to direct support on health-related issues and / or support for people with health-related conditions (including mental health, physical health, physical disability and learning difficulties).<sup>55</sup>
- **Personal wellbeing:** refers to aspects of personal attributes needed to take part in social life such as confidence, resilience, social skills, education, training and social capital.

<sup>55</sup> Only in the case of 'personal health' was it necessary to draw upon additional data because the category 'health and wellbeing' was too large and too generalised to use on its own. Consequently, in addition to those respondents who stated that 'health and wellbeing' was something they made a very strong contribution to in terms of impact, these were filtered by organisations which said that their beneficiaries fell into one or more of the following categories: mental health, physical health, physical disabilities and learning difficulties.

**Table 4.8 Interactions between different aspects of social impact** (Third Sector Trends 2019, England and Wales)

Key		Reduce social isolation	Improve health and wellbeing	Increase employability	Tackle consequences of poverty	Improve access to services	Enhance cultural and artistic life of community	Improve the local environment	Promote community cohesion	Empower people in the community	Increase people's pride in their community	Confidence	Help people lift themselves from poverty
	60% or more												
	40-59%												
	20-29%												
	Under 20%												
	No. TSOs.												
Reduce social isolation		1,059	66.2	15.9	17.3	30.5	24.2	14.5	45.7	51.3	31.3	56.3	16.6
Improve health and wellbeing		57.0	1,229	17.3	16.8	29.2	20.0	14.2	36.9	46.3	25.7	57.8	16.1
Increase employability		50.6	64.2	332	34.0	33.4	22.3	17.8	44.0	54.2	29.5	68.4	39.8
Tackle consequences of poverty		50.8	57.5	31.4	360	51.4	15.0	13.9	41.4	53.6	27.2	61.4	57.5
Improve access to services		60.6	67.4	20.8	18.8	533	18.8	10.9	44.1	59.1	25.7	70.2	32.1
Enhance cultural and artistic life of community		38.4	36.9	11.1	8.1	15.0	666	20.9	41.9	35.9	40.5	27.5	8.1
Improve the local environment		39.2	44.9	15.1	12.8	14.9	35.6	390	52.8	44.4	58.5	27.2	13.6
Promote community cohesion		56.5	53.0	17.1	17.4	27.5	32.6	24.1	855	64.6	51.7	47.1	16.4
Empower people in the community		60.1	63.0	19.9	21.4	34.9	26.5	19.2	61.1	903	46.0	64.2	21.6
Increase people's pride in their community		52.5	50.1	15.5	15.5	21.7	42.8	36.1	70.0	65.8	631	44.5	15.1
Confidence		55.6	66.1	21.2	20.6	34.9	17.1	9.9	37.6	54.2	26.2	1,071	23.9
Help people lift themselves from poverty		52.5	59.1	39.4	61.8	51.0	16.1	15.8	41.8	58.2	28.4	76.4	355

- **Financial security:** refers to support to access aspects of social and financial inclusion through, for example, paid work, housing, access to services and benefits and either deal with aspects of poverty or find ways of escaping from poverty.
- **Community wellbeing:** refers to the strength of community ties, pride and social cohesion, quality of community facility, physical and cultural environment, and social inclusion and community empowerment.

As Table 4.9 shows, between a fifth and third of TSOs believe that they have a 'strong impact' in each of these clusters.<sup>56</sup> Furthermore, many organisations commit to achieving impact in two or more clusters of social impact. Indeed, nearly 8 per cent of organisations feel that they achieve strong impact in all four areas.

This should not be surprising. Many TSOs engage in a wide range of activities which serve many purposes even if they have a particular area of specialism in terms of purpose, beneficiary orientation or approach to practice. With these observations in mind, when trying to determine the whole value of the contribution of the third sector – much will depend on shared, well-informed judgement – rather than nailing down the specifics of who achieved what.

Figure 4.9 Construction of four key areas of social impact			
Personal health	Personal wellbeing	Financial security	Community wellbeing
We improve health and wellbeing	We develop knowledge and skills through education and training	We increase employability	We enhance the cultural and artistic life of the community
We encourage physical activity and improve people's fitness	We give people confidence to manage their lives	We improve people's access to basic services	We increase people's pride in their community
	We reduce social isolation	We tackle the consequences of poverty	We promote community cohesion
			We empower people in the community
			We improve the local environment

The extent to which a strong impact is achieved varies according to the size of TSOs (see Table 4.10). In relation to making an impact on personal health, for example, four times as many of the biggest organisations consider themselves to be making a substantial impact compared with the smallest

<sup>56</sup> Data were selected only for those organisations which claim to achieve a 'strong impact' in order to discriminate between those with primary commitment to achieving impact from those which address the issue as a secondary or lower level concern. The approach is imperfect as some organisations stating that they make lower levels of impact may simply being realistic about the benefit achieved by their actions. In general terms, however, given the size of the dataset – it is anticipate that the data are broadly indicative of TSOs' intent.

TSOs. Indeed, in relation to tackling financial security, big organisations are seven times more likely to attribute strong impact to their work in this field.

Having a strong impact on community wellbeing, by contrast, is more balanced between organisations of different sizes. Just of a quarter of micro organisations (26%) think that they have a big impact compared with 41% of the biggest organisations.

Table 4.10 <b>Percent of TSOs, by size, which have make a strong impact in four core fields of sector activity</b> (interim Third Sector Trends survey findings 2025, n=6,597)						
	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 above £25million	n=8,680
Personal health	14.0	21.8	36.7	48.0	50.1	14.0
Personal wellbeing	21.6	32.3	52.8	63.0	70.5	21.6
Financial security	6.4	11.6	24.3	38.3	41.6	6.4
Community wellbeing	25.8	32.8	43.2	49.3	41.4	25.8

Similarly, when comparing perceptions of strong impact amongst organisations based in areas of wealth and deprivation, clear variations are demonstrated (see Table 4.11). These differences in levels of impact achieved are particularly strong in the field of financial security where TSOs based in the poorest areas are three and a half times more likely to claim that they are making a clear difference than in those based in the richest areas. Similar, though less dramatic differences are shown for the remaining areas of core sector impact.

Table 4.11 <b>Percent of TSOs based in areas of wealth or deprivation which make a strong impact in four fields of sector activity</b> (interim Third Sector Trends survey findings 2025, n=6,597)						
	Poorest - IMD 1-2	IMD 3-4	Intermediate - IMD 5-6	IMD 7-8	Richest - IMD 9-10	n=8,680
Personal health	40.9	31.7	24.9	23.7	21.9	2,387
Personal wellbeing	58.6	47.0	36.3	33.3	30.6	3,430
Financial security	35.8	23.1	14.0	13.0	9.9	1,534
Community wellbeing	49.6	41.0	33.2	31.5	28.3	3,085

Using broad categories of personal, social and community impact helps to demonstrate the extent to which organisational activity overlaps across fields of impact (see Figure 4.12). For example, 14% of TSOs think that they have a strong impact in the relatively disparate fields of *personal health* and *community wellbeing*. The analysis can be extended to three and four way interactions to show how much overlap exists in impact terms. Interestingly, 6% of TSOs feel that they have strong impact in all four aspects of social activity.

**Table 4.12 Percentage interactions between core social impact variables** (Third Sector Trends 2025, England and Wales, n=6,597)

<b>Core areas of sector impact</b>	
<b>Personal health</b>	<b>Personal wellbeing</b>
(25.0% of TSOs say they make a substantive impact)	(36.6% of TSOs say they make a substantive impact)
<b>Financial security</b>	<b>Community wellbeing</b>
(15.8% of TSOs say they make a substantive impact)	(33.4% of TSOs say they make a substantive impact)
<b>Two-way interactions</b>	
<b>Personal health &amp; Financial security</b>	<b>Personal health &amp; Personal wellbeing</b>
(8.6% of TSOs say they make a substantive impact in both domains)	(19.7% of TSOs say they make a substantive impact in both domains)
<b>Personal wellbeing &amp; Community wellbeing</b>	<b>Community wellbeing &amp; Financial security</b>
(21.1% of TSOs say they make a substantive impact in both domains)	(9.3% of TSOs say they make a substantive impact in both domains)
<b>Personal health &amp; Community wellbeing</b>	<b>Financial security &amp; Personal wellbeing</b>
(14.0% of TSOs say they make a substantive impact in both domains)	(12.6% of TSOs say they make a substantive impact in both domains)
<b>Three-way interactions</b>	
<b>Personal health, Personal wellbeing &amp; Financial security</b>	<b>Personal wellbeing, Community wellbeing &amp; Personal health</b>
(7.9% of TSOs say they make a substantive impact in all three domains)	(12.4% of TSOs say they make a substantive impact in all three domains)
<b>Personal health, Financial security &amp; Community wellbeing</b>	<b>Community wellbeing, Personal wellbeing &amp; Financial security</b>
(6.0% of TSOs say they make a substantive impact in all three domains)	(8.5% of TSOs say they make a substantive impact in all three domains)
<b>Four-way interactions</b>	
<b>Personal health, Personal wellbeing, Financial security &amp; Community wellbeing</b>	
(5.8% of TSOs say they make a substantive impact in all four domains)	

## Section 5

# Sector impact

### 5.1 How to value sector activity

Third Sector Trends' approach to impact analysis has been designed to examine ways of assessing the contribution of the third sector as a complete entity to the social and economic wellbeing of localities. This represents a departure from most evaluation studies of sector impact which have tended to focus on:

- **practice interventions** (such as programmes to address homelessness, teenage pregnancy, recidivism, cultural venues).
- **organisational or partnerships interventions** (such as mental health recovery-college programmes, young people's employability programmes, enterprise and economic development); and,
- **place-based interventions** which attempt to strengthen or revive local economy and society (such as Local Trust programmes or interventions to regenerate declining coastal towns).

A wide range of techniques have been developed to undertake evaluation of third sector activity such as *cost-benefit analysis* and *social return on investment*.<sup>57</sup> These approaches are underpinned by social-science driven methodologies to examine aspects of behavioural, economic or social change.

Some impact-focused approaches to evaluation construct *theories of change* to test the effectiveness of programmes achievement of desirable objectives.<sup>58</sup> More recently, the use of *social impact bonds*, which are devised to incentivise social investment by pinpointing likely financial outcomes, have caught the political imagination in some circles.<sup>59</sup>

---

<sup>57</sup> There is a large policy and practice literature associated with approaches to evaluation methodologies which cannot be reviewed here. There are several approaches to Social Return on Investment (SROI), see for example: New Economics Foundation (2004) *Social Return on Investment: valuing what matters*, London, New Economics Foundation. <https://www.nefconsulting.com/wp-content/uploads/2017/09/sroi-valuing-what-matters.pdf> For current practice provided by NEF, see: <https://www.nefconsulting.com/training-capacity-building/resources-and-tools/sroi/>. For a useful critical review of SROI see Arvidson, M., Lyon, F., McKay, S. and Moro, D. (2011) *The ambitions and challenges of SROI*, Birmingham: third sector Research Centre University of Birmingham. See also: Morris, A. (2003) *Models of Research Impact: a cross-sector review of literature and practice*, London: Learning and Skills Research Centre; and Nutley, S., H. Davies, et al. (2002) *Evidence Based Policy and Practice: Cross Sector Lessons from the UK*, London, ESRC UK Centre for Evidence Based Policy and Practice. Cost benefit analysis has been used extensively in public and social policy domains.

<sup>58</sup> Theories of change have been used extensively in programme design and evaluation. There is a large literature which lends enthusiastic support to this approach, see for example: Taplin, D. et al. (2013) *Theory of Change, technical papers*, New York, Center for Human Environments. In the UK, New Philanthropy Capital has been a leading exponent of Theories of Change, for more detail see: <https://www.thinknpc.org/resource-hub/creating-your-theory-of-change-npcs-practical-guide/>. The approach is not without its detractors, however, see for a short example: Mulgan, G. (2016) *What's wrong with theories of change?* London, NESTA: <https://www.nesta.org.uk/blog/whats-wrong-with-theories-of-change/>

<sup>59</sup> Social Investment is not a new idea. For example, in the 19th century, the Peabody Trust became well known for its 'five per cent philanthropy' in the production of affordable rented housing for the poor, see: Tarn, J.N. 1973. *Five Per Cent*

When carefully used in the right contexts, the above approaches can throw light on the benefits that interventions have brought about. But such techniques cannot be transplanted directly onto an enquiry about 'whole sector' impact for a number of reasons.

Firstly, impact evaluation work at organisational or programme levels tends to be highly focused on specific areas of practice or impact. When looking at sector impact from an area perspective, this is a serious limitation because TSOs' perceptions of impact tend to centre on 'softer' outcomes which are often produced in complementary ways and across fields of practice by many organisations and agencies.

Secondly, evaluation work is generally time limited to the period of funding. The desire to produce results quickly can drive the research focus onto concrete outcomes such as the number of people who engage in programmes and include immediate assessments of attitudinal or potential behavioural change. This can restrict the scope for assessing longer-term aspects of change in localities or for constituencies of beneficiaries that are brought about by a complicated and unpredictable mix of factors.

Thirdly, clear boundaries are often drawn around programme interventions to ensure that impact can be attributed to specific sources of funding. But as shown in Section 4 of this report, the way the work of the third sector is configured is much more complex and means that the disaggregation of the impact of individual organisations, in fields of practice or within localities is not easily achieved. In a study of whole sector impact, it must be recognised that boundaries are both fuzzy and permeable.

Fourthly, many evaluation exercises often seek to produce evidence of direct financial benefit gained as a result of funding programmes of work. This is explicable because funding agencies, especially in the public sector, are legally constrained, procedurally oriented and culturally attuned to procurement practices which focus primarily upon conventional economic notions of value for money.<sup>60</sup> The problem, in sector-level analysis, is that funding streams can rarely be disaggregated due to the complex mix of resources which TSOs draw upon.

Finally, evaluation work is intensive and expensive. Much of the work of the third sector is undertaken by smaller organisations and groups which do not

---

*Philanthropy*. London: Cambridge University Press. Enthusiasm for social investment and Social Impact Bonds (SIBs) resurfaced about a decade ago and the idea received an enthusiastic response in government circles. Cabinet Office described social investment as "Social investment provides capital that enables social organisations to deliver both social and financial returns. The investment is repayable, often with interest, and is typically used to develop new or existing activities that generate income – such as trading activities or contracts for delivering public services." (Cabinet Office, 2015). Exponents for social impact bonds (SIBs) have made compelling arguments for the take up of SIBs, see for example: Mulgan, G., S. Tucker, A., Rushanara, and B. Sanders. 2007. *Social Innovation: what it is, why it matters and how it can be accelerated*, Oxford: Said Business School; Nicholls, A. 2010. 'The Institutionalization of Social Investment: the interplay of investment logics and investor rationalities', *Journal of Social Entrepreneurship*, 1:1, pp. 70-100. However, strong evidence of the success of these approaches has yet to emerge and there is little enthusiasm within the third sector to engage with social investment. See Chapman, T. (2017) 'The propensity of third sector organisations to borrow money in the UK', *Policy Studies*, 38:2, 185-204.

<sup>60</sup> There has been a shift in legislative focus on value since the enactment of the Public Services (Social Value) Act in 2013. The Act demands that in procurement processes, aspects of social value are considered, but falls short on defining what constitutes social value and enforcing compliance. It is the stated intention of government to strengthen the processes surrounding social value assessments for larger departmental contracts. For further detail, see: <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>. A useful review of the policy and practice implications surrounding the act has been published by Power to Change: Jones, N. and Yeo, A. (2017) *Community business and the Social Value Act*, London: Power to Change: <https://www.powertochange.org.uk/wp-content/uploads/2017/08/Report-8-Community-Business-Social-Value-Act-1.pdf>.

have the capacity, capability or interest in undertaking impact evaluation. And even if they could be persuaded to do so, the cost of doing such work would undoubtedly be greater than the value of most of the grants they received.

## 5.2 The limitations of assessing impact attribution

The critical discussion presented above indicates that current approaches to evaluation work tend to be driven by a desire to 'attribute' impact to discrete funding streams. This has been especially common in public sector funding programmes since the 1980s when procurement practices were transformed to increase outsourcing of public service delivery, to encourage greater competition amongst private or third sector suppliers, and to improve quality while driving down costs.

This has not always been the case. It was once much more common for local authorities and health authorities to award grants or issue 'service level agreements' to trusted service delivery partners in the third sector.<sup>61</sup> Such funding arrangements are still commonly used by charitable trusts and foundations which are not bound by public sector procurement rules.

In a Third Sector Trends study of the work of 25 grant making charitable trusts and foundations,<sup>62</sup> it was shown that the majority of institutions made little use of formal approaches to impact assessment. Often it was argued by foundations that the areas of work they funded were so complicated that even intensive scrutiny would be unlikely to yield convincing evidence. As one participant in the study remarked:

***'It's about not necessarily knowing the answer, it's best not to presume too much about things. Good grant makers use judgement and proportionality in their decision making.'***

Many charitable trusts and foundations argued that it was more important to focus attention on the 'quality of the relationship' they had developed with TSOs they funded. As one participant argued:

***'Actually, I've got no interest in measuring our impact. What I'm interested in is what relationship do we have with those charities, and what relationships they have with communities, other charities and the public sector. Then we can ask ourselves what we are sustaining. And expecting that sometimes it will fail, and not beating ourselves up about that. I don't think it protects you from failure by having really strict criteria on impact and I think that a lot of the stuff that is generated is just put in a drawer and never read.'***

---

<sup>61</sup> In the early 1980s, government encouraged the use of procurement practices to outsource public services. This represented a cultural shift from 'public administration' towards 'public management'. Strong emphasis was placed on notions of 'value for money' and 'improvement' strategies applied to customer service and evaluation of satisfaction. This resulted in stronger dependence upon systems of collaborative governance of the commissioning process and progressively increased use of contracts for the engagement of private sector or third sector organisations to deliver services. For a useful account of the development of this policy shift, see: Powell, M. (2007) *Understanding the Mixed Economy of Welfare*, Bristol: Policy Press; Dunleavy, P. and Hood, C. (2007) 'From old public administration to new public management', *Public Money and Management*, 14:3, 9-16.

<sup>62</sup> Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle: Community Foundation North East:  
<https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2020/02/CFTWN-Strength-of-Weak-Ties-Full-Report-February-2020.pdf>

In practice terms, some charitable trusts and foundations which had been heavily involved in the use of complex approaches to impact assessment, were rethinking their strategy. This shift in policy was brought about by the realisation that the attribution of impact to funding streams was much harder to do than expected:

***‘Rather than focusing on the attribution of evidence, we ought to start saying we’ll share the outcomes. And because [TSOs] are working in a very fluid environment where people have complex and changing needs, you just have to let the organisation get on with doing the best it can for those individuals. It’s about how well they manage their money as an organisation, not attribution. That might be a problem for some funders, but it’s probably the direction we need to go.’***

In this study of the third sector there is an opportunity to look at social and economic impact in a different way from conventional evaluation research. Devising such an approach can proceed based on the understanding gained from analysis in the sections of this report on *sector structure*, *sector purpose* and *sector energy*.

The following key findings should be noted:

- The third sector is a pluralistic entity: constructed of many organisations and groups which are varied in their legal structures, their size, assets, interests, objectives and approaches to practice.
- The third sector is made up of autonomous and independent organisations and groups which cannot be managed systematically or marshalled to serve the interests of the state, market or private individuals.
- Organisations in the third sector tend to be ambitious to achieve their objectives. This produces higher levels of demand for sector resources than can ever be supplied. This produces a measure of competition over resource.
- While competition over resources exists, the evidence shows that there is a great deal of informal ‘neighbourly’ cooperation, semi-formal ‘complementary working’ in the third sector. Formal partnership working, which can constrain organisational autonomy, is much less common.
- The principal areas of impact of third sector activity tend to be focused on ‘softer outcomes’ associated with personal health, personal wellbeing and community wellbeing.
- third sector activity tackles many of the same complex issues from different standpoints. While there may be some unnecessary duplication and cross-overs of activity, most sector activity is complementary and value accumulates.

If the value of the activities of the third sector is to be assessed and valued, then it is necessary to define in clear terms what it is, precisely, that the sector does. But as noted above, that is difficult because the sector is composed of organisations which are varied in their scale, structures, practices and objectives.

## 5.3 Financial impact indicators

There is currently much political interest at the national level in finding ways of accounting for the financial value of the third sector's work.<sup>63</sup> It is a well-intentioned aim, which centres on the idea that the activities of the third sector are currently insufficiently credited or rewarded because the impact it achieves does not lend itself to the conventional approaches to measurement such as its contribution to gross domestic product (GDP).

GDP is a monetary measure calculated to record total economic output of goods and services.<sup>64</sup> This measure is used at national and international levels to calculate and compare levels of economic growth. A second measure 'gross value added' (GVA) is used by government to assess levels of economic activity in industrial sectors and/or geographical regions.<sup>65</sup> While GVA is not a measure of productivity, it is widely used to compare the strength of economic activity in regions or industrial sectors.

In recent years, the use of GDP and GVA as indicators of national, regional or industrial sectoral strength and vitality has attracted criticism. In the context of this report, the most important of which is that such measures put emphasis on economic growth but largely ignore the inequitable distribution of the benefits of that growth nationally and internationally.<sup>66</sup>

Given the shortcomings of conventional economic indicators, new approaches have been put forward. For example, campaigns on 'community wealth building'<sup>67</sup> have highlighted the importance of the local social and economic multiplier effects gained via local public sector procurement strategies.

Relatedly, policy work which focuses on the value of the 'foundation economy' emphasises the collective contribution of local business activity, the work of the local public sector and the third sector on local social and economic wellbeing. As Andy Haldane, former Chief Economist at the Bank of England has argued in an afterword to *The Foundational Economy*:

***'The critique goes to a set of deep questions in economics and economic policy. How do we assess how well society is being served by the economy? The existing conventions, based around individuals' consumption of private goods – in short, GDP. Or an alternative, based on***

<sup>63</sup> See for example, Kruger, D. (2020) *Levelling up our communities: proposals for a new social covenant*, <https://newsocialcovenant.co.uk/>. Haldane, A. (2019) *The third pillar and the fourth industrial revolution*, Pro Bono Economics 10<sup>th</sup> Anniversary Lecture: <https://www.probonoeconomics.com/news/andy-haldanes-full-speech-from-the-pro-bono-economics-10th-anniversary-lecture>. There are several initiatives under way to produce economic assessments of sector value. See, for example, a recent report by Pro Bono Economics to encourage government to include more data on third sector activity in the National Accounts. See Kenley, A. (2021) *Taking account: the case of establishing a UK social economy satellite account*, London: Pro Bono Economics / Law Family Commission on Civil Society, available here <https://www.probonoeconomics.com/news/government-faces-significant-gap-in-its-understanding-of-economy>

<sup>64</sup> For a concise description of GDP and how it is constructed, see *The Economist* definition <https://www.economist.com/economics-a-to-z/g/node-21529906>

<sup>65</sup> The ONS definition of GVA and how it is calculated can be found here: <https://www.ons.gov.uk/economy/grossvalueaddedgva>

<sup>66</sup> There is a large literature on the linkages between more equal societies and social wellbeing which is critical of conventional emphasis on economic growth. See: Piketty, T. (2014) *Capital in the twenty-first century*, Cambridge, Mass: Belknap Press of Harvard University; Stiglitz, J. (2013) *The Price of Inequality*, Harmondsworth, Penguin; and, Wilkinson, R. and Pickett, K. (2010) *The Spirit Level: why equality is better for everyone*, Harmondsworth, Penguin.

<sup>67</sup> See, for example, Guinan, J. and O'Neill, M. (2020) *The case for community wealth building*, Cambridge: Polity Press.

*everyone having sufficient access to social, as well as private, goods – a broader measure of wellbeing?’<sup>68</sup>*

In the context of this study of the social and economic impact value the third sector produces, the use of conventional metrics on productivity could only partially capture the value that the sector produces.

And certainly, there are dangers surrounding the use of terms such as ‘economic growth’ because TSOs are not generally in the business of wealth creation. Even when involved in trading activities, the intention is to reinvest any profits in social causes rather than to invest further in profit making.

Furthermore, most of the trading activity of the third sector involves delivery of public sector services under contract. Strictly speaking, such activity is paid for with money that government garners from taxation – so it would be hard to justify claiming that such work is contributing directly to wealth creation.

A much more convincing reason for **not** concentrating heavily on the contribution of the third sector to economic growth is that most of the sector’s income is ‘consumed’ rather than ‘produced’. As the NCVO Civil Society Almanac indicates, 72 per cent of sector income is sourced from public giving, grants from the national lottery, trusts and foundations, private sector contributions and dividends from investment. The remainder comes mainly from the public sector usually in the form of contracts together with some self-generated trading.<sup>69</sup>

## 5.4 Understanding third sector impact

It makes little sense to attempt to ‘force’ third sector activity into systematic models which were developed to measure economic growth produced by mainly by private businesses. In the third sector it is relatively rare to find organisations which borrow money to invest and thereby increase profitability. They do not, in this sense, ‘speculate to accumulate’ as is evidenced by the fact that sector expenditure almost always is at a lower level than its income.

TSOs generally ‘consume’ money to ‘produce’ social benefit – as can often be the case in public sector bodies such as schools and hospitals. In so doing, this is often justified on the basis that they help prepare the ground for the private sector to prosper and in turn funnel money (through taxation or philanthropy) back into the public or third sector to sustain activity.

To make grandiose claims about the third sector’s collective contribution to ‘social growth’ can be misleading because that gives the impression that all TSOs work collectively toward shared objectives. It is patently obvious that this is not the case. Consequently, it is better to go with the flow and accept that it is hard to pin down in precise terms what the sector does and what it achieves.

Figure 5.1 provides a simple diagram to show that sector activities are characterised both by inherent tensions and aspects of complementarity. Indeed, it is conceivable that a single TSO could do all the things listed in the following bullet points.

<sup>68</sup> Haldane, A. (2018) ‘Measuring and shaping the economy: afterword’, *Foundational Economy*, Manchester: Manchester University Press.

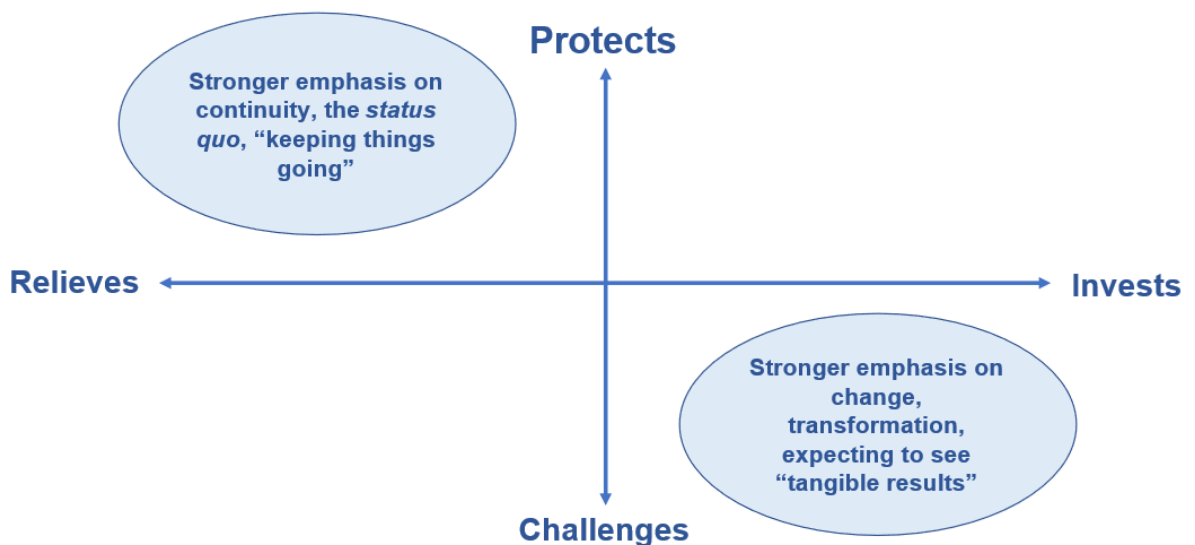
<sup>69</sup> NCVO Civil Society Almanac 2021. [Sector finances - Financials | UK Civil Society Almanac 2021](#)

- **Protects**: when TSOs preserve or protect something which they feel has inherent importance or is, for some reason, under threat from others.
- **Challenges**: when TSOs question the attitudes and behaviour of others or encourage attitudinal or behavioural change.
- **Relieves**: when TSOs tackle an issue by meeting needs that are ignored, neglected or caused by others.
- **Invests**: when TSOs strengthen the resilience, capability or resolve of others to achieve an objective.

Finding a way to ascribe 'value' to each of these activities in a standardised way is not possible because the *inherent* value of the activity may be defined differently, depending on the point of view of, for example: the people who lead and manage a TSO which delivers activity; the employees and volunteers who engage in hands-on delivery of services; those people who are the recipients of that activity; and, from onlookers (in the private or public sectors or the general public) who make their own 'value judgement' about whether the activity is worthwhile.

Figure 5.1 shows that the third sector can be conceived of as a force for stability and continuity, but also a force which challenges and produces change. It is inevitable that opinions will vary at organisational level and sector levels on what should be regarded as 'legitimate' or 'beneficial' action depending on the point of view of the observer.

Figure 5.1 What does the third sector do?



## 5.5 How can sector value be assessed?

This sub-section explains, in practical terms, how value can be assessed in four stages.

- The first step is to produce financial and proxy-financial estimates of the **energy** which the third sector has at its disposal to produce social and economic value.
- The second step is to define '**types of value**'. Six types of value are defined, three of which can, to some extent, be 'monetised'; three of which cannot.
- The third step is to present estimates for the **financial value of sector impact** for the local economy.
- Some types of value cannot be measured, but this does not mean that such forms of value do not exist. The final step therefore involves discussion of how to make **informed judgements about how to value the social contribution the sector**.

### Sector energy

The first step in the process of estimating the 'added value' the third sector contributes involves the identification of the amount of 'energy' which the sector has at its disposal to achieve its objectives. Rather than over-labouring the process of defining sector energy, a relatively simple approach is taken to include financial or proxy financial values under four headings:

- **The value of financial expenditure:** it is possible to make good estimates of sector expenditure. This sum captures the economic value of employee wages, spending on rent and consumables and the disbursement of grants to individuals or other TSOs together with contributions to local and national taxation.
- **The proxy-replacement value of volunteer time available:** in Section 4, robust calculations on the number of regular volunteers and the work time they invest were presented. Replacement values were attributed to this energy at National Living Wage and at 80% of median regional wages. A mid-point estimate is used to define the value of volunteering.
- **The proxy value of additional in-kind support:** in-kind support from the private sector and public sector is estimated. This support includes the free or low-cost use of facilities and services, pro bono advice and technical expertise, employee volunteer support and the provision of free goods such as surplus consumables.<sup>70</sup>
- **The proxy value of self-generated income:** this estimate is based on the regional share of the national value of income gained from

<sup>70</sup> A report on the substantive contribution of business to the third sector has been produced as part of the Law Family Commission on Civil Society. See Chapman, T. (2021) *Going the extra mile: how business works with the local third sector*, London: Pro Bono Economics. Currently there are no equivalent studies of local public sector investment in the third sector using in-kind resources. However, it is likely that the non-financial contributions of public bodies such as NHS trusts, health authorities, police, fire and rescue and other agencies is likely to be at least equal to private sector investment. In-kind support would include the contribution of officers with responsibility for third sector liaison, research and intelligence and advice and guidance – but exclude contracts to the third sector to provide infrastructure support as this will be counted under third sector expenditure. Other forms of in-kind support would include free access to venues and equipment for third sector usage and beneficial arrangements such as peppercorn rents.

retailing of pre-used goods. This represents the production of financial value from redundant articles and is not covered in the expenditure category (which would include income from other types of third sector trading).<sup>71</sup>

As shown in Table 5.1, these combined financial elements reach substantial sums. But these statistics do not fully reflect the whole value of the economic and social impact the third sector produces. Instead, they simply signal the resource ‘energy’ that the sector has at its disposal. What is needed, therefore, is a way of explaining how this energy is *converted* into social and economic impact – that is, how to *calculate* or *judge* the ‘added social and economic value’ that the sector produces.

	Estimated third sector expenditure	Proxy-replacement value of volunteer time in each area (mid-point estimate)	Proxy value of additional in-kind support in each area	Proxy value of additional sources of self-generated income in each area	Total financial value of sector energy expended by the third sector in each area
North East England	1,897.7	151.9	100.5	11.7	2,161.8
North West England	5,465.9	453.3	297.4	34.1	6,250.6
Yorkshire & Humber	3,702.4	320.2	213.6	24.8	4,261.0
East Midlands of England	2,817.4	301.3	177.7	24.6	3,320.9
West Midlands of England	4,410.8	357.9	242.6	28.5	5,039.8
East of England	4,733.5	485.8	270.7	36.6	5,526.6
London	19,127.7	1,074.0	935.6	65.3	21,202.6
South East England	9,137.8	795.7	502.5	56.6	10,492.6
South West England	5,171.9	519.7	310.7	40.2	6,042.5
Wales	2,161.0	220.8	170.1	17.0	2,568.9
<b>England and Wales</b>	<b>58,626.0</b>	<b>4,680.7</b>	<b>3,221.4</b>	<b>339.3</b>	<b>66,867.4</b>

The second step in the process is to define types of ‘added value’ that the third sector contributes to local economy and society. No claim is made that these distinctions are entirely original – instead, the approach draws upon the large policy and academic literature on the appraisal or measurement of

<sup>71</sup> The evidence from the Charity Retail Association suggests that charity shop retail produces about £331m in profits in 2018/19. On this basis, estimates were generated for Yorkshire and the three study areas. For further discussion of the value produced through charity shop recycling and retail see also, Osterley, R. and Williams, D. (2019) ‘The social, environmental and economic benefits of reuse by charity shops’, *Detritus* 7(1) 29-35. <https://digital.detritusjournal.com/articles/the-social-environmental-and-economic-benefits-of-reuse-by-charity-shops/244>. For further analysis on the value of charity shop retail, see Harrison-Evans, P. (2016) *Shopping for good: the social benefits of charity retail*, London: Demos <https://www.demos.co.uk/wp-content/uploads/2017/09/Shopping-for-Good-the-social-benefits-of-charity-retail.pdf>. While charity retail declined during the pandemic due to lockdowns and closures, there are indications that business has bounced back in 2022: [Charity shops reveal surge in interest with sales 22% higher than pre-pandemic due to cost of living crisis \(inews.co.uk\)](https://www.inews.co.uk/news/charity-shops-reveal-surge-in-interest-with-sales-22-higher-than-pre-pandemic-due-to-cost-of-living-crisis/).

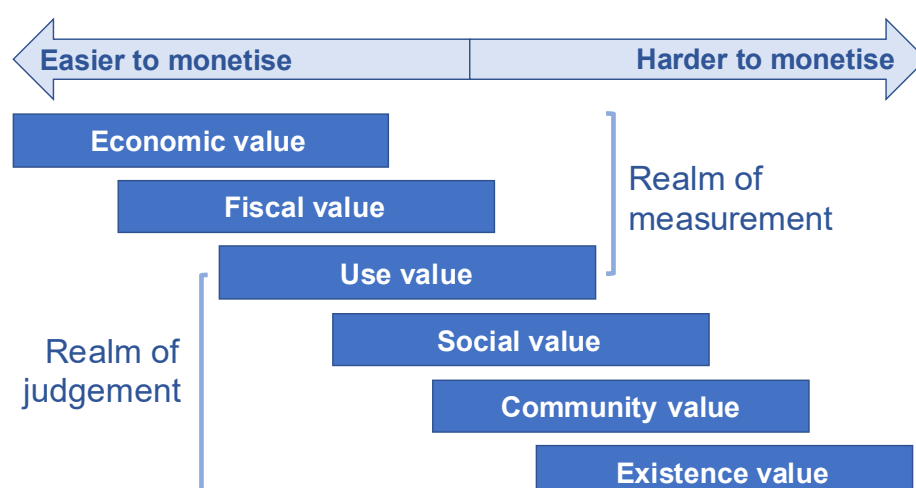
impact which implicitly or explicitly embrace one or more of these notions of impact value.<sup>72</sup>

- **Economic value:** is defined as the economic contribution that the local third sector makes to the area through ‘multiplier effects’ driven by: organisational expenditure on local businesses; the spending of employees in the local economy and productivity from self-generated trading activities.
- **Fiscal value:** is defined as the savings gained by local public sector agencies and government departments because of third sector activity (either by delivering services under contract more efficiently or cheaply, or by reducing service need via third sector generated activity).
- **Use value:** is defined as the direct and immediate personal or social benefits gained by third sector service users which in turn incentivises, empowers and facilitates greater socially, economically or environmentally beneficial activity by the resident population in employment, self-employment, running private businesses/social enterprises and volunteering.
- **Social value:** the alleviation of the impact of specific social problems and investment in personal wellbeing to generate or embrace new opportunities to strengthen economy and society locally.
- **Community value:** strengthening the quality of life, enriching culture, and encouraging cohesion, tolerance, trust and belief in civil society through the collective contribution of the third sector working in neighbourly, complementary or collaborative ways.
- **Existence value:** when the third sector invests in social and community wellbeing which is valued by the general population though not necessarily ‘used’ personally. Existence value also includes extant third sector capacity and latent potential to produce energy and momentum to tackle unforeseen local challenges or crises.

As Figure 5.2 illustrates, some of these types of value are easier to ‘measure’ and ‘monetise’ than others. Economic, fiscal and use values are more amenable to measurement and monetisation. Social, cultural and existence values cannot easily be monetised or measured – but this does not mean that good judgements cannot be made about their value.

<sup>72</sup> There is a large academic and policy literature on the definition and measurement of value. A useful contribution has been offered by Mulgan, G., Breckon, J., Tarrega, M., Bakhshi, H., Davies, J., Khan, H. and Finnis, A. (2019) *Public value: how can it be measured, managed and grown?* London: Nesta. There are many methodologies on offer to measure value, such as descriptive models of causation adopted in ‘theories of change’ which may result in impact; complex manipulation of evidence and predictive modelling in social return on investment strategies, and so on. Whichever approach is adopted, results can be contested depending on the value position of the observer. For further discussion, see Third Sector Trends discussion paper: *Measuring Impact: easy to say, hard to do*. Newcastle: Community Foundation North East. <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/Measuring-Impact-easy-to-say-hard-to-do.pdf>

Figure 5.2 Realms of measurement and informed judgement



The third step in the analysis is to make estimates of the financial added value of sector activity to the local economy. Before these calculations are presented, brief explanations are given on the approach taken to estimate ranges of multiplier values based on the available evidence and wider research and evaluation literature. Strong emphasis is placed on producing 'plausible', 'intelligible', 'usable' and 'comparable' multipliers.

- **Economic value:** not all third sector expenditure will remain in the local economy, for example, a proportion of organisational spending and employee wages will be assigned to mortgage payments or purchases of services and products from outside of the area.

Some multiplier effect calculations use several rounds of impact assessment, where it is assumed that when money is spent in one company, that company will in turn spend this money again, and so on. That is avoided in this study because it cannot be known what proportion of that money is retained by third sector organisations (and it is not appropriate for the sector to take credit for multiplier effects produced by other sectors).<sup>73</sup>

On balance, it is estimated that about 55%-75% of sector expenditure will be retained and recirculated in the area.

- **Fiscal value:** it is not possible to gain a clear picture on the fiscal value of the contribution of the third sector at present as there are no generalised datasets available from public sector bodies on cost savings at national or local level. There have, however, been some useful studies on fiscal benefits in, for example, reduction in usage of police, health, educational and social services' resource because of the activities of local TSOs.

Defining, in precise terms, the origin of such benefit is difficult, as shown in Section 4, because the value of sector activity accumulates from the actions of many types of TSOs which are involved in a wide

<sup>73</sup> There is little evidence of extensive inter-trading within the third sector (excluding grant making transfers) which is likely to lower accumulated levels of economic impact from within the sector – see 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*, London: Power to Change, <https://www.powertochange.org.uk/wp-content/uploads/2019/09/Open-call-report-Striking-a-Balance-DIGITAL-V6.pdf>

array of activities that directly or indirectly benefit public sector bodies. For example, in the field of health care, contributions have been identified from TSOs which engage in sporting, recreational, artistic and cultural activities.

On balance, it is estimated that at least an additional 45-65% of the value of third sector energy can be set against direct fiscal savings to the state through the processes of prevention, replacement, additionality or deflection from public service use.

- **Use value:** multiplier effects of use values cannot easily be calculated on a case-by-case basis, let alone at sector level. But this does not mean that such value does not exist. For example, the recipients of TSOs' support to tackle financial insecurity can bring immediate benefit (such as access to loans from credit unions, groceries from food banks; mentoring, employability support and borrowing clothes to attend job interviews; support to recover from illness or personal setbacks which facilitate a return to employment, and so on).

While the immediate use value of third sector services can be considerable, it would be unrealistic to argue that the full cost of producing use values can be translated into economic multipliers. It is known, for example, that employability support programmes have mixed levels of success for a multitude of reasons. Similarly, support to tackle issues such as drug or alcohol use *can* help produce attitudinal and behavioural change - but not always – and especially so when beneficiaries of such work face a range of other insidious or unpredictable pressures.

On balance, it is estimated that use values translate into an additional 25-45% of sector energy value into economic value.

Each of the above multipliers deal with direct and immediate sources of economic benefit. But the impact of the work of TSOs is not always direct or immediate – so other aspects of social value production must also be considered which affect medium or long-term aspects of wellbeing.

The multiplier estimates are 'conservative' compared with some other assessments about the multiplier effects of discrete aspects of sector activity. This is because specific assessments of third sector practices attribute success within defined practice boundaries – but without necessarily considering how other interventions may have contributed to overall impact.<sup>74</sup>

It is accepted that the estimates may be 'too low' or 'too high'. And similarly, the possibility is not dismissed that there could be considerable levels of variation when looking at different aspects of sub-sector activity.<sup>75</sup> It would be

---

<sup>74</sup> For a brief overview of the limitations of approaches to economic impact analysis, see Westall, A. (2009) *Economic analysis and the third sector: overview of economic analysis in relation to the third sector*, Birmingham: third sector Research Centre Working Paper No. 14. [http://epapers.bham.ac.uk/801/1/WP14\\_Economic\\_analysis\\_and\\_the\\_third\\_sector\\_-\\_Westall\\_Dec\\_09.pdf](http://epapers.bham.ac.uk/801/1/WP14_Economic_analysis_and_the_third_sector_-_Westall_Dec_09.pdf). See also, Harlock, J. (2013) *Impact measurement practice in the UK third sector: a review of emerging evidence*, Birmingham: third sector Research Centre Working Paper No. 14, [http://epapers.bham.ac.uk/1800/1/WP106\\_Impact\\_measurement\\_practice\\_in\\_the\\_UK\\_third\\_sector\\_-\\_Harlock%2C\\_July\\_2013.pdf](http://epapers.bham.ac.uk/1800/1/WP106_Impact_measurement_practice_in_the_UK_third_sector_-_Harlock%2C_July_2013.pdf)

<sup>75</sup> There is a growing body of research literature on the social value produced by sub sectors. See for example Sport England's measuring impact guidance <https://www.sportengland.org/how-we-can-help/measuring-impact>. A review has also been produced for arts and culture activities, see: See also, Reeves, M. (2003) *Measuring the economic and social*

expected that the estimates, as given, may be subject to challenge as the quality of evidence on sector impact improves – but this should be welcomed if it helps to produce informed debate about third sector economic impact.

The resulting economic values, once multipliers have been applied to sector energy estimates are presented in Table 5.2.

	<b>Total financial value of sector energy expended by the third sector in each area</b>	<b>Economic multiplier value (mid-point estimate 65%)</b>	<b>Fiscal multiplier value (mid-point estimate 55%)</b>	<b>Use value multiplier (mid-point estimate 35%)</b>	<b>Total contribution of multiplier contribution excluding direct financial value</b>
North East England	2,161.8	1,405.2	1,189.0	756.6	3,351
North West England	6,250.6	4,062.9	3,437.8	2,187.7	9,688
Yorkshire & Humber	4,261.0	2,769.6	2,343.5	1,491.3	6,605
East Midlands of England	3,320.9	2,158.6	1,826.5	1,162.3	5,147
West Midlands of England	5,039.8	3,275.9	2,771.9	1,763.9	7,812
East of England	5,526.6	3,592.3	3,039.6	1,934.3	8,566
<i>London</i>	21,202.6	13,781.7	11,661.4	7,420.9	32,864
South East England	10,492.6	6,820.2	5,770.9	3,672.4	16,264
South West England	6,042.5	3,927.6	3,323.4	2,114.9	9,366
Wales	2,568.9	1,669.8	1,412.9	899.1	3,982
<b>England and Wales</b>	<b>66,867.4</b>	<b>43,463.8</b>	<b>36,777.1</b>	<b>23,403.6</b>	<b>103,644</b>

## 5.6 The accumulation of value

The fourth step in this analysis involves making observations on how to value those aspects of third sector activities that cannot easily be defined, let alone measured. It may not be possible accurately and consistently to measure value which is created through the individual and accumulated action of the third sector, but it does not mean that such value does not exist.

As shown in Section 4 of this report, TSOs believe that they make a strong contribution to one or many aspects of social life. Similarly, it has been shown by Third Sector Trends that people in public sector and private sector organisations also value the activity of the third sector.<sup>76</sup>

impact of the arts: a review, London: Social Value UK, <https://socialvalueuk.org/report/measuring-economic-social-impact-arts-review/>. For a more critical analysis of arts measurement, see Holdon, J. (2004) *The value of culture cannot be expressed only with statistics, audience numbers give us poor picture of how culture enriches us*, London: Demos: <https://www.demos.co.uk/files/CapturingCulturalValue.pdf>. Similar research has also been undertaken widely in the health and social care field, for an introduction to the field, see: [https://www.health.org.uk/topics/community-and-voluntary?gclid=Cj0KCQjw6NmHBhD2ARIsAI3hrM1eO53eusFbSpDO2pvaHgxGNvJRKr31zlf2ucWS48sGtAQIvQ\\_tNoaApJQEALw\\_wcB](https://www.health.org.uk/topics/community-and-voluntary?gclid=Cj0KCQjw6NmHBhD2ARIsAI3hrM1eO53eusFbSpDO2pvaHgxGNvJRKr31zlf2ucWS48sGtAQIvQ_tNoaApJQEALw_wcB)

<sup>76</sup> Chapman, T. (2025) Relationships, influencing and collaborative working – Third Sector Trends in England and Wales 2025 (October 2025), Newcastle upon Tyne: Community Foundation North East (to be published October 2025) <https://www.stchads.ac.uk/wp-content/uploads/2025/10/Relationships-influencing-and-collaborative-working-Third-Sector-Trends-in-England-and-Wales-2025-October-2025-1.pdf>

Finding a way of *accounting* for the social value that the third sector produces may not be easy to do, but there are some basic principles arising from the findings presented in this report which can help make informed judgements on sector strengths.

- **Value produced by TSOs is shared:** only rarely, if ever, could an organisation claim to produce *all* the value that is required by its beneficiaries. Other organisations or groups also play a part as do people in private life (family, friends and neighbours), the private sector (local or national businesses) and public sector (health, education, police, fire and rescue and the local authority, etc.). While this might constitute some duplication or overlap at times, this is not necessarily a problem as social and personal needs require support of a multifaceted and continuous kind.
- **Value produced by the third sector is cumulative:** because the responsibility for value production is shared, it is likely to accumulate. But it does so in unpredictable ways, depending on the circumstances facing beneficiaries. For example, support from one TSO may not produce benefit immediately, but can be realised later – in tandem with other forms of support or encouragement. Not all sector value production can be said to accumulate because TSOs sometimes inadvertently or purposefully engage in activities that undermine the value produced by others.
- **Value is not a constant:** it should be expected that the value the sector produces cannot always be ‘targeted’ or ‘fully utilised’, just as is the case with education or health systems. People make their own choices on what they want to take or leave from the advice or support they may receive. Or other factors beyond their control may increase or limit the extent to which value can be utilised. This makes it hard to determine the value of service or support given - relative to the energy invested.
- **Value does not last forever:** much of the value of the work undertaken by TSOs will disperse and dissipate over time. These processes occur as other interventions are established to tackle issues in new ways which often come about in response to social change and shifting social priorities. The work of the third sector is rarely finished – so activity must continually be renewed.

If the technical task of valuing the work of third sector is too daunting (because there are too many factors to take account of and too many unknowns as indicated above), it is better to make simple and easily evidenced judgements that ring true.

### ***Intangible social, community and existence values***

The old saying, that someone ‘knows the price of everything but the value of nothing’ is pertinent in the context of this discussion. It is not possible to put a price on everything. But just because the value of some things is intangible does not mean that this form of value should be discounted from the analysis.

There is a wealth of good qualitative research evidence available to demonstrate how intangible aspects of benefit are highly valued. One example is provided from a series of case studies undertaken by the author

as part of a separate study.<sup>77</sup> The case study centred on a volunteer-led and run library in an isolated former industrial village. The library had come under community ownership due to community asset transfer from the local authority.

When attempting to determine the economic value of the library a series of measures were contemplated such as the financial costs associated with each book loan. The results were not promising because on an annual basis few loans were made, meaning that the pro-rata cost when set against the expense of running the library was high.

A second attempt at valuing the library on an economic basis considered the income brought in from the small kitchen/café and from renting space for small community clubs and societies. Again, the cost benefit appraisal did not produce promising results because, by strict economic measures, the library was 'losing' money.

Even from a volunteer point of view, the library produced mixed results in impact terms. Trustees, who were also active volunteers at the library, found that their responsibilities (of running the library, applying for grants, liaising with the local council library service, etc.) were onerous and there was limited scope to escape from these responsibilities as succession plans to relieve trustees of their responsibilities had come to nothing.

And yet, the library produced a great deal of intangible value for local individuals and the community in general. Substantive **social value** arose, for example, from its use by a group of secondary school children who, after getting off the school bus each evening, used the kitchen and library as a place to socialise and do their homework before parents arrived to pick them up later in the afternoon. The children benefitted because they had a place to go with friends, their parents were happy that they were safe and under quiet supervision, and neighbours and older relatives were relieved of the pressure of looking out for them.

From a **community value** perspective, the library was quite literally 'the only place in town' for people to arrange to congregate in clubs and societies, or to drop in to read, drink coffee or have a chat. The kitchen/café was free to use because it was uneconomic to run as a social enterprise – though there were some items that people could buy if they chose such as biscuits, sweets or crisps. It was also a place where people could volunteer and keep themselves busy, socially connected and intellectually stimulated.

Arguably, the library's **existence value** was just as important as its more direct social and community value. Most people in the former industrial village did not use it, many probably never would, but they knew it was there and could value the fact that help may be at hand if ever they or their families or neighbours needed to use its services. At the most fundamental level, it was a visible symbol that village still had a foothold in civil society rather than just being a collection of private households.

This case study provides just one example of how intangible forms of value make a difference. In the study from which the example was drawn, there were just 14 detailed case studies in spatially isolated and economically

---

<sup>77</sup> Chapman, T. (2019) *The social process of supporting small charities: an evaluation of the Lloyds Bank Foundation Grow pilot programme*, London: Lloyds Bank Foundation: <https://www.lloydsbankfoundation.org.uk/we-influence/our-research/developing-the-sector>

challenged communities: each made its contribution in entirely different ways.<sup>78</sup>

### ***Keeping things simple***

The principal purpose of the above discussion is to demonstrate that it is possible to make an informed judgement about the value of intangible forms of impact that cannot be measured. But it also shows that the prospect of collating evidence on such value on even a small sample of TSOs would be substantial and for the whole sector prohibitive. Furthermore, even if that evidence could be collected – it would be the challenge of a lifetime to devise a system to quantify it and persuade others that the results were intelligible, useful and valid.

There is a better way to look at this problem of intangibility. Instead of dredging for ‘data’ to collate, categorise and count and then shoehorn into statistical models - surely it is better to recognise that the process of making good judgements about the value of sector activity is already happening. There are two simple ways of recognising this.

Firstly, by taking into account the fact that a majority of TSOs are awarded grants and gifts from time to time, by trusts and foundations, local public bodies which operate small community grants, local parish councils, faith organisations, businesses or philanthropists and so forth. This shows that through the use of judgement, much of the work of the sector has already been assessed and invested in by people holding positions of responsibility and trust.

Secondly, and as importantly, the low levels of closures among TSOs indicates that continuity and sustainability is the norm, not the exception. What this shows is that TSOs, providing that they remain relevant, are purposeful by producing social and community activity that people can use and contribute towards. It is a simple point to make: if the community did not value the work of the third sector – it would not exist.<sup>79</sup>

Surely, most would agree at least in principle, that the social value that the third sector accumulates is at least of equal value to the energy the sector expends. Perhaps that is far as financial evaluation exercises on intangible impact need to go – the results of which are presented in Table 5.3.

---

<sup>78</sup> There is a wide range of studies on all aspects of third sector impact at organisational or sub-sectoral levels on local communities. A good entry point into this field can be found in the reports produced by the Power to Change Research Institute, <https://www.powertochange.org.uk/research/>; Locality, <https://locality.org.uk/>; and, Local Trust <https://www.localtrust.org.uk/>.

<sup>79</sup> In the private sector, the once ubiquitous VHS video shops of the 1990s no longer exist. Their offer, once prized by consumers became irrelevant once superseded by streaming services. This would (and does) also happen to voluntary organisations if their purpose is no longer valued or needed.

Table 5.3 Estimates of total value produced by the third sector 2025					
	Actual financial value of the third sector (£millions)	Added economic, fiscal and use value (£millions)	Added intangible social, community and existence value (£millions)	Total value (£millions)	Value per 1,000 regional population (£millions)
North East England	2,162	3,351	2,162	7,675	2.83
North West England	6,251	9,688	6,251	22,190	2.92
Yorkshire & Humber	4,261	6,605	4,261	15,126	2.70
East Midlands of England	3,321	5,147	3,321	11,789	1.94
West Midlands of England	5,040	7,812	5,040	17,891	3.58
East of England	5,527	8,566	5,527	19,619	3.03
<i>London</i> <sup>80</sup>	21,203	32,864	21,203	75,269	8.41
South East England	10,493	16,264	10,493	37,249	3.93
South West England	6,043	9,366	6,043	21,451	3.63
Wales	2,569	3,982	2,569	9,120	2.88
<b>England and Wales</b>	<b>66,867</b>	<b>103,644</b>	<b>66,867</b>	<b>237,379</b>	<b>3.90</b>

<sup>80</sup> The situation in London clearly requires further analysis. That is difficult because response rates to the Third Sector Trends survey in London was unaccountably low at 2.8% compared with a national average of 5.6%..

## 6 Next steps

The principal purpose of this report was to provide detailed explanations for the approaches taken to analysis in Third Sector Trends reports in 2025-2026. Few people would want to get into this level of detail, so it was thought best to parcel up these explanations and then refer to the appropriate section in footnotes in succinct reports on findings.

This being the third edition of the analytical techniques report – previous editions should be discarded as in the preparation of this report – refinements have been made to improve upon previous practices.

For ‘enthusiasts’ on methodology, the report can be used in tandem with a second volume on survey methodology and sample structure which has also been substantially re-written and updated and was published in October 2025.

Additionally, the qualitative work which underpins the approach to the survey has also been updated to include continuous analysis of the financial fortunes of the 50 TSOs studied over a fifteen year period to 2022. The new edition of ***Going the Distance: how third sector organisations work through turbulent times***, was published in October 2025.<sup>81</sup>

Over the next few months, findings from the Third Sector Trends in England and Wales 2025 survey will be published in a series of reports and shorter briefing papers. At the time of publication, the following schedule for the first three publications was planned – others will follow in the spring.

- Chapman, T. (2025) *Third Sector Trends in England and Wales 2025: relationships, influencing and collaborative working*, Newcastle upon Tyne: Community Foundation North East (published October 2025).
- Chapman, T. (2025) *Third Sector Trends in England and Wales 2025: people, leadership and impact*, Newcastle upon Tyne: Community Foundation North East (published December 2025).
- Chapman, T. (2026) *Third Sector Trends in England and Wales 2025: sector finance and organisational wellbeing*, Newcastle upon Tyne: Community Foundation North East (to be published January 2026).
- Chapman, T. (2026) *Third Sector Trends in Wales 2025: sector finance and organisational wellbeing*, Cardiff: Wales Council for Voluntary Action (to be published February 2026).
- Chapman, T. (2026) *Third Sector Trends in England and Wales 2025: sector structure and dynamics in spatial context*, Newcastle upon Tyne: Community Foundation North East (to be published February 2026).
- Chapman, T. (2026) *Third Sector Trends in England and Wales 2025: sector vitality and community impact*, London: Lloyds Bank Foundation England and Wales (to be published March 2026).

<sup>81</sup> The report is available here: <https://www.stchads.ac.uk/research/third-sector-trends-in-england-and-wales/publications-from-third-sector-trends/>



**Published by**

Policy&Practice  
St Chad's College  
Durham University  
18 North Bailey  
Durham DH1 3RH

<https://www.stchads.ac.uk/category/research/>

**December 2025**

