Strengthening voluntary sector capacity, vitality and impact in the context of place

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About the author

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

Third Sector Trends Study

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

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

More information about Third Sector Trends can be found here:

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

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

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Section 1
Introduction

1.1 Purpose

In recent years, there has been a resurgence of interest in place-based investment by government, local and combined authorities, the NHS and charitable trusts and foundations. Their aims vary, but at root most focus upon securing or reaffirming trust, hope, confidence and self reliance; together with engagement in local decision making and voluntary action so as to engender wellbeing and pride in place amongst people in hard-pressed communities.

Investment in place-based programmes can be enormously expensive and there is a growing recognition that the burden cannot be carried by a single funder – not even government. Consequently, those funding agencies and institutions that wish to help improve local community life are thinking more and more about how their efforts can connect - whether in complementary, collaborative or in formal partnerships.

Investing in hard-pressed communities never starts from scratch. There are always institutions already established in place and working to improve people's lives. And so, when new funding schemes are mooted, there should always be a strong desire to assess what is currently on the ground and to consider ways of 'working with what's there' rather than starting from scratch.

This report has been written to help those agencies which are interested in investing in place to identify 'what's there' on the ground and to assess how to support existing capacity. To do that, the analysis cannot show what is happening in 'every' place – that would be an impossibly labyrinthine task. Instead, the report looks at a set of 'types of places' to hold up as a mirror to 'real places' and help identify local strengths and weaknesses in current voluntary sector capacity.

Too often, place-based analysis only looks at less-advantaged areas which are in funders' target range – that is, places that are insecure because they are poor, isolated, diverse or stressed for some other reason. That is a mistake because how can conclusions be drawn about what needs to be done without looking at conditions in other places that are more secure?

There is a deeper danger that policies and programmes that only 'look down' from on high at stressed communities inadvertently import expectations about the emulation of much more affluent communities. That can be unfair to people in less-advantaged communities if they do not have the same resources of social, cultural and financial capital that a majority of households command in richer areas.

This report will help to rectify that problem by comparing the assets of wealthy, intermediate and poorer communities in spatial context (such as major urban or town and country areas, and according to local levels of diversity or specific types of locations such as poor coastal towns). And while it will not answer all the questions that funders may be asking themselves about how to make successful investments, it should help them to *ask questions* about what is desirable, proximate and achievable for people in communities under stress rather than impose unrealistic objectives based on the lives of people in more socially advantaged areas.

1.2 Report format

Following a brief contextual discussion on current and previous approaches to place-based investment, the report will be divided into five discrete analytical sections.

- ***Section 2 - Voluntary sector structure and capacity in area types*** This section describes how ten 'area types' have been constructed: drawing upon data from national statistics together with Third Sector Trends combined register and survey data. Voluntary sector characteristics are compared by area type; including variations by organisation size, legal form, age, spatial range of activity and the extent of collaborative working.
- ***Section 3 - Sector energy, purpose and impact*** This section explores levels of voluntary sector 'energy' in different types of areas to include: financial resources, employee and regular volunteer capacity. Where that energy is directed is compared by area type, showing variations in the range of beneficiaries served and perceptions of impact achieved.
- ***Section 4 - Sector finance and development*** To be successful, the voluntary sector in local areas need to be sufficiently well resourced financially to achieve their aims. Resource needs are shown to vary depending upon the structure and composition of the voluntary sector in area types. Non-financial aspects of organisational wellbeing are examined by comparing voluntary organisation investment in capability and where they seek support to improve practice.
- ***Section 5 – Collaboration and influencing*** This section compares the volume and strength of voluntary sector interactions by area types and explores the quality and productivity of relationships with local business and the public sector. The analysis also examines the extent to which the voluntary sector attempts to influence local public sector policy and practice.
- ***Section 6 – Relationships with trusts and foundations*** In this final analytical section of the report, relationships with grant-making trusts and foundations are explored. This includes an examination of grant distribution by area types using *360Giving* data. Voluntary organisations' appraisal of the incidence, quality and productivity of relationships with trusts and foundations follows.

The concluding section draws together key findings and presents a series of points for debate by local and national agencies which are interested in place-based funding so as to help them secure the best outcomes from their investment.

1.3 Investment in place

Government place-based policy initiatives[1]

In recent decades there has been enormous government investment in social and economic programmes to tackle the causes and consequences of social and economic deprivation at a community level. Interventions were initiated via Single Regeneration Budgets in the 1980s driven by Conservative governments[2] and were

[1] There is no widely-accepted definition of what constitutes 'place-based' funding. But this report focuses primarily on relatively focused 'localities' with specific characteristics, not wider areas such as large unitary authorities (such as Northumberland or County Durham) sub-regions (such as Cambridgeshire and Peterborough or West of England) or ceremonial counties.

[2] See: Rhodes, J., Tyler, P. and Brennan, A. (no date) *The Single Regeneration Budget: final evaluation*, Department of Land Economy, University of Cambridge: https://www.landecon.cam.ac.uk/pdf-files/urban-and-regional-analysis/part1-final-eval-feb-07.pdf

followed up with a wide range of neighbourhood renewal initiatives led by New Labour from 1997–2010.[3]

Such initiatives were more or less abandoned for almost a decade as the Conservative government's 'Big Society' initiative to strengthen civil society failed to take shape;[4] instead, austerity policies were pursued relentlessly, though their impact fell unevenly.[5]

Political interest in neighbourhood-level investment resurfaced in the 2019 general election campaign. A landslide Conservative victory was won on the back of promises to tackle problems suffered in 'left behind' places and to 'level-up' the economic fortunes of regions. Initially, this plan was derailed due to the complexities surrounding Brexit and latterly by the Covid-19 pandemic. That stated, some new funding streams did become available to tackle local issues such as the £3.6 billion *Towns Fund* in 2019.[6]

The most recent iteration of place-based investment at government level is the current Labour government's *'Pride in Place'* scheme, the importance of which was explained by Prime Minister in these terms:[7]

> ***'It is the same story in towns across the country. Youth clubs that have been abandoned, shops boarded up and high streets decimated. We must reverse the devastating decline in our communities and give power, agency and control to the very people who want to improve their community – those who have skin in the game. Through the Pride in Place Programme, communities – backed by the state and fired up by pride – will join the fight for national renewal and a Britain built for all.'***

The current Labour government has also taken a more positive and conciliatory approach to developing relationships with the voluntary sector than its predecessors. The agreement of a 'covenant', which is similar in essentials to the 'compact' established by Tony Blair's government in 1998, has been welcomed as a step in the right direction by many voluntary sector representatives.[8]

Labour's prime minister Kier Starmer resigned at the time of writing and his replacement has yet to be confirmed. Again, there is uncertainty about how government policy towards the voluntary sector will play out over the coming years, although some commentators have expressed hope that the expected new prime minister will take a favourable position on civil society.[9]

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[3] For a useful review of the policy drivers underpinning these programmes, see McNeil, C. (no date) *The politics of disadvantage: New Labour, social exclusion and post-crash Britain*, London: Lankelly Chase Foundation: https://lankellychase.org.uk/wp-content/uploads/2016/05/IPPR_Report-Politics-of-Disadvantage-20121213.pdf

[4] Cameron, D. (2010) Big Society Agenda speech. Available at: http://www.number10.gov.uk/news/speeches-and-transcripts/2010/07/big-society-speech-53572. See also: Norman, J. (2010) *The Big Society: the anatomy of the new politics*, Buckingham: Buckingham University Press; Blond, P. (2010) *Red Tory: how left and right have broken Britain and how we can fix it*, London, Faber and Faber. For a critical review, see: Alcock, P. (2010) 'Building the big society: a new policy environment for the third sector in England', *Voluntary Sector Review*, 1(3), 379-389.

[5] See: Gray, M. (2018) 'The depths of the cuts: the uneven geography of local government austerity', *Cambridge Journal of Regions, Economy and Society,* 12(3) 541-563.

[6] See: Towns Fund prospectus - GOV.UK (www.gov.uk)

[7] HM Government (2026) 'Pride in place: 40 neighbourhoods join transformational programme', (Press release, 4th February): https://www.gov.uk/government/news/pride-in-place-40-neighbourhoods-join-transformational-programme.

[8] Moss, E. (2025) 'Starmer 'greatly encouraged' by responses to Civil Society Covenant consultation', *Civil Society* (6th January): https://www.civilsociety.co.uk/news/starmer-greatly-encouraged-by-responses-to-civil-society-covenant-consultation.html#sthash.uacWX6zG.dpuf

[9] See: Mason, T. (2026) Burnham's consistent narrative on civil society gives us cause for hope, *Civil Society* (6th July) https://www.civilsociety.co.uk/governance/tania-mason-burnham-s-consistent-narrative-on-civil-society-gives-us-cause-for-hope.html?utm_source=New+Main+List+From+Live+CIVIL+Site&utm_campaign=f06660ec70-EMAIL_CAMPAIGN_2026_07_06_12_07&utm_medium=email&utm_term=0_5a5428978b-f06660ec70-87693569

Placed-based Initiatives by charitable trusts and foundations

Several charitable trusts and foundations have focused heavily upon place-based funding programmes with the intention of producing tangible improvements at the community level. Many such initiatives have emphasised the importance of community-led schemes, involving investment in the empowerment of local people to frame local priorities and decide how they could be addressed. Objectives to enhance community engagement and cohesion, engender pride in place, strengthen local voluntarism and build social capital underpin many programmes of this kind.

Making sound assessment on *where* to invest has been facilitated over the last few decades by the use of neighbourhood level evidence. This has been made available by the Office for National Statistics using data on health, housing, transport, education and skills, crime, labour-market participation, personal and social wellbeing, local environmental factors and the local economy.

The most widely used statistical sources of evidence on local conditions in England and Wales are the national indices of deprivation.[10] These datasets provide easily accessible evidence on local conditions from the immediate neighbourhood or village level upwards to electoral wards, parliamentary constituencies, local authorities and above. Other government statistical surveys also provide useful assessments of individual wellbeing and the quality of community life.[11]

No two local communities are the same. Their histories and cultures are multifaceted and within their bounds, opinion on local conditions are tangled and contested: only rarely do people feel a complete sense of 'communion'. That usually happens under extreme circumstances when there is, for instance, a natural disaster such as a flood that brings out people to help who might normally keep themselves to themselves.

Community life is characterised by tensions as stakeholders vie for influence, power and resource either to *change things* to improve their prospects or to *leave things as they are* to protect their interests. Furthermore, the configuration of influences is infinitely varied across communities; shaped as they are by the distinctive demographic makeup of a local population.

These complexities make the job of evaluating the 'success' of community investment programmes in a standardised way especially challenging because local visions of what constitutes progress vary. Consequently, determining in precise terms 'what works' in such programmes is fraught with difficulty – and can undermine attempts to replant or scale-up successful aspects of practice that worked in one place to that of another.

Rather than seeking absolute 'precision' and the 'universal applicability' of what works well, it is better to look for general principles that can be drawn upon to make informed judgements on how to invest energy in 'specific' places. The findings from the long-term evaluative study of The National Lottery Community Fund's (TNLCF) place-based '*Big Local*' programme is especially helpful in showing why that is so.

[10] The *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.

[11] See: for example, the *Community Life Survey*: https://www.gov.uk/government/collections/community-life-survey--2 and the Nuffield Trust's longitudinal *British Social Attitudes* Survey: https://www.nuffieldtrust.org.uk/research/public-satisfaction-with-the-NHS-and-social-care-in-2024-Results-from-the-British-Social-Attitudes-survey?gad_source=1&gad_campaignid=21932222623&gbraid=0AAAADwbFHpIiFtBqw4ZiVidpGIjcHvds&gclid=CjwKCAjwg_nNBhAGEiwAiYPYA3iOYdpyZW0PE2SkxFm9tQjBdOkHEMYshBW3dkMtpaaOk13-a_kOORoCi8YQAvD_BwE .

Insights from the Big Local programme evaluation

The *Big Local* programme began in 2011 and has operated in 150 communities in England.[12] At the outset, *Big Local*'s objectives were defined in a measured and proportionate manner to avoid the pitfalls of many previous area regeneration interventions that put too much emphasis on the quantification of programme outputs.[13]

As a flexible and non-prescriptive programme, it was possible to evaluate its progress and achievements using a mix of social science methodologies which were focused upon 15 case-study areas. The findings aptly demonstrate that no two areas progressed in the same way, even if underlying local socio-economic and demographic conditions were broadly similar.

Undertaken over many years, evaluators produced vital learning for subsequent programme planners on how the configuration of local factors interact to produce both positive and negative outcomes. For example, it was shown that areas with higher levels of community engagement and commitment tended to be more successful in achieving aims – but it was also demonstrated that success was contingent upon many other factors running in parallel.

Amongst the most important of those factors was the strength of complementary action by community leaders working towards shared objectives. But such complementary action depended upon (or could be undermined by) other factors which compromised access to resources or weakened levels of trust and reciprocity. Similarly, notions of collective identity strengthened some tightly-knit local areas whilst in others, characterised by spatial or social fragmentation could *produce* competing identities.

The strength of the *Big Local* evaluation, from the point of view of this report, is that it highlights the importance of appraising *many* aspects of community resource and action *simultaneously.* It also shows that interactions beyond the local voluntary sector (such as with local authorities, the business community and large voluntary organisations based elsewhere) are of vital importance.

Crucially, the *Big Local* evaluation confirms that making 'predictions' on how programmes will work on the basis of statistical appraisal alone is extremely unwise. Certainly, statistical analysis can be helpful in 'framing a picture' of local conditions and alert policy makers and programme funders to an area's likely strengths and weaknesses in comparison with other areas.

It is explicable that TNLCF only chose to invest in those communities that were deemed to be in 'need' of support given the *Big Local* programme's objectives. But from an analytical point of view, an opportunity was missed by *not* using a sample of projects in more affluent and secure areas. Without that comparison, there is a risk that underlying ideas on what constitute 'strong' communities might inadvertently be imported from wealthier areas with a deeply embedded 'civic core'.[14]

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[12] Wilson, M., Munroe, E., Ellis Paine, A., Macmillan, R, Wells, P. and McCabe, A. (2024) *Understanding success in Big Local Our Bigger Story: The longitudinal multimedia evaluation of the Big Local programme*, London: Local Trust. https://ourbiggerstory.com/wp-content/uploads/2025/03/Our-Bigger-Study-What-is-Success.pdf. The four key aims of the project were defined as follows: (1) 'Communities will be better able to identify local needs and take action in response to them'; (2) 'People will have increased skills and confidence, so that they continue to identify and respond to needs in the future'; (3) 'The community will make a difference to the needs it prioritises'; and (4) 'The area will be an even better place to live'.

[13] See, for a critical examination of previous approaches: Pugalis, L. (2013) 'Hitting the target but missing the point: the case of area-based regeneration', *Community Development*, 44(5) 617-634, https://www.tandfonline.com/doi/abs/10.1080/15575330.2013.854257?utm_source=researchgate.netandutm_medium=article

[14] The term 'civic core' was developed in Reed, P. and Selbee, K. (2001) 'The civic core in Canada: disproportionality in charitable giving, volunteering and civic participation', *Nonprofit and Voluntary Sector Quarterly*, 30, 761-780. In the UK these ideas were further developed by Mohan, J. and Bullock, S. (2012) *The idea of a 'civic core': what are the overlaps between charitable giving, volunteering, and civic participation in England and Wales?* Birmingham: Third Sector Research Centre Working Paper 73. The

As Third Sector Trends has again demonstrated in 2025,[15] there are more voluntary organisations *per capita* in affluent areas due to the strength and resourcefulness of the civic core to garner and sustain support from regular volunteers. Understanding how the civic core retains and protects its strength in some areas (while that does not happen as readily in other less-advantaged areas) is vital in analytical terms. Otherwise funders might be tempted to frame over-ambitious objectives relative to local levels of resource and thereby set communities up to fail rather than succeed.[16]

The permeability of local boundaries

Place-based funding policies can, potentially, be undermined when implicit assumptions are made that local dynamics are 'contained' within their spatial borders. The reality is that boundaries around neighbourhoods and villages are not impermeable.

On a day-to-day basis, people come and go to shop, take leisure, go to schools or visit hospitals. Travel to work is, arguably, the most important factor. Relatively poor districts are often the locations of factories, distribution centres, commercial or public offices into which people with secure, well-paid employment commute - but ultimately their social and community commitments lay elsewhere.

Places which are generally regarded as 'successful' as communities, such as middle-class suburbs, dormitory country towns and villages are usually relatively unproductive in economic terms. That is because their residents travel to work but bring their wages home: they are, in that sense, better described as 'sites of consumption'.[17]

Longer-term aspects of the impermeability of boundaries also affect communities. If, somewhat ironically, the efforts of local government, business and the voluntary sector to invest in a place pay off and its reputation dramatically improves – this can lead to 'gentrification'. That can have the effect of driving out local people who were promised that theirs would be a better place to live.[18]

Similarly, if community-led programmes are successful in substantially improving people's prospects in employment terms – they may leave to live in other areas that they regard as more attractive. The consequences of out-migration can be

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term refers to those elements of the community which are most likely regularly to commit resource to voluntarism themselves (as trustees and volunteers and through giving) and are adept at sustaining that support by encouraging family, friends, colleagues and neighbours to commit their time and money too.

[15] The first four national reports from Third Sector Trends tackle the issue of variations by area affluence – specific reference to aspects of sector practice will be referred to individually as the analysis progresses. The whole diet of published reports is available here: https://www.stchads.ac.uk/research/third-sector-trends-in-england-and-wales/publications-from-third-sector-trends/

[16] There is a tendency for funded volunteer programmes to make ambitious claims, such as 'unleashing the power of volunteering' by The Royal Voluntary Service's current campaign to 'kickstart a new volunteering revolution'. Its use of a digital portal is certainly ambitious in its tone. That stated, the report which outlines the principles underpinning the programme is somewhat more measured: *'Those who stand to gain the most from volunteering are also the least likely to engage in it. If volunteering is to play a key role in enabling social mobility, this needs to change… This will be hard, sometimes working against societal structures to ensure that everyone has access to fulfilling volunteering opportunities. It needs more than organisations simply being 'open to all' – it will require building partnerships and positively working to recruit volunteers from under-represented groups..'* Hogg, E. and Smith, A. (2021) *Kickstarting a new volunteer revolution. Social mobility: unleashing the power of volunteering,* London: Royal Voluntary Service, p.19.

[17] See: Chapman, T. (2021) *Enterprise and innovation in the context of place: An exploratory comparative statistical analysis*, Durham: PolicyandPractice/North East Local Enterprise Partnership: https://www.researchgate.net/publication/353379349_Enterprise_and_innovation_in_the_context_of_place_An_exploratory_comparative_statistical_analysis_Summary_report.

[18] While gentrification can result in displacement in large cities (see, for example, statistical analysis from the *Urban Replacement Project*: https://www.urbandisplacement.org/maps/london-gentrification-and-displacement/) and in attractive coastal and rural areas where second homes and holiday lets displace local people by pricing them out of the housing market (see, for example, Willett, J. (2023) 'Counter-urbanisation and a politics of place: A coastal community in Cornwall and rural gentrification', *Habitat International*, 141: https://doi.org/10.1016/j.habitatint.2023.102935), it is not being asserted that gentrification is 'necessarily' a negative process. See, for further discussion, Clarke, E. (2016) *In defence of gentrification*, London: Centre for Cities https://www.centreforcities.org/blog/in-defence-of-gentrification/

devastating for communities as this can result in the fall in property prices and rents and the closure of local businesses and services as market conditions deteriorate.

Factors such as these explain why statistical evidence of area improvement in response to social programmes led by the voluntary and public sectors can be so hard to attain. That does not mean that these interventions were 'unsuccessful'. On the contrary, at a personal level they may have been highly effective for those individuals who ultimately reaped the rewards elsewhere rather than in the locality itself.[19]

1.4 Data sources and research methods

Third Sector Trends was initiated in 2008 by *Northern Rock Foundation* as a longitudinal study to explore the structure and dynamics of the voluntary sector in the context of change. Surveys began in North East England and Cumbria in 2010.[20] The field of study was widened to include Yorkshire and Humber in 2013, the remainder of North West England in 2016. The study was extended across England and Wales from 2019. So far, there have been six iterations of the triennial survey.

In 2025, the survey was administered using *Online Surveys*[21] between June and September. A total of 8,680 valid responses were received. Responses were obtained using direct email invitations from listings collated from the Charity Commission register (there were 7,163 returns representing a 5.4% response rate from a sample frame of 133,161 charities). These data were supplemented by 1,517 responses to appeals to participate by local infrastructure organisations and community foundations across England and Wales.[22]

The national sample is fully representative of sector organisations by size (as defined by income levels) and is distributed appropriately across areas of relative deprivation and affluence when compared with Third Sector Trends Combined Register data. The survey dataset has good coverage in Wales and all English regions each with at least 600 responses and apart from London, an average 5.6% response rate. A much lower response rate in London, as in 2022, stood at 2.8% but due to high organisational density, a reasonably credible sample of 713 was obtained.

The wide-ranging questionnaire asks respondents about beneficiaries served and voluntary organisations' leaders perceptions of impact achieved. The survey also examines voluntary organisations' financial situation, people resources and property assets. Leadership is a core element of the study; asking participants how voluntary organisations invest in their *own* wellbeing so that they can serve their beneficiaries more effectively. And finally, it asks about inter-organisational voluntary sector relationships, the quality of interactions with business and the public sector.

Interpretation is bolstered by qualitative analysis from Third Sector Trends (and directly related projects) which are referenced accordingly. The most important of these studies ran from 2008 to 2022 with 50 voluntary organisations from the North East of England and Cumbria.

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[19] I am indebted to Shada Khan for helping to work out how official statistics on area improvement can remain 'stuck' no matter how successful programmes have been to improve individuals' or local neighbourhood conditions in Middlesbrough over the last thirty years.

[20] A separate report is available which details the research methodology employed in the Third Sector Trends surveys. This can be accessed here: Technical paper on research methodologies, October 2022.

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

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

The final report from that study, ***Going the distance, how voluntary sector organisations work through turbulent times***, has recently been updated, revised and republished to accompany this series of quantitative reports.[23]

Survey data and associated qualitative findings are underpinned in this report by the Third Sector Trends Combined Register which holds data records on 205,000 voluntary organisations drawn in May 2025 from the *Charity Commission Register, Community Interest Companies Register, Community Amateur Sport Clubs Register* and the *Register of Societies / Mutuals*. These data have been reconfigured using ONS lookups to create spatial variables.

The report also draws upon data extracted from *360 Giving* which was reconfigured, (where postcode data were available on the location of for recipients of grants) using the same specifications as survey and combined register data. Five calendar years of data were processed from 2019-2023.

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

Section 2

Sector structure in area types

Understanding local socio-economic conditions is vital for those organisations which devise place-based funding strategies to help voluntary organisations tackle social problems. But that is only half the story. It is equally important to understand the current capacity, resourcefulness, intentionality and impact of the voluntary sector that is in place now, working on the ground.

Third Sector Trends has wide-ranging data drawn from large-scale surveys and qualitative evidence, together with a complete combined register of all types of voluntary organisations to explore spatial variations in voluntary sector structure, dynamics, energy, purpose and impact. This section of the report explains how ten 'types' of places have been defined and constructed statistically to help improve understanding and decision making in place-based investments.

The section is divided into two parts. The first sub-section explains how area types have been constructed statistically. This will be followed in the second sub-section by analysis of the composition of the voluntary sector in comparative terms so as to determine in subsequent stages of the analysis how much energy it has at its disposal to tackle local priorities.

2.1 Construction of area types

Third Sector Trends collated a great deal of data on voluntary organisations from all registers (n=205,000) and from its survey (n=8,680) in 2025, but these are still too few to analyse 'specific' localities with confidence. To put this point in perspective, the Office for National Statistics (ONS) uses 'Lower Layer Super Output Areas' (LSOAs) as its standard statistical geography – each with an average of around 1,700 residents. These geographies are used as a foundation-level classification area for national statistics such as indices of deprivation which are used extensively in Third Sector Trends analysis to combine areas with 'similar' characteristics.

In England and Wales there are 35,672 LSOAs, But even at this concentrated area level, there can be substantial local variation – especially in London where rich and poor households can often live cheek by jowl in a neighbourhood. But the same point applies equally well to deep-rural areas where LSOAs cover big geographies and include households with enormously varied socio-economic characteristics. Indeed, in most towns, households living two or three streets apart can signal big differences in their wellbeing and life chances.

Analysing voluntary sector activity at the micro-local level is simply not possible statistically – even using data from the Third Sector Trends Combined Register of 205,000 voluntary organisations, there would be an average of fewer than six in each LSOA. That kind of work can only be done successfully at the very local level by using qualitative techniques. Even then, plausible interpretation could only be achieved if made in comparative context with other 'similar' and 'different' types of places.

The most realistic option, statistically, is to combine survey and register data from areas with similar features into discrete categories which have sufficient numbers (preferably 500+) to make analysis viable. In previous Third Sector Trends reports in this series, such variables have been used extensively and consistently so as to present findings in an intelligible way. These have included, for example, a five-point income scale to disaggregate organisational types from tiny informal micro entities to large, hierarchically-complex organisations with specialised divisions of labour.

In additional to the use of political geographies such as regions, analysis in previous reports has also drawn upon ‘area types’. For example, separate indices of deprivation have been merged for England and Wales to create a five-point scale from the poorest to the richest localities. Similarly, an ‘urban form’ variable has been used to draw a distinction between ‘metropolitan’ (such as Greater Manchester or London), ‘major urban’ (such as Leicester, Brighton and Swansea) and ‘town and country’ areas (such as Lincolnshire, Gwynedd or Cornwall) to determine the extent to which sector structures and dynamics vary.

In this report, data have been reconfigured into ‘area types’ to incorporate patterned interactions and associations that have been identified but not yet fully explored in previous publications. Three ‘sets’ of area types will be used. The first two sets will draw upon all available data held from registers and the Third Sector Trends survey into six new categories of sufficient scale for credible analysis.

As shown in Table 2.1, only one of these categories incorporates fewer than 500 survey cases (least advantaged town and country areas n=470). Register data indicate the actual number of voluntary organisations in each area while the population figure shows the size of the resident population in each area type.[24]

Table 2.1 Configuration of survey and combined register data into six area types

		Metropolitan and major urban areas		Town and country areas		Row Total	
		N=	%	N=	%	N=	%
		Major urban least advantaged areas		***Town and country least advantaged areas***			
Least socially advantaged areas (IMD 1-3)	Survey	1,491	17.2	470	5.4	1,961	22.6
	Register	60,020	29.3	13,979	6.8	73,999	36.1
	Population	14,668,000	24.1	2,990,400	4.9	17,658,400	29.0
		Major urban intermediate areas		***Town and country intermediate areas***			
Intermediate areas (IMD 4-7)	Survey	1,676	19.4	2,219	25.6	3,895	45.0
	Register	30,707	15.0	18,509	9.0	49,216	24.0
	Population	15,062,200	24.8	9,798,200	16.1	24,860,400	40.9
		Major urban most advantaged areas		***Town and country most advantaged areas***			
Most socially advantaged areas (IMD 8-10)	Survey	1,278	14.8	1,546	17.9	2,824	32.6
	Register	50,537	24.7	31,246	15.2	81,783	39.9
	Population	10,361,100	17.0	7,973,900	13.1	18,335,000	30.1
Column total	Survey	4,445	51.3	4,235	48.9	8,680	100.2
	Register	141,265	68.9	63,735	31.1	205,000	100.0
	Population	40,091,300	65.9	20,762,600	34.1	60,853,900	100.0

A second set of variables combines data on the density of area diversity with indices of deprivation. These illustrative variables were devised using sub-samples and cannot therefore be regarded as fully ‘separate’ from the six core variables defined

[24] Area population was estimated by multiplying the number of LSOAs in each area type by 1,833.5 (the operational average population for each LSOA using the available ONS data on area diversity) so as to reach the current ONS national population estimate for England and Wales.

above as they are drawn from the same databases – but they do show distinct demographic characteristics of these subsets. The variables were generated by matching ONS LSOA level ethnic diversity data with survey and combined register data.[25] When reconfigured in rank order by the percentage of people of colour in the resident population, the 'least' diverse LSOA was 99.8% white, while the 'most' diverse had only 0.2% white residents.

Once reconfigured, LSOA data were collapsed into deciles with similar numbers of voluntary organisations in each category (~20,500 per decile in the combined register and ~868 for the survey dataset).[26] These were reconfigured into a three-category IMD scale (deciles 1-3, least affluent, 4-7 intermediate, 8-10 most affluent) to produce three new variables as shown in Table 2.2.[27]

Table 2.2 **Configuration of diversity variables**

	Survey	Combined register	Population
Least advantaged diverse areas (more than 30% diverse)	541	24,195	6,424,600
Least advantaged white areas (more than 90% white)	788	13,418	6,323,800
Most advantaged white areas (more than 90% white)	1,890	38,827	11,409,900
Other areas	5,461	128,560	36,695,600
Total count	8,680	205,000	60,853,900

The final category to be created, so as to drill down to sector dynamics at the local level is '***less-advantaged coastal town areas***' which was devised in response to the prominence of this issue in social policy agendas. The variable was generated by matching voluntary organisations in both the survey and combined register datasets by postcode with ONS lookups for 'built-up areas' and aligned with an exploratory categorisations devised by ONS using satellite imagery to classify boundaries 'within 1km of the statistical coastline and with a surface area of 50% or more within 3km of the statistical coastline'.[28]

Coastal data were aligned with indices of deprivation to produce a variable for voluntary organisations situated in less-advantaged coastal town areas.[29] A total of 1,282 voluntary organisations were identified as being situated in coastal areas, of which 352 were located in IMD1-3. While this is only a small sub-sample of the dataset, it provides some useful evidence to demonstrate that the structure and dynamics of the voluntary sector in poor coastal areas is distinctive.[30]

[25] This replaces an earlier attempt at categorisation (used in a report in this series on *People in the sector*) which was based on local authority level Census 2021 data. That exploratory analysis produced promising findings, but was a relatively crude measure.

[26] These categories are constructed from data used in the core six area types as shown in Table 2.1. For analytical purposes it must be recognised that there are variations in the types of places where highly diverse or relatively un-diverse areas are concentrated. Nearly all voluntary organisations in highly diverse less-advantaged LSOAs were located in major urban areas (99%). Voluntary organisations in the least diverse less-advantaged LSOAs were split between town and country (30%) and major urban areas (70%). About two thirds of voluntary organisations in affluent white LSOAs were located in town and country areas (67%) while a third were located in major urban areas (33%).

[27] It was hoped that a fourth category, 'most advantaged diverse areas' could be produced from survey data, but there were only 116 cases which is too few to adopt reliably; while there is a sufficiency of data in the combined register (n=4,430) it was felt that this would confuse the issue without supporting survey data to confirm their relevance.

[28] See: ONS (2024) *Coastal communities, characteristics of built-up areas, England and Wales Census 2021.* https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/coastalcommunitiesandcharacteristicsofbuiltupareasenglandandwales/census2021 The analysis draws upon 568 of the 7,018 BUAs identified in ONS lookups.

[29] To estimate population levels, ONS population data by LSOA was matched with each of the designated area types. When creating the variable, equivalent analysis was undertaken for 'intermediate' and 'most advantaged' coastal areas – however these categories produced almost identical results to equivalent town and country or major urban areas and were therefore discarded so as to keep tables and charts within reasonable bounds.

[30] For the combined register dataset there was further scope to disaggregate small coastal towns (3,954 voluntary organisations) from larger coastal towns (25,681 voluntary organisations). When configured against deciles 1-3 of the indices of deprivation this produced a data set of 8,783 less-advantaged coastal areas. The estimated population in these less-advantaged coastal town areas is 2,972,104.

Having successfully defined ten distinctive area types, graphical analysis will proceed to produce visual representations of sector variations. To enhance clarity, statistics will be graphed in groups; *urban areas* will be presented in shades of blue and *town and country areas* in shades of green, *diverse areas* in shades of purple and *less-advantaged coastal town areas* in grey.

Finally, it is useful to get a sense of the density of the voluntary sector in each area type by showing the number of voluntary organisations per 1,000 resident population. As shown in Table 2.3 there are wide variations.

- In ***major urban areas***: density of registered voluntary organisations by population is much lower in the least advantaged areas (2.87 per 1,000 residents) than in the most advantaged (3.14, per 1,000).
- In ***town and country areas***, variation in density is even greater, from 2.83 per 1,000 residents in the least advantaged areas compared with 3.92 in the most advantaged. It is worth noting that voluntary sector density is highest in intermediate areas (4.3 per 1,000 residents).
- Variations by ***area diversity*** are more complex. In the most diverse less-advantaged areas, there is a much higher proportion of voluntary organisations (3.77 per 1,000 residents) than in predominantly white less-advantaged areas (2.12). In the most-advantaged largely-white areas, there are 3.4 voluntary organisations per 1,000 resident population.
- Finally, the ***least advantaged coastal areas*** have lower densities of voluntary organisations (2.83 per 1,000 resident population), which is about the same as less-advantaged major urban (2.87) or less-advantaged town and county areas (2.83).

Table 2.3 **Density of voluntary organisations by resident population and area types**

	Resident population	Number or registered voluntary organisations	Voluntary organisations per 1,000 resident population
Major urban least advantaged areas	14,668,000	42,167	2.87
Major urban intermediate areas	15,062,200	48,561	3.22
Major urban most advantaged areas	10,361,100	32,488	3.14
Town and Country least advantaged areas	2,990,400	8,454	2.83
Town and Country intermediate areas	9,798,200	42,084	4.30
Town and Country most advantaged areas	7,973,900	31,246	3.92
Least advantaged diverse areas	6,424,600	24,195	3.77
Least advantaged white areas	6,323,800	13,418	2.12
Most advantaged white areas	11,409,900	38,827	3.40
Least advantaged coastal town areas	2,972,100	8,410	2.83

2.2 Variations in sector structure

To make sense of how the voluntary sector works in the geographies identified, the analysis begins with an appraisal of three aspects of sector structure: the *size, legal form* and *age* of voluntary organisations.

Organisational size

The distribution of voluntary organisations by size in the local voluntary sector can have a substantive impact on its overall capacity to achieve social impact. As Figure 2.1 shows, there are proportionately more bigger voluntary organisations in disadvantaged areas than in the most advantaged.[31] While these percentage variations look quite small – they make a big difference in energy terms as bigger voluntary organisations command the lions' share of sector income and employ the most people.[32]

There are proportionately fewer smaller organisations in major urban areas when compared with in town and country areas – these variations are compounded by area affluence. For example, in the most affluent town and country areas, 72% of voluntary organisations are micro or small, compared with just 40% in the least advantaged urban areas. Such variations have a fundamental impact on sector energy, purpose and practice.

Area diversity also has a significant effect on sector structure. The structure of the sector in the most affluent predominantly-white areas is largely the same as in wealthy town and country areas and (though to a lesser extent) wealthier urban areas. The least socially advantaged most diverse areas have proportionately fewer micro and small voluntary organisations (35%) suggesting that the less formal civic core is much less well developed than in rich white areas.

The least advantaged mainly-white areas, by contrast, have substantially more micro and small organisations, suggesting establishment of local civil society at grass-roots level is quite strong – and stronger than in poor urban areas. Poorer coastal town areas more or less directly mirror the situation in the least advantaged diverse districts.

Legal form of voluntary organisations

Studying variations in the legal form of local voluntary organisations provides clues about sector origins and orientations towards social issues. Areas which have high volumes of registered charities tend to have a stronger 'traditional middle-class' civic core. Areas with larger numbers of Community Interest Companies (CICs) and registered societies (especially mutuals and cooperatives) are more likely to be associated with urban working-class industrial areas where notions of self reliance emerged in the nineteenth century.

With these points in mind, the evidence presented in Figure 2.2 is especially revealing.

- Conventional registered charities are more common (~70% of voluntary organisations) in wealthier areas and it makes little difference whether that is in urban, town and country or largely-white affluent communities.
- In less affluent areas, CICs are much more common, and especially so in poorer diverse areas. In poorer white areas, as may be expected, there is a

[31] The discussion is focused entirely on survey data as this is vital intelligence for the interpretation of findings on sector purpose, practice and impact Survey data are broadly representative by organisational size, for full details on sample structure see: *Third Sector Trends in England and Wales 2025: technical paper on sector structure and analytical techniques*, available here: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-2025-Technical-paper-on-sector-structure-and-analytical-techniques-December-2025.pdf.

[32] *Ibid.*, Section 2, pp. 18-26.

higher proportion of registered societies – so reflecting their local working-class political roots.

- Coastal towns stand out as being substantially different from all other areas (though they have more in common with poorer areas than rich ones). There is a higher proportion of CICs in poorer coastal areas (24%) than anywhere else and the fewest conventional charities (51%).

Charitable Incorporated Organisations (CIOs) are also registered by the Charity Commission. This is a relatively new legal form. It is interesting to note that election for this form of registration is quite consistently patterned across all of the area types – with only slightly higher percentages recorded in leas affluent areas.

Community Amateur Sport Clubs (CASCs) are not generally included in analyses of the voluntary sector. Third Sector Trends does so because they play an important role in terms of volunteering and contribute to social cohesion, interaction and community pride (and, of course, public health and wellbeing).[33] The percentage of CASCs is highest in affluent urban areas and all town and country areas (especially the most affluent). CASCs are less common in poor urban areas (less than 2%) and especially so in the least advantaged diverse areas (fewer than 1%).

Age of voluntary organisations

Looking at the age structure of the local voluntary sector, helps to assess the cultural depth of the local civic core. The findings are clear cut (Figure 2.3).

- In the most affluent urban and town and country areas, the voluntary sector is substantially older: around half of voluntary organisations have been in existence since before 1990 and almost a fifth were established before 1945 (the same applies to predominantly-white affluent areas).
- A boost in sector size seems to have arrived in less affluent communities (irrespective of urban form) since the 1990s. It is in the least advantaged diverse areas where there are the fewest voluntary organisations set up before the 1990s, this was followed by a major boost in activity (36% of voluntary organisations came into being between 1990-2009). The pattern in largely-white poorer areas closely resembles that of less-advantaged urban areas.
- Coastal areas again stand out as being quite ‘different’ from other areas. The biggest boost in newly established voluntary organisations came more recently (from 2010-2019). Indeed, 40% of voluntary organisations in these areas are no more than 15 years old – perhaps reflecting the strong policy focus and concomitant investment in supporting coastal towns in recent years.

Spatial range of voluntary organisations’ work

The above analysis has shown that the characteristics of the local voluntary sector vary depending upon the types of areas within which they are based. That is not to say that the location of voluntary organisations determines where they work. On the contrary, many voluntary organisations work across area boundaries.

Figure 2.4 shows that the percentage of voluntary organisations which restrict their work to neighbourhood or village level varies enormously by area types.

- In the least advantaged major urban areas, only 20% of voluntary organisations restrict their work to their *immediate* locality compared with 33% in the richest areas.

[33] Descriptions of each legal form together with their historical origins are presented in the *Technical paper on sector structure and analytical techniques*, https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-2025-Technical-paper-on-sector-structure-and-analytical-techniques-December-2025.pdf.

- In town and country areas, there is generally a much stronger focus upon neighbourhoods and villages – especially so in areas of intermediate affluence (52%).
- In the most diverse but least advantaged areas, only 15% of voluntary organisations focus entirely on the local neighbourhood or village level, compared with 47% in affluent white areas.
- The position in coastal towns is distinctive. More voluntary organisations have a strongly externalised focus beyond local boundaries (21%) than anywhere else; but have a quite a low level of commitment at neighbourhood level (17%).

The research clearly shows that the voluntary sector in poorer areas (whether they are urban, town and country or highly diverse) do not have as strong a focus upon the locality as in affluent middle-class areas. This finding has profound consequences for those policy initiatives which emphasise the importance of promoting and growing 'grass roots' organisations in poor areas and will be explored throughout this report.

Formal collaborative working

Finally, Figure 2.5 presents a preliminary assessment of how many voluntary organisations work together in formal collaboration in the areas where they are based. Formal collaborative working is <u>much</u> lower in affluent areas (whether in major urban or town and country areas - and especially so in predominantly-white wealthy areas) than in disadvantaged areas of all types.

- In the most affluent major urban areas, only 22% of voluntary organisations work in formal partnership compared with 43% in the poorest areas.
- In the most affluent town and country areas, only 20% of voluntary organisations work in formal partnership compared with 36% in the poorest areas.
- In the least affluent diverse areas 42% of voluntary organisations work in formal partnerships compared with 19% in the most affluent predominantly-white areas.
- Voluntary organisations in poorer coastal town areas are the most likely to work in formal partnership arrangements (49%).

Part of the reason for these variations derives from sector-structural variations (i.e. there are more smaller voluntary organisations in richer areas than poor ones), but most of these differences are accounted for by differences in 'sector culture'. This issue will be explored further in the next section.

Figure 2.1 **Sector structure by area types – size of voluntary organisations** (Third Sector Trends in England and Wales 2025, survey data 2025, n=8,680)

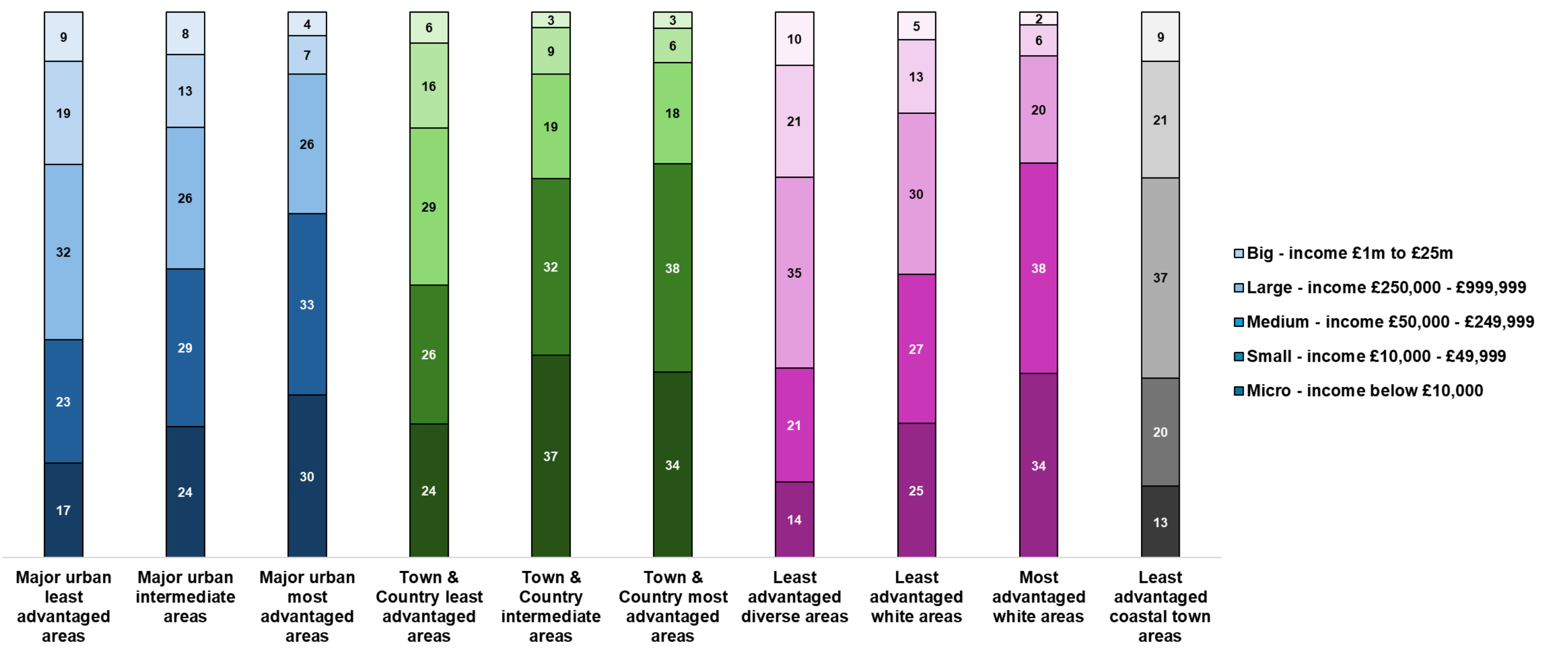


Figure 2.2 **Sector structure by area types – legal form of voluntary organisations** (Third Sector Trends in England and Wales 2025, survey data 2025, n=8,680)

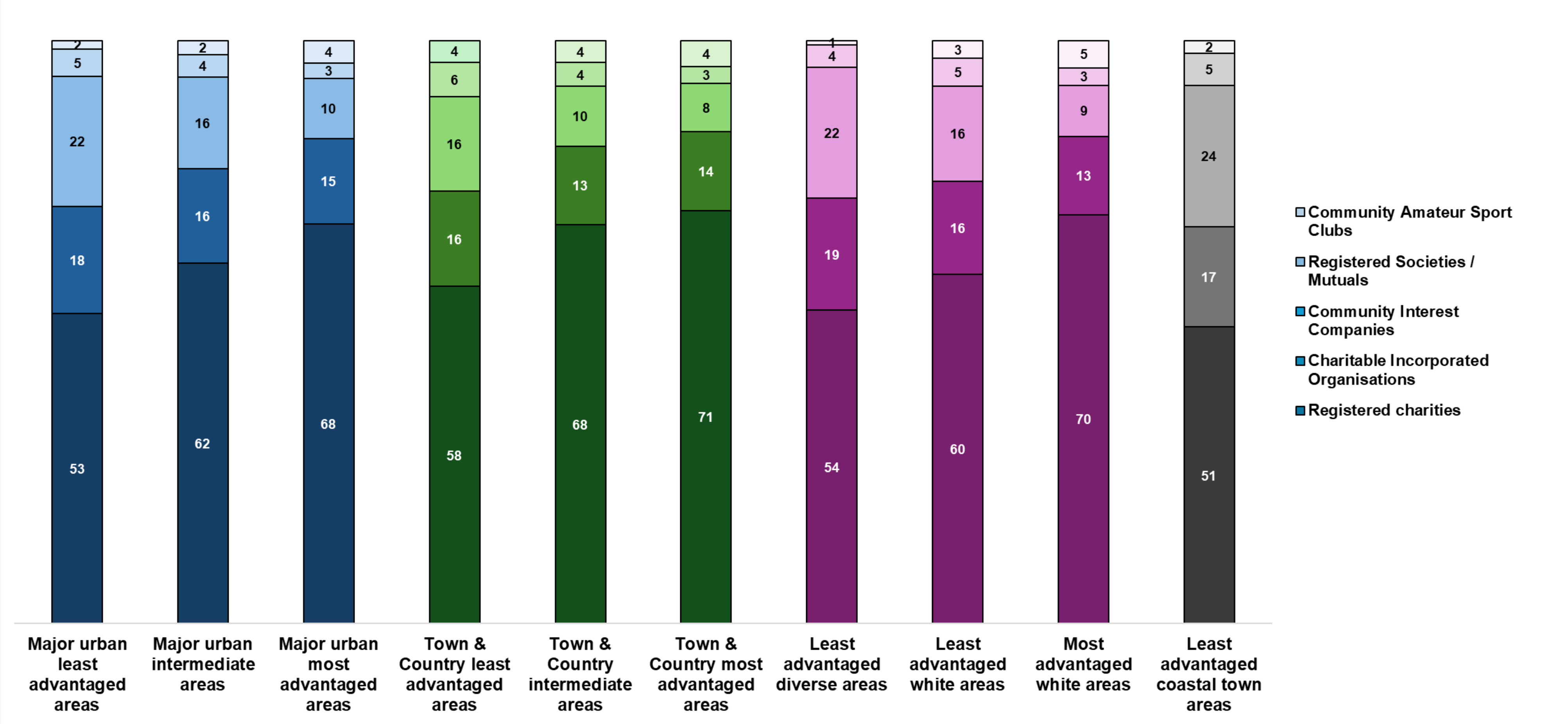


Figure 2.3 **Sector structure by area types – age of voluntary organisations** (Third Sector Trends Combined Register 2025, n=205,000)

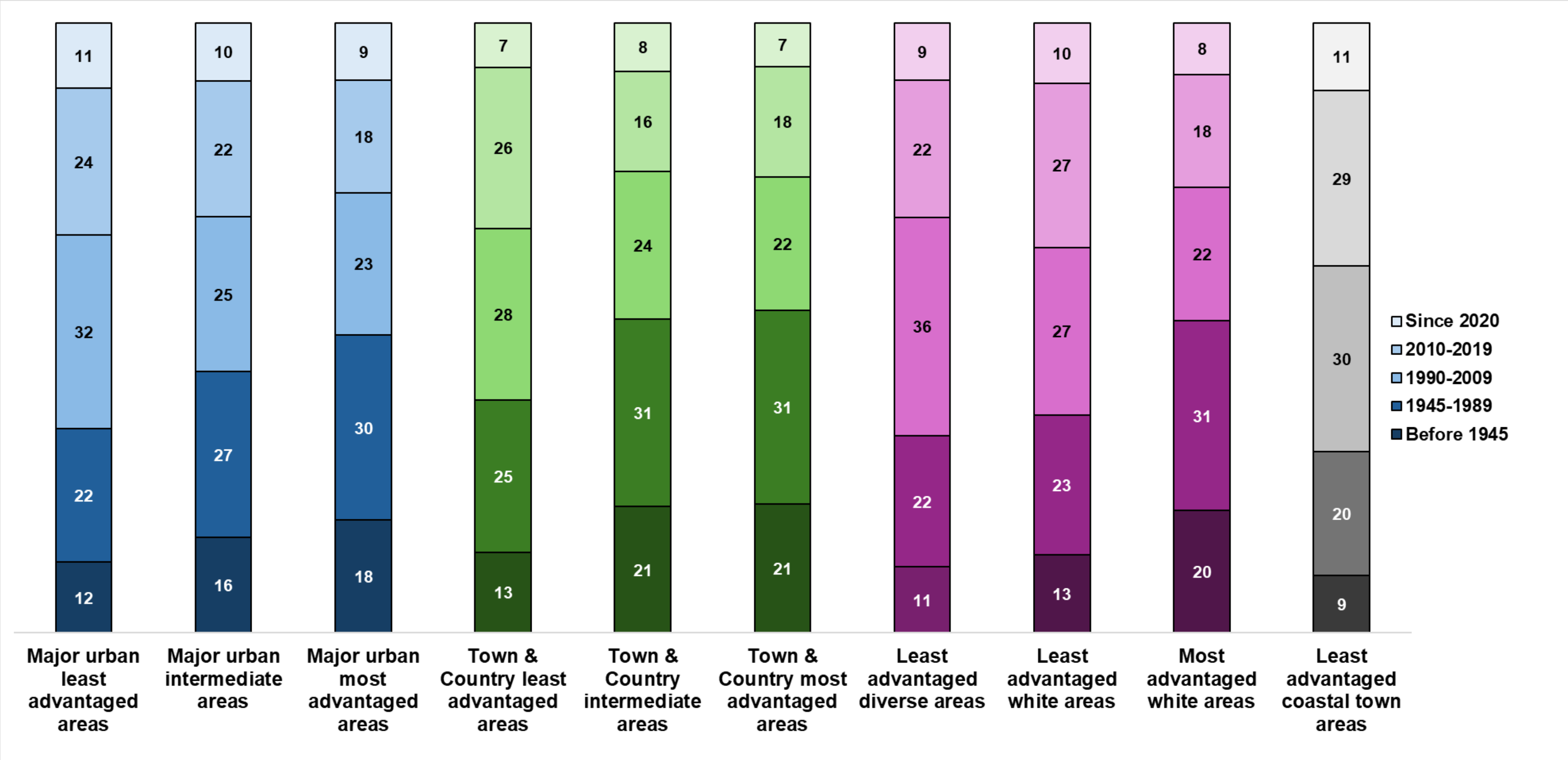


Figure 2.4 **Spatial range of voluntary organisations' operations area types** (Third Sector Trends in England and Wales 2025, n=8,663)

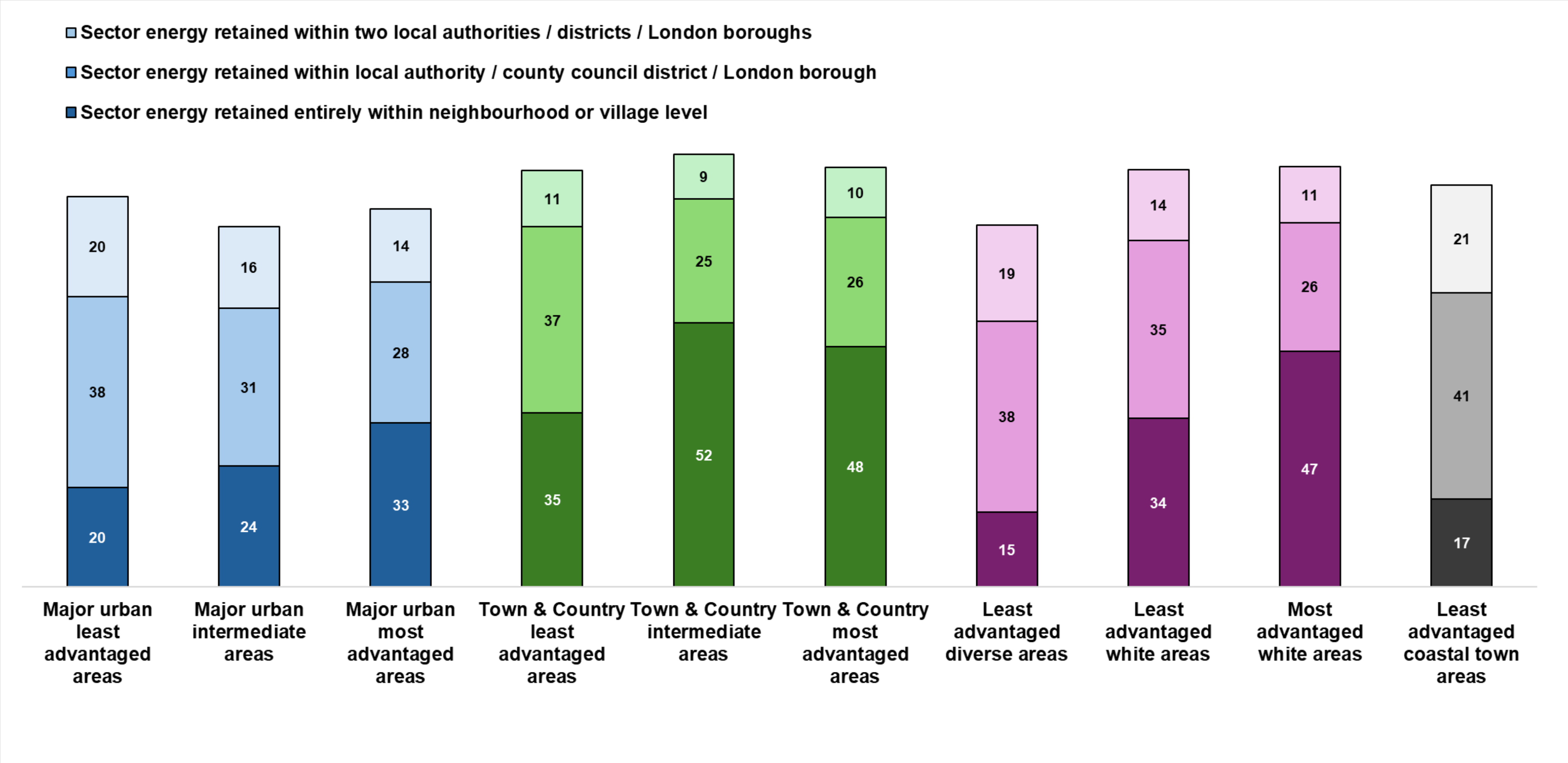
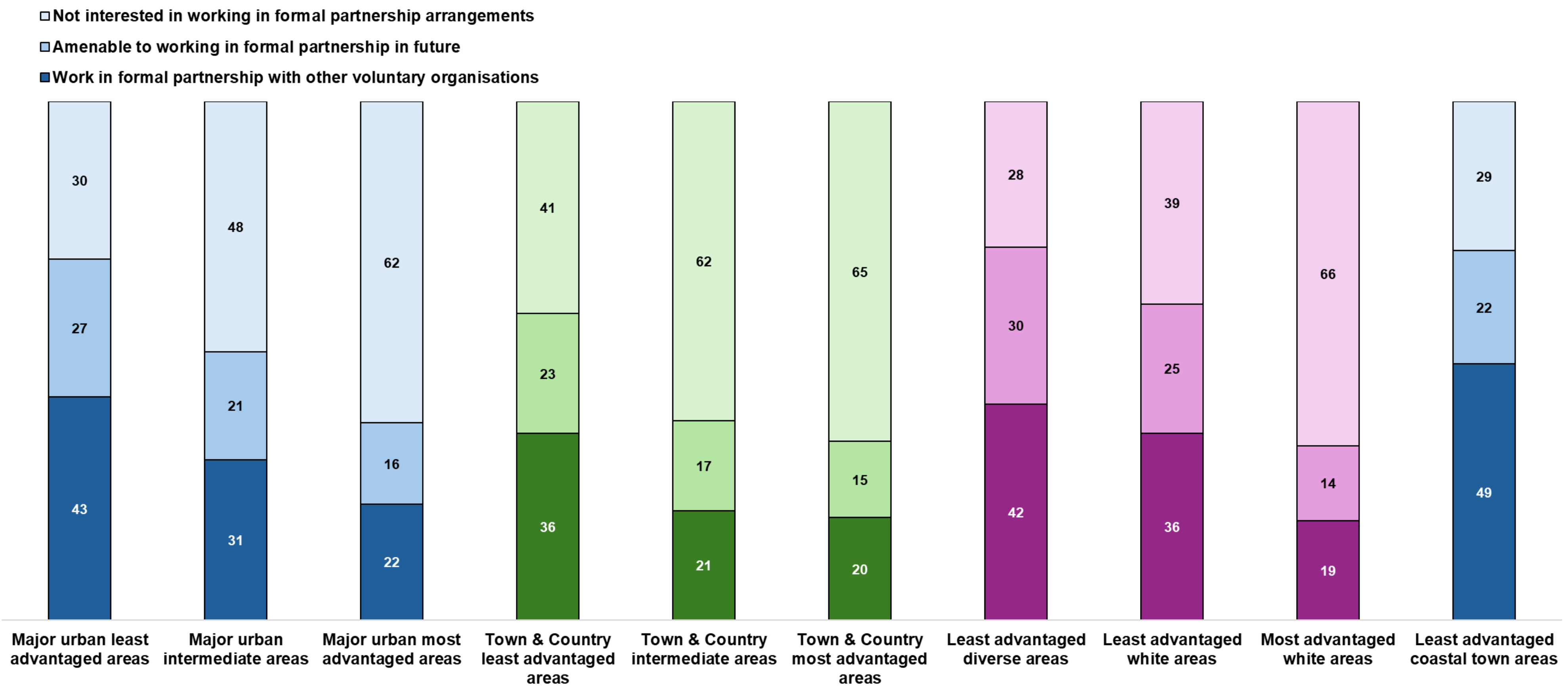


Figure 2.5 **Formal collaborative working by area types** (Third Sector Trends in England and Wales 2025, n=8,552)



Section 3

Sector energy, purpose and impact

The local voluntary sector's capacity to support local areas is underpinned by its financial resource and people energy; the first sub-section of this chapter will explore disparities in area capacity in comparative terms. Subsequent sub-sections will then examine variations in sector purpose and perceptions of impact by area types.

3.1 Sector energy

Before turning attention to the beneficiaries voluntary organisations serve and the impact they claim to achieve by area types, it is vital first to examine the resources voluntary organisations have available to them.

Financial resource

Table 3.1 provides estimates of total sector income in each area type.[34] The findings indicate that local sector wealth is focused primarily major urban areas – and especially so in areas of intermediate affluence (£20.9bn) and the least affluent urban areas (£14.7bn). Due to the proliferation of micro and smaller voluntary organisations in the most affluent urban areas, income is *substantially* lower (£10bn).

Income per 1,000 resident population is highest in major urban areas where most big voluntary organisations are based[35] – but its distribution varies little by levels of local affluence (£1bn per 1,000 in the poorest and richest areas, and somewhat higher in intermediate areas £1.4bn per 1,000).

In town and country areas, total sector income is substantially lower (£15.7bn) and is distributed fairly evenly between intermediate and more affluent areas. There are relatively few highly concentrated disadvantaged districts in town and country areas – hence the lower level of sector income (£1.9bn). In those poorer areas, average income per voluntary organisation is substantially higher (~£232,600) than in intermediate (~£166,200) and in the most affluent areas (~£187,000). Overall sector income per 1,000 residents in town and country areas is fairly evenly balanced, though it is lower in the poorest districts.

Average income per 1,000 resident population is much higher in the most diverse disadvantaged areas (£1.6m) than in predominantly poor white areas (just below £1m). In advantaged mainly-white areas, income per 1,000 residents (~£540,000) is a good deal lower. That is likely due to the large number of very small voluntary

[34] This analysis is restricted to locally 'grounded' sector energy, not that which is imported from neighbouring or more distant places. It cannot be determined from the analysis how much sector energy is exported to other areas (although an indication of its extent was provided in Section 2, Figure 2.5).

[35] As observed in the previous footnote, it cannot be presumed that sector energy is exclusively employed locally because most larger voluntary organisations distribute effort across boundaries.

organisations that rely primarily on regular volunteers' freely given time to effect their objectives rather than depending upon paid employees.

Average sector income levels in poorer coastal town areas, per 1,000 residents is broadly comparable with poorer major urban areas (~£1m) as is average voluntary organisation income (~£375,000).

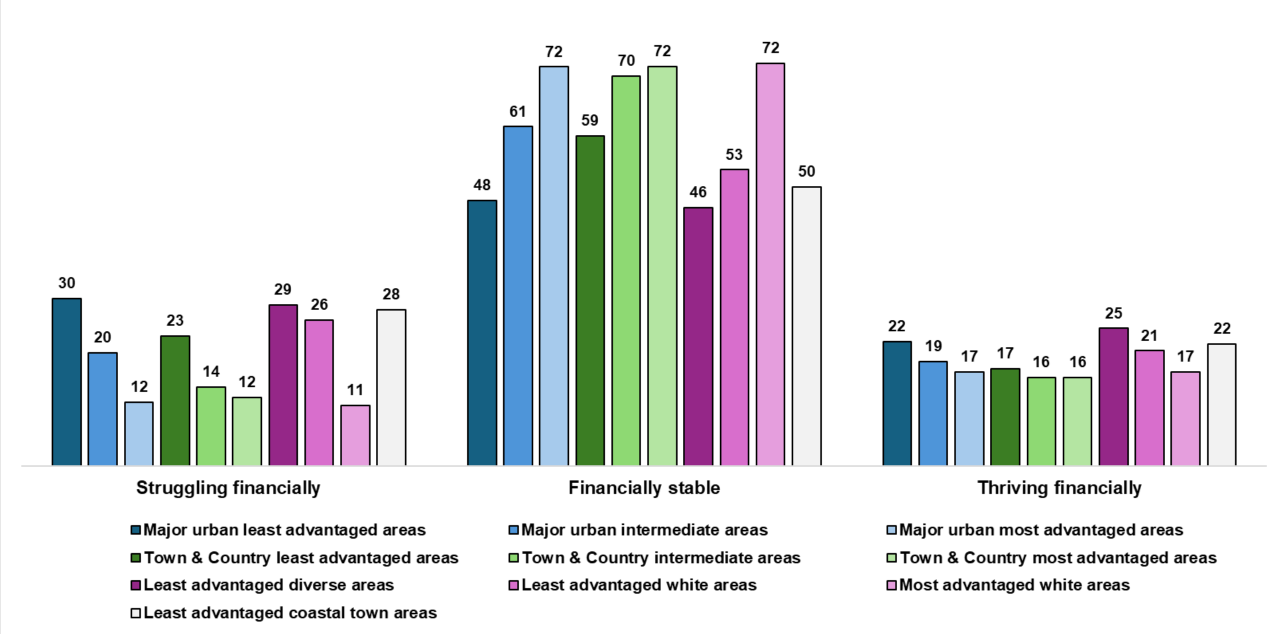
Table 3.1 **Sector financial position by area type**

	Resident population	Estimated sector income (£millions)	Income per 1,000 residents (£s)	Number of voluntary organisations	Average income per voluntary organisation (£s)
Major urban least advantaged areas	14,668,000	14,673	1,000,360	36,495	402,065
Major urban intermediate areas	15,062,200	20,877	1,386,053	46,935	444,803
Major urban most advantaged areas	10,361,100	9,990	964,175	34,459	289,907
Town and Country least advantaged areas	2,990,400	1,855	620,328	7,976	232,585
Town and Country intermediate areas	9,798,200	7,425	757,775	44,687	166,151
Town and Country most advantaged areas	7,973,900	6,440	807,657	34,448	186,955
Least advantaged diverse areas	6,424,600	10,200	1,587,608	24,195	421,564
Least advantaged white areas	6,323,800	3,082	487,366	13,418	229,692
Most advantaged white areas	11,409,900	6,158	539,738	38,827	158,610
Least advantaged coastal town areas	2,972,100	3,159	1,063,001	8,410	375,665
England and Wales	**60,853,800**	**61,260**	**1,006,679**	**205,000**	**298,830**

On the basis of the above analysis, sector finances appear to be more robust in less-advantaged areas. But an assessment of voluntary organisations' current financial position (Figure 3.1) indicates that a much higher percentage of voluntary organisations in less-advantaged areas are 'struggling financially' than in affluent areas. This finding is consistent across major urban, town and country and diverse and primarily white poorer areas.

Around 70% of voluntary organisations in all types of affluent areas (and also intermediate town and country areas) enjoy a much higher level of 'income stability' than in poorer areas. Furthermore, a significant proportion of voluntary organisations are 'thriving financially' in all types of areas – but slightly more so in poorer areas.

Figure 3.1 **Financial wellbeing of voluntary organisations by area type** (Third Sector Trends in England and Wales 2025, n=4,374[36])



Regular volunteers

Third Sector Trends makes comparable estimates on the number of regular volunteers committing time to work for local voluntary organisations.[37] As shown in Table 3.2, regular volunteer support varies across area types.[38]

- In less affluent major urban areas, there are substantially fewer regular volunteers relative to the size of resident population (56 per 1,000) than in the most affluent (69 per 1,000 residents).
- In town and country areas, differences are far wider (56 per 1,000 residents in the poorest districts compared with 85 per 1,000 in the richest).
- In disadvantaged diverse areas there is a much higher proportion of regular volunteers (89 per 1,000 residents) than in predominantly-white poor areas (47 per 1,000 residents).
- Levels of regular volunteering in poorer coastal towns stands at 67 per 1,000 residents.

[36] The analysis of voluntary organisations which are struggling, stable or thriving does not refer to the whole of the survey sample – but to sub-samples of organisations which share similar financial circumstances. For more detail on how the variable was created, see *Income sources, assets and financial wellbeing*, Section 6, pp. 44-54. https://www.stchads.ac.uk/wp-content/uploads/2026/01/Third-Sector-Trends-in-England-and-Wales-2025-income-sources-assets-and-financial-wellbeing-January-2026.pdf.

[37] Third Sector Trends only makes estimates of 'regular volunteers' who work within voluntary organisations. Many other categories of volunteers are excluded. This explains why numbers are so much lower than other national estimates such as that of the NCVO's *UK Civil Society Almanac*. For a full explanation of the methodology employed, see Technical paper on sector structure and analytical techniques, Section 3.5, available here: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-2025-Technical-paper-on-sector-structure-and-analytical-techniques-December-2025.pdf.

[38] While employees are much more likely to work across spatial boundaries, especially in larger voluntary organisations, regular volunteers tend to focus their work mainly at the local authority or neighbourhood level. The time delivered by volunteers is standardised at 72 hours per year in the statistical model. This may underestimate variations across areas of affluence or deprivation to some extent.

Table 3.2 **Regular volunteer energy by area type** (Third Sector Trends Statistical Model/Combined Register)			
	Resident population	**Regular volunteers**	**Regular volunteers per 1,000 residents**
Major urban least advantaged areas	14,668,000	827,595	56.4
Major urban intermediate areas	15,062,200	1,036,321	68.8
Major urban most advantaged areas	10,361,100	714,280	68.9
Town and Country least advantaged areas	2,990,400	168,342	56.3
Town and Country intermediate areas	9,798,200	855,399	87.3
Town and Country most advantaged areas	7,973,900	675,464	84.7
Least advantaged diverse areas	6,424,600	573,286	89.2
Least advantaged white areas	6,323,800	290,398	46.6
Most advantaged white areas	11,409,900	775,062	67.9
Least advantaged coastal town areas	2,972,100	199,124	67.0
England and Wales	**60,853,800**	**4,277,400**	**70.3**

Employees

Third Sector Trends employee estimates provide a useful benchmark of sector energy by area types.[39]

- The most and least affluent major urban areas have lower numbers of employees (18-19 per 1,000 residents) than in intermediate areas (25 per 1,000).
- In town and country areas, the density of employees is higher in intermediate and affluent areas (14-15 per 1,000) than in the poorest areas (12 per 1,000).
- In the least advantaged diverse areas, employment density is at its highest (30 per 1,000) due to their location in metropolitan inner-city areas where many of the largest voluntary organisations are situated.
- In predominantly-white wealthy areas, employee density is at its lowest (5 per 1,000) as there are comparatively few larger or big voluntary organisations in such areas.
- In the least advantaged predominantly-white areas and in poorer coastal towns, employee density is similar (at 18 and 20 per 1,000 respectively) to metropolitan and major urban areas.

[39] It should be noted that voluntary organisations which employ many staff tend to work across a wider spatial range. It is not currently possible to determine from Third Sector Trends data how much energy is *exported* to other areas and how much is *imported* from elsewhere.

Table 3.3 **Employee energy by area type** (Third Sector Trends Statistical Model/Combined Register)

	Resident population	Employees	Employees per 1,000 residents
Major urban least advantaged areas	14,668,000	275,507	18.8
Major urban intermediate areas	15,062,200	386,209	25.6
Major urban most advantaged areas	10,361,100	185,560	17.9
Town and Country least advantaged areas	2,990,400	35,307	11.8
Town and Country intermediate areas	9,798,200	138,965	14.2
Town and Country most advantaged areas	7,973,900	120,163	15.1
Least advantaged diverse areas	6,424,600	192,755	30.0
Least advantaged white areas	6,232,800	58,946	4.5
Most advantaged white areas	11,409,900	116,401	10.2
Least advantaged coastal town areas	2,972,100	59,662	20.1
England and Wales	**60,853,800**	**1,141,711**	**18.8**

The balance between employee and volunteer energy

While there are many more regular volunteers working in the voluntary sector than there are employees, collectively volunteers work fewer hours. Table 3.4 compares full-time equivalent employee and regular volunteer energy in each area type.[40]

- In less-advantaged urban areas and less-advantaged diverse areas, regular volunteer contributions are at their lowest (12%) and are only slightly higher in poor coastal town areas (13%).
- The proportion of work energy delivered by regular volunteers is much higher in the most-advantaged major urban areas where 15% of sector energy is delivered by regular volunteers – in predominantly-white affluent areas the percentage is even higher (23%).
- In town and country areas, volunteer and employee energy is more balanced; ranging from 17% in the poorest areas to 21% in intermediate areas. That is likely due to the complexities of the local spatial mix in smaller towns, villages and remote rural areas.
- In diverse areas, the percentage of employee energy (89%) is similar to that of major urban areas (because most diverse areas *are* in located major urban areas).
- Mainly white poor areas have a lower proportion of employees (82%), this is due to a structural imbalance leaning towards medium-sized voluntary organisations.
- In wealthy primarily-white areas, the percentage balance leaning towards regular volunteers is highest of all area types (23%) reflecting the strength of the local civic core.
- In disadvantaged coastal town areas, the proportion of volunteer energy is quite low (13%) compared with less affluent town and country areas (17%) and primarily white disadvantaged areas (18%).

[40] The percentages provided are indicative because many voluntary organisations do not devote their entire energy to the area within which they are based (see Figure 2.4). Nonetheless, the data provide a useful set of comparisons which seem to make sense analytically in the context of other findings presented in this report.

Table 3.4 Balance of employee and regular volunteer energy (Third Sector Trends Statistical Model/Combined Register)

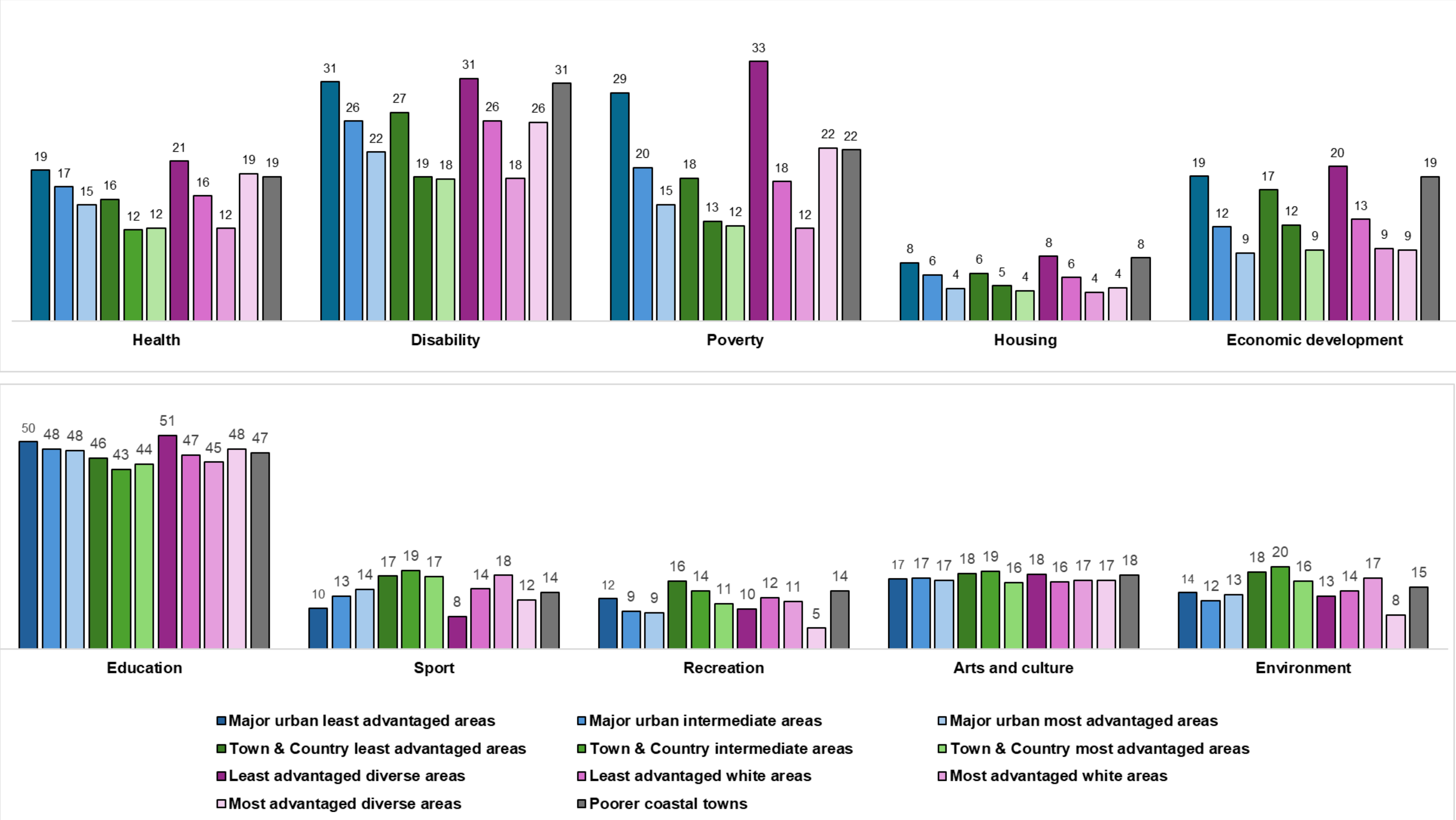
	Full-time equivalent regular volunteers	Full-time equivalent employees	% regular volunteer energy	% employee energy	Total full-time equivalent work energy
Major urban least advantaged areas	34,900	275,500	11.6	88.8	310,410
Major urban intermediate areas	43,710	386,200	10.5	89.8	429,920
Major urban most advantaged areas	30,120	185,560	14.5	86.0	215,690
Town and Country least advantaged areas	7,100	35,300	17.3	83.3	42,410
Town and Country intermediate areas	36,080	138,970	21.3	79.4	175,040
Town and Country most advantaged areas	28,490	120,160	19.8	80.8	148,650
Least advantaged diverse areas	25,016	192,755	11.5	88.5	217,772
Least advantaged white areas	12,672	58,946	17.7	82.3	71,618
Most advantaged white areas	33,821	116,401	22.5	77.5	150,222
Least advantaged coastal town areas	8,689	59,662	12.7	87.3	68,351
England and Wales	**180,400**	**1,141,711**	**14.1**	**86.4**	**1,322,110**

3.2 Beneficiaries served

The Charity Commission collates data on beneficiaries served by registered charities and Charitable Incorporated Organisations (CIOs). While this analysis does not provide coverage for other legal forms (such as mutuals and registered societies, CASCs and CICs) interesting variations are observed when comparing area types (Figure 3.2).

- On issues associated with *critical or pernicious personal, social or community need* (such as health, housing, economic development, disability and poverty), charities are much more active in poorer major urban areas and poor town and country areas than in the richest areas.
- Variations are more mixed in some aspects of charitable provision. In the fields of *arts and culture, environment, recreation* and *education*, patterns are less visible; and in the case of sport, there is more provision in wealthier rather than poorer ones.
- Levels of provision vary considerably between diverse and predominantly-white less-advantaged areas. For example, 21% of charities support *health* in poorer diverse areas compared with only 16% in poorer largely-white areas. Similar patterns are found in relation to *disability, housing, economic development* and especially *poverty*.
- Some aspects of charitable provision receive scant attention in poorer diverse areas such as *environment, recreation* and *sport* when compared with less-advantaged mainly-white areas.
- Many fewer charities and CIOs in the most-advantaged areas attend to issues associated with critical and pernicious social need: only 15% of voluntary organisations are concerned with *poverty* in affluent major urban areas and even fewer in town and country areas (12%).

Figure 3.2 **Beneficiaries served by voluntary organisations in area types** (Third Sector Trends Combined Register 2025, Charity Commission registrations only)



3.3 Perceptions of social impact

Charity Commission data on beneficiaries are of value because they help to show the ‘volume’ of support lent to charitable issues; but they provide no indication of its impact.

Since 2019, Third Sector Trends has asked survey respondents how much impact they feel their voluntary organisations have on a range of issues. Participants are invited to state if ‘we have a very strong impact’, ‘we make a good contribution’, ‘we make some difference’, or ‘we don’t try to do this’. In all three waves of study where the question has been used, respondents are ‘measured’ in their responses rather than exaggerating their impact.

Percentages shown in Figure 3.3 refer to those respondents stating that they have a ‘very strong impact’ on specific issues.[41] Data are split into three sections, dealing respectively with issues associated with ‘*critical need’*, ‘*personal development and wellbeing’* and ‘*strengthening communities’*.

- ### ***Impact on issues associated with critical needs***

  Voluntary organisations’ perceptions of strong impact on all aspects of critical social need are patterned across areas - although the intensity of support to individual aspects of need vary considerably. Relatively few voluntary organisations claim to have strong impact on the ‘specific’ issue of *employability*, for example, compared with those working in the more ‘general’ field of *building confidence to help people manage their lives*.

  Within each aspect of critical need, stronger impact is claimed in less-advantaged areas, whether they are in major urban areas or town and country locations. For example, 20% of voluntary organisations in poorer urban areas feel that they have a strong impact on tackling *poverty* compared with 5% in the most affluent urban districts. A similar pattern is observed in more or less affluent town and country locations.

  In less-advantaged diverse areas, much more impact is claimed in the fields of *employability, building confidence* and facilitating *access to services* than in predominantly-white poorer areas. Only in relation to tackling *poverty* is the pattern reversed where slightly more voluntary organisations in poorer mainly-white areas claim a stronger level of impact than in poor diverse areas.

  In poorer coastal areas, assessments of strong impact are slightly higher than in major urban areas in the fields of *employability, access to services and poverty*, but not in relation to raising *people’s confidence to manage their lives*.

- ### ***Impact associated with personal wellbeing and development***

  As with critical social need, impact on personal wellbeing and development is also patterned by major urban and town and country area types. In relatively disadvantaged areas, the strength of impact is much greater than in the most advantaged. For example, 41% of voluntary organisations in major urban disadvantaged areas claim strong impact on tackling *social isolation* compared with just 22% in the wealthiest districts.

  When considering population diversity, variations between more-diverse poor areas and predominantly-white poor areas are comparably quite small. On

[41] Data have been analysed in depth by organisational age, size and locations in the *People, work, ambition and impact* report if this series. See section 5, pp. 69-78. https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf

the improvement of *health and wellbeing*, for instance, an equal proportion of voluntary organisations (35%) state that they have a strong impact.

The situation in poorer coastal towns broadly resembles that of disadvantaged major urban areas – though it is slightly accentuated in the fields of *health and wellbeing* and *education and training*.

- ***Impact associated with strengthening communities***

Assessments of strong impact on community related issues is much more mixed. For example, in relation to the *enhancement of the cultural and artistic life of the community*, variations between area types are relatively small and not clearly patterned – with the notable exception of poor coastal town areas where much stronger impact is claimed. Similarly, strong impact on local *environmental* improvements is largely unpatterned – although slightly stronger impact is evident in poorer or intermediate town and country areas. Assessment of strong environmental impact in poorer coastal towns is comparably low.

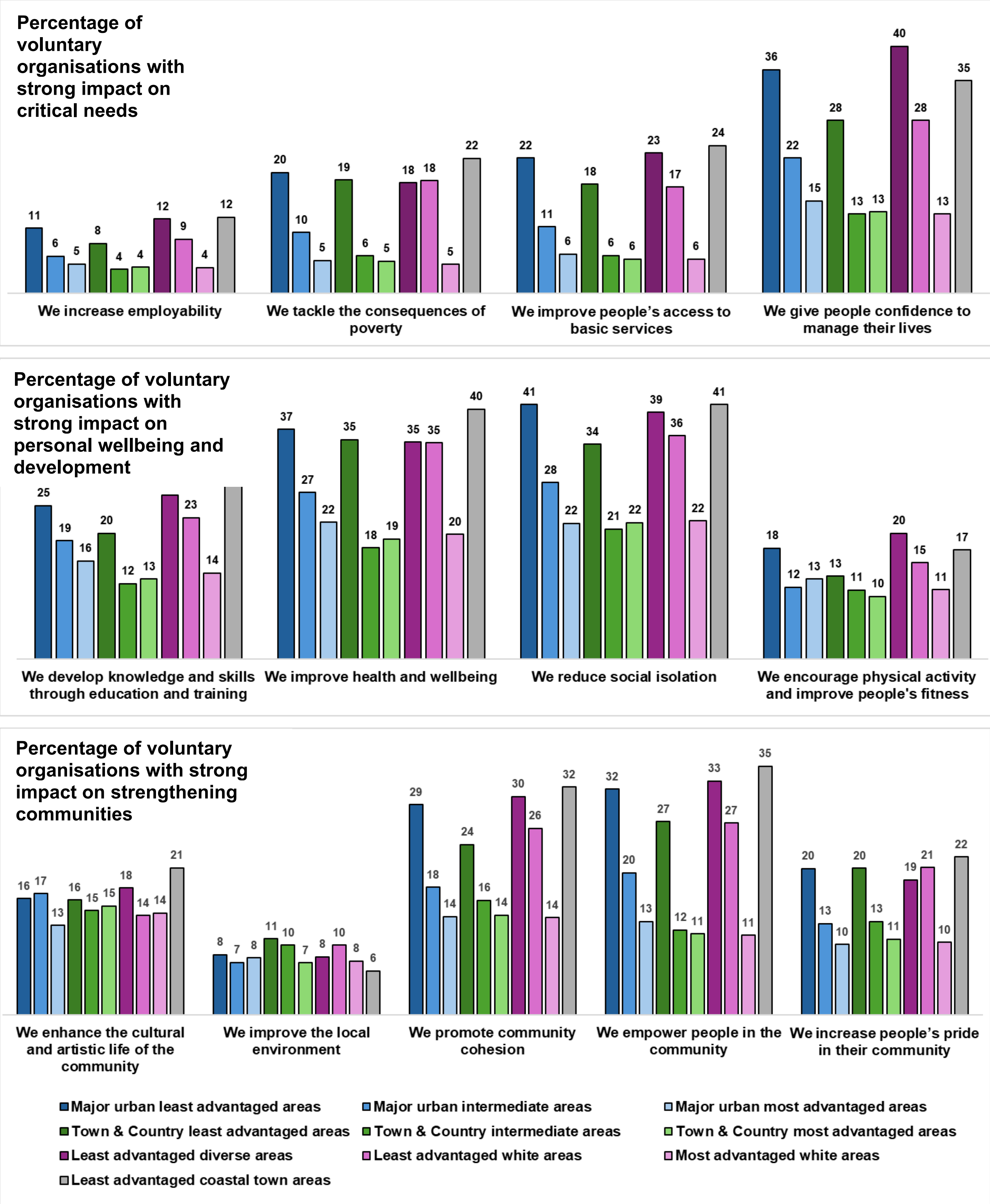
In all other aspects of strong impact, there are wide variations by area types. The strength of impact on *community cohesion, community empowerment* and *pride in the community* is much greater in less-advantaged areas – whether in major urban or a town and country context. In poorer coastal town areas – claims of strong impact are the highest in each domain.

Interestingly, there are variations in the strength of impact claimed in less-advantaged diverse and predominantly-white areas. On the issue of *community cohesion*, substantially more voluntary organisations claim strong impact (30%) in diverse areas than in mainly-white areas (26%). The same pattern is mirrored on the issue of *community empowerment*. On *pride in the community*, the pattern is reversed where a slightly higher percent of voluntary organisations in poor white areas feel they make a strong difference (21%) than in poorer diverse areas (19%).

In this section analysis has been presented on current levels of voluntary sector ‘energy’ in different types of areas to include: financial resources, employee and regular volunteer capacity. Where that energy was directed was then explored by looking first at variations in the range of beneficiaries served in different types of area and perceptions of impact achieved by voluntary organisations based in those areas.

With the findings from that analysis to hand, the next section looks in more detail at the mix of resources voluntary organisations have available to them and assesses how this affects their financial sustainability. Following that, the report examines the extent to which voluntary organisations prioritise and purposefully invest in their own wellbeing and capability by area types.

Figure 3.3 **Percentage of voluntary organisations which have a 'strong impact' on 'critical needs', 'personal wellbeing and development' and 'strengthening communities' (**Third Sector Trends in England and Wales, n=8,404)



Section 4

Sector finance and development

Previous sections of this report have presented evidence on variations in the structure and resources of the voluntary sector by area types, together with an appraisal of sector objectives and perceptions of impact. This section will present data on sector finance by exploring area variations in the range of income sources used. This will be followed by an assessment, in comparative terms, of the voluntary sector's financial sustainability and aspects of economic vulnerability.

Organisational wellbeing is not just about money. It is also vital to assess how well local organisations look after themselves in local area context by investing in the training and development of trustees, managers, staff and volunteers. Equally, if funding bodies are keen to improve voluntary sector capability and performance, they need to understand levels of demand for aspects of support and training.

4.1 Financial needs

Only very rarely do voluntary organisations rely on just one source or type of income. Most prefer to avoid keeping all their eggs in one basket for the simple reason that income sources can be insecure. For example, local people may stop giving generously to a particular cause, or they may stop giving altogether when times are hard.

Earning income from trading, as every business knows, is risky because the bottom can fall out of a market when fashions change or if some other provider comes along offering the same product or service more attractively or cheaply. Likewise, subscriptions are a reliable source of income only for as long as people want to stay involved.

Investments (as the small print always says) can go up or down, creating uncertainty for many voluntary organisations. And similarly, grants and contracts are usually time limited which means (even if assurances of likely renewal are offered) that leaders of voluntary organisations must continually explore other avenues.

Most voluntary organisations face endemic financial insecurity which can result, no matter how well they are managed, in substantial turbulence in their financial fortunes.[42] The only source of income awarded that is likely to be rock solid comes from loans – but borrowing can cause voluntary organisations problems too if there is insufficient revenue to honour repayments.

As Third Sector Trends collects longitudinal data on voluntary organisations' perceptions of the value of a wide range of income sources in relative terms. This provides valuable insights about the changing financial dynamics in the sector. In 2025, for example, it has been shown that in relative terms, grant funding has risen in importance in recent years while reliance upon contracts has diminished. Earned

[42] For further analysis and discussion of income insecurity, see: *Going the distance*, *ibid.,* Sections 3-5 and 7.: https://www.stchads.ac.uk/wp-content/uploads/2025/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-New-Edition-October-2025.pdf.

income, similarly, remains an important source of finance for many voluntary organisations – though few recently established organisations are entering into this field.[43]

The financial dynamics of the voluntary sector vary depending upon the characteristics of the area within which voluntary organisations work. Some of that variation is due to the mix of organisational types that typically occupy these areas, as shown in Section 2 of this report. But these differences are, in turn, shaped by local socio-economic and market conditions for different types of voluntary sector activity.

Figure 4.1 illustrates the mix of income sources in each of the ten area types used in this report. The charts show the percentage of voluntary organisations which state that they are highly reliant upon each source. Brief observations are offered on each source of income below.

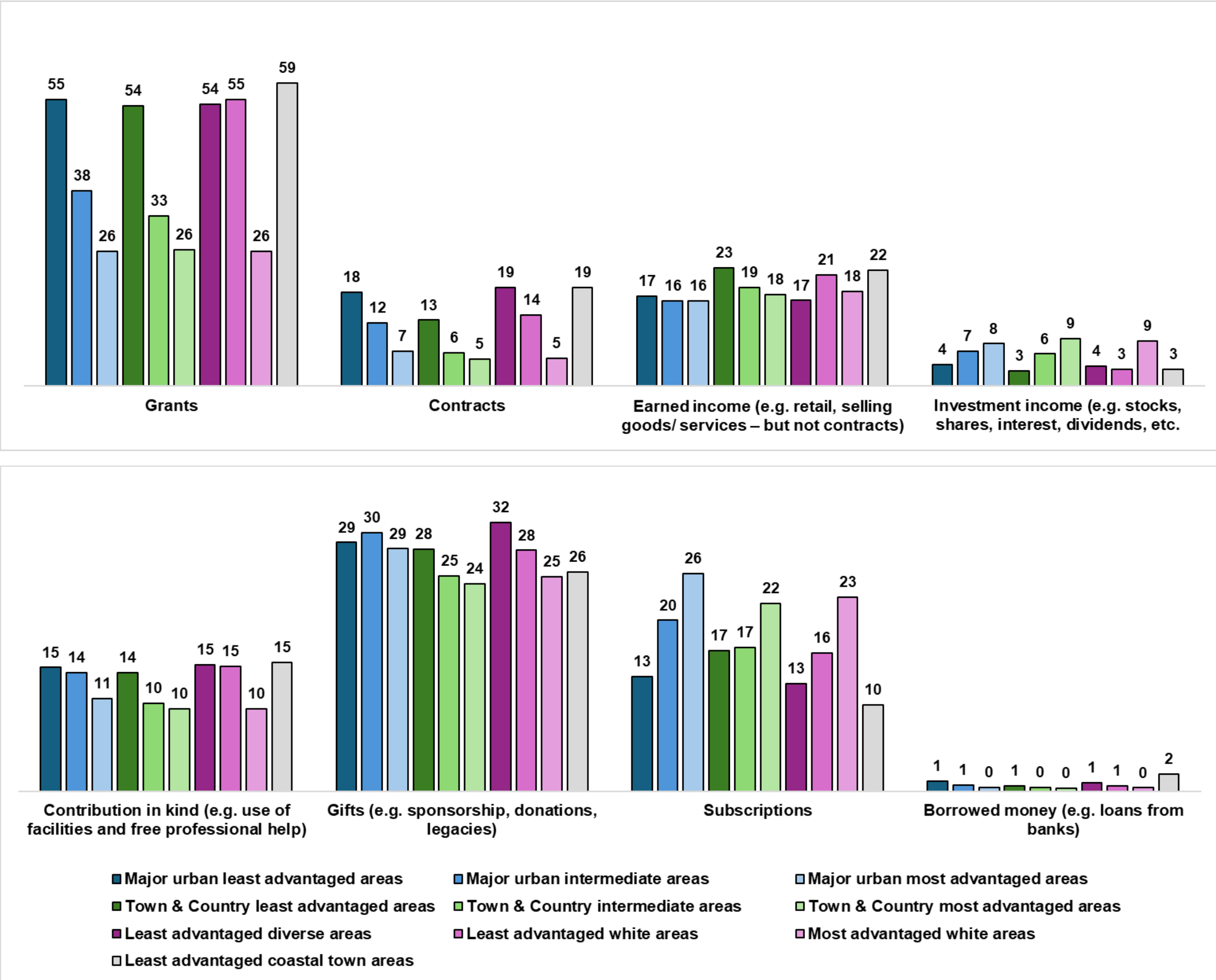
- ***Grants***: reliance upon grant income is *much* stronger in less affluent areas, whether in an urban, town and country, diverse/largely-white areas, or in poor coastal towns. Income from grants supersedes all other income sources in importance.
- ***Contracts***: are of importance to relatively few voluntary organisations in all areas compared with grants – but are of least important in the most affluent areas – that is because contracted services tend to be focused primarily in less-advantaged areas of towns and cities.
- ***Earned income***: is highly valued by around a fifth of voluntary organisations in most areas, In poorer coastal towns, disadvantaged town and country areas and in largely-white deprived areas, trading is valued slightly more highly.
- ***Investment income***: is of relatively little importance across the board, but is valued twice as highly by voluntary organisations based in affluent areas compared with the poorest areas – irrespective of their urban form or local levels of diversity.
- ***Contributions in kind***: are highly valued by between 10-15% of voluntary organisations. Reliance on in-kind support tends to be higher in more deprived areas – though there is little variation across these districts by urban form or area diversity.
- ***Gifts***: are highly valued by between a quarter and a third of voluntary organisations. Variations in major urban areas are limited, but gifts are more highly valued in less-advantaged town and country districts than in affluent ones. Gifts play a more important role in disadvantaged diverse areas than in largely-white poor areas. Gifts are valued least in affluent white areas.
- ***Subscriptions***: this source of income is much more highly valued in affluent areas – and especially so in major cities. This likely reflects the preponderance of societies, associations and clubs in those areas that facilitate involvement in specialist interests, sports, music, arts and crafts, hobbies and such.
- ***Borrowed money***: is regarded as a vital source of income by a tiny minority of voluntary organisations in all areas. While reliance on borrowed money is extremely low, there is a marketplace for loans. That reliance tends

[43] For a detailed analysis of change in the third sector's financial dynamics, see *Income sources, assets and financial wellbeing,* see Section 2, pp. 13-20. For deeper analysis on grants, contracts and trading, see section 3, pp. 21-34: https://www.stchads.ac.uk/wp-content/uploads/2026/01/Third-Sector-Trends-in-England-and-Wales-2025-income-sources-assets-and-financial-wellbeing-January-2026.pdf.

to be strongest in bigger voluntary organisations based in poorer areas – and especially so in poor coastal towns.

Assessing levels of reliance on income sources in area types is instructive because it shows how financial dynamics of the voluntary sector are shaped by local circumstance. This is useful intelligence for funding organisations, such as grant makers or those issuing contracts, as it indicates where demand for such funding is highest and may, in turn, influence strategic considerations on where to invest.

Figure 4.1 **Percentage of voluntary organisations highly valuing income sources by area types**
(Third Sector Trends in England and Wales 2025, n=8,578)



While the findings presented above appear to be quite clear cut, it would be a mistake to ignore the fact that there is much sector activity that cuts across geographical boundaries. For example, voluntary organisations which work only at neighbourhood or village level are the least likely to state that grants are of vital importance to them (28%) while voluntary organisations working across local authority boundaries are more likely to state that this is so (46%).

As shown in Table 4.1, these variations are not due to the large number of smaller voluntary organisations which operate exclusively in neighbourhoods or villages. For example, only 37% of larger voluntary organisations working only at the very local level are highly dependent upon grants compared with 61% that work across local authority boundaries. The implication of this finding is that when offering voluntary organisations grant funding, it will generally serve the interests of many areas, not just the one within which the recipient is based.

Table 4.1 Percentage of voluntary organisations which state that grants are of vital importance (Third Sector Trends in England and Wales 2025)

	Voluntary orgs working only at neighbour-hood or village level	Voluntary orgs working within one local authority / county council district / London borough	Voluntary orgs working across at least two local authorities / districts / London boroughs	Voluntary orgs working at regional level	Voluntary orgs working at a national level	n=
Micro - income below £10,000	22.8	27.8	27.9	25.7	21.9	2,367
Small - income £10,000 - £49,999	27.6	39.7	41.4	40.2	29.0	2,504
Medium - income £50,000 - £249,999	38.6	54.3	57.1	54.3	45.4	1,935
Large - income £250,000 - £999,999	36.4	60.1	61.3	55.1	50.4	911
Big - income £1m to £25m	37.5	40.7	39.2	30.3	39.1	422
All voluntary organisations	**28.1**	**43.6**	**46.2**	**43.2**	**36.7**	**8,139**

4.2 Investment in organisational development

Money is important to voluntary organisations and especially so for larger organisations which have higher operating costs. That it is surely why this is such a prominent topic of debate within the voluntary sector.

But money does not always resolve organisational problems. On the contrary it can *cause* them if, for example, a grant or contract is accepted to achieve something that the organisation is incapable of fulfilling successfully.[44] Poor financial decision making can undermine both the efficacy and sustainability of voluntary organisations, so it is an imperative that organisations invest in their leaders.[45]

There are wide disparities in the extent to which voluntary organisations invest in themselves across different types of areas. As Figure 4.2 shows, voluntary organisations are much more likely to invest in training if they are based in more disadvantaged areas – and especially so if those areas are diverse.

Why is it that in the most affluent areas, so many voluntary organisations disregard the need for training of staff and volunteers? Part of the explanation is that there are fewer employing organisations in the most affluent areas and therefore, the requirement for staff training is lower. With volunteers, the situation is more complex because there are proportionately more volunteers in affluent areas.

To some extent, variations are associated with the type of work organisations do. In poorer areas, for instance, voluntary organisations work is more likely to be focused

[44] Third Sector Trends' 15 year long qualitative study of a sample of voluntary organisations explored the financial trials and tribulations of organisations working in a turbulent financial environment. The study demonstrated that well-managed organisations chose from their financial options with great care and this helped them to secure their future. Poorly managed organisations tended to be more gung-ho in their financial decision making and often this led to disaster when things went wrong further down the line. See: *Going the Distance,* Section 7, pp. 47-55: https://www.stchads.ac.uk/wp-content/uploads/2025/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-New-Edition-October-2025.pdf.

[45] Third Sector Trends holds substantial amounts of data on staff development and training which cannot be fully explored here. However, analysis by organisational size, age and location by area affluence has been undertaken in one of this series of reports, *People, work, ambition and impact*, see Section 3, pp. 32-44: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf.

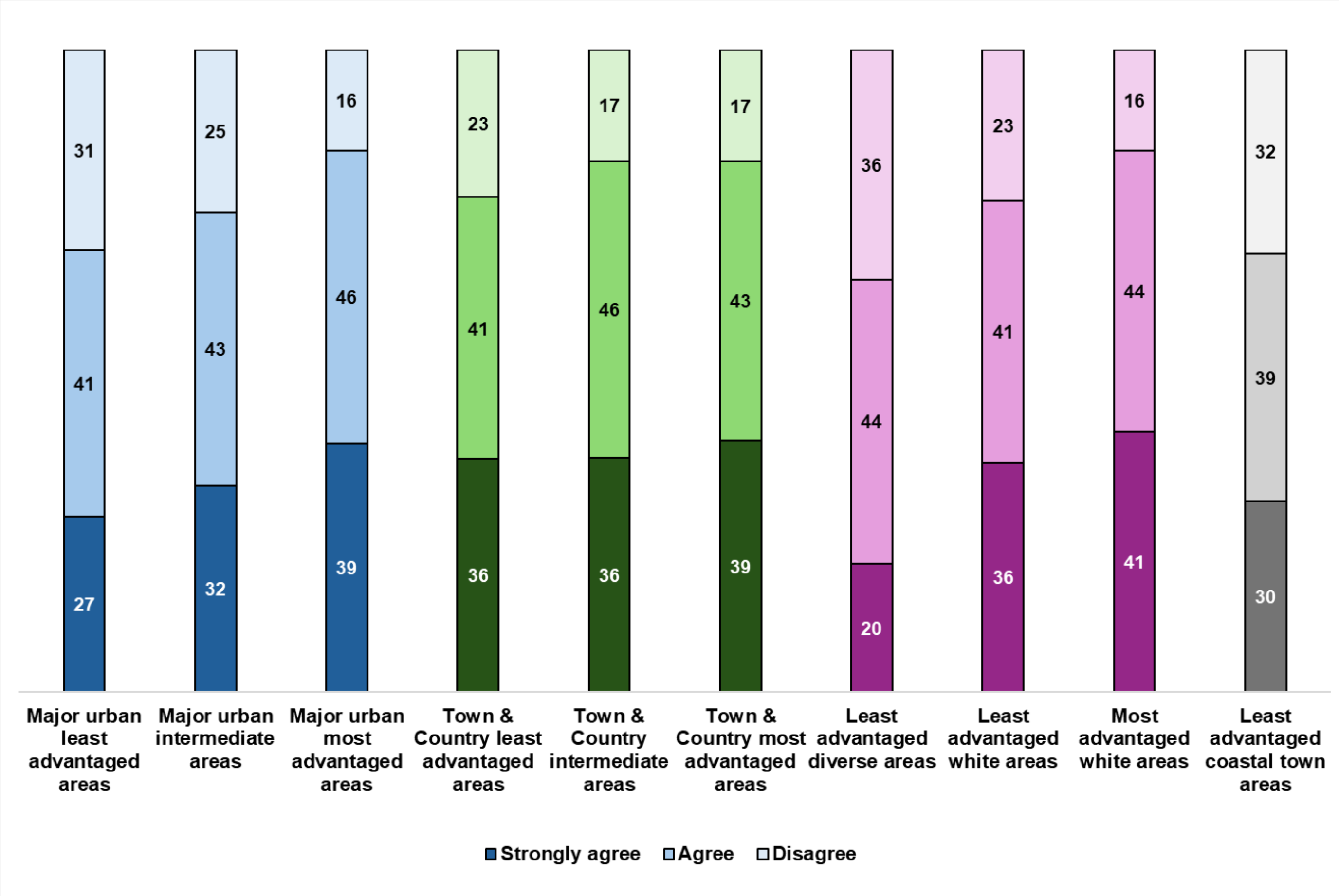
upon meeting 'critical needs' which may require higher levels of training (some of which will be a statutory requirement).

Figure 4.2 **Percent of voluntary organisations with a training budget for staff and volunteers**
(Third Sector Trends in England and Wales 2025, n-8,624

The willingness of voluntary organisations to invest in training may also be associated with actual (or perceived) levels of 'capability' of volunteers in rich and poorer areas and reliance upon them to work skilfully and independently. As Figure 4.3 shows, there is a clear association between area affluence and perceptions of volunteer capability. Only 16% of voluntary organisations in wealthy major urban areas feel that their volunteers are not sufficiently skilled to work independently (and may need less supervision or training to resolve the issue) compared with 31% in less-advantaged major urban areas.

It is a moot point as to whether training needs are *actually* as low in affluent areas as is suggested in the above analysis. It may be that higher levels of general education, and proven skills in other areas of activity may bolster confidence about abilities in the domain of the voluntary sector. That concern is heightened when it is noted that at least 25% of voluntary organisations in the most affluent areas believe that the issue of training was of *no relevance* to them. In some cases this could be dismissed because organisations do not have volunteers; but that only applies to 15% of voluntary organisations in the most affluent areas (compared with 8% in the least affluent).

Figure 4.3 **Percent of voluntary organisations relying mainly on volunteers who can work unsupervised by area type** (Third Sector Trends in England and Wales 2025, applicable voluntary organisations, n=6,640)



4.3 Training and development priorities

Investment in training and development (for staff, management and trustees) is widely recognised as an important aspect of securing organisational wellbeing.[46] Many voluntary organisations do invest in their development, as this section will show – but it is a matter for concern that it is *income generation skills* which is at the forefront of most leaders' minds rather than other core skills such as people, strategic and financial management. That is a worry, because – money badly chosen can *cause* severe problems.

As illustrated in Figure 4.4, the percentage of voluntary organisations putting a high priority on aspects of training are predictable, but not necessarily always wise. Income generation gets the top spot, in priority terms by around 80% of voluntary organisations in less affluent areas. The lower level of demand in more affluent areas (~57%) is largely due to lower reliance on finance (due to the larger number of very small voluntary organisations).

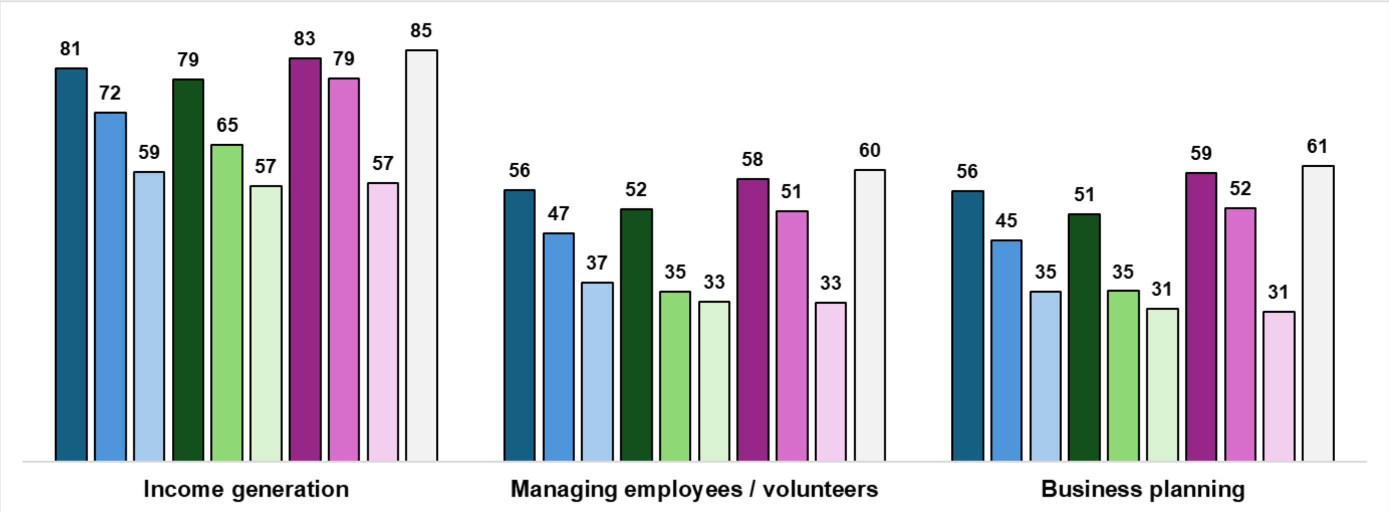
[46] Academic studies of the public and private sectors generally show that investment in people through training, supporting their wellbeing and personal development enhances organisational effectiveness. For a critical view of the literature, see: Burgess, S., and Williams, I. (2009) 'Investing in your people works–can 40,000 organisations be wrong?', *Library Management*, 30(8-9), 608-618. The literature on third sector organisational training and development is patchy. See: Egan, T. (2017) 'Training and development in nonprofit organizations', in Ward, J. and Sowa, J. (eds.) *The Nonprofit Human Resource Management Handbook,* New York, Routledge (223-249). Routledge. Most literature in this field is generally focused on the wider objective of fundraising or social impact rather than improving organisations capability and wellbeing; see, for example: Green, E., Ritchie, F., Bradley, P. and Parry, G. (2021) 'Financial resilience, income dependence and organisational survival in UK charities', *Voluntas: international journal of voluntary and nonprofit organizations*, 32(5), 992-1008.

The prioritisation of support for the management of employees and volunteers, though less pronounced than income generation, follows a similar pattern. Business planning is the next highest overall priority and again follows the same pattern by area types.

Trustee development and training is regarded as a lower order priority by a majority of voluntary organisations, but the gap between richer and poorer areas is wide. That is, perhaps, surprising because investment in trustee development and training should surely apply equally across all areas and types of organisations. The implication is that leaders in affluent areas feel confident that they know what they are doing. Whether they are fully justified in that is an open question and is, perhaps, a subject for further qualitative research.[47]

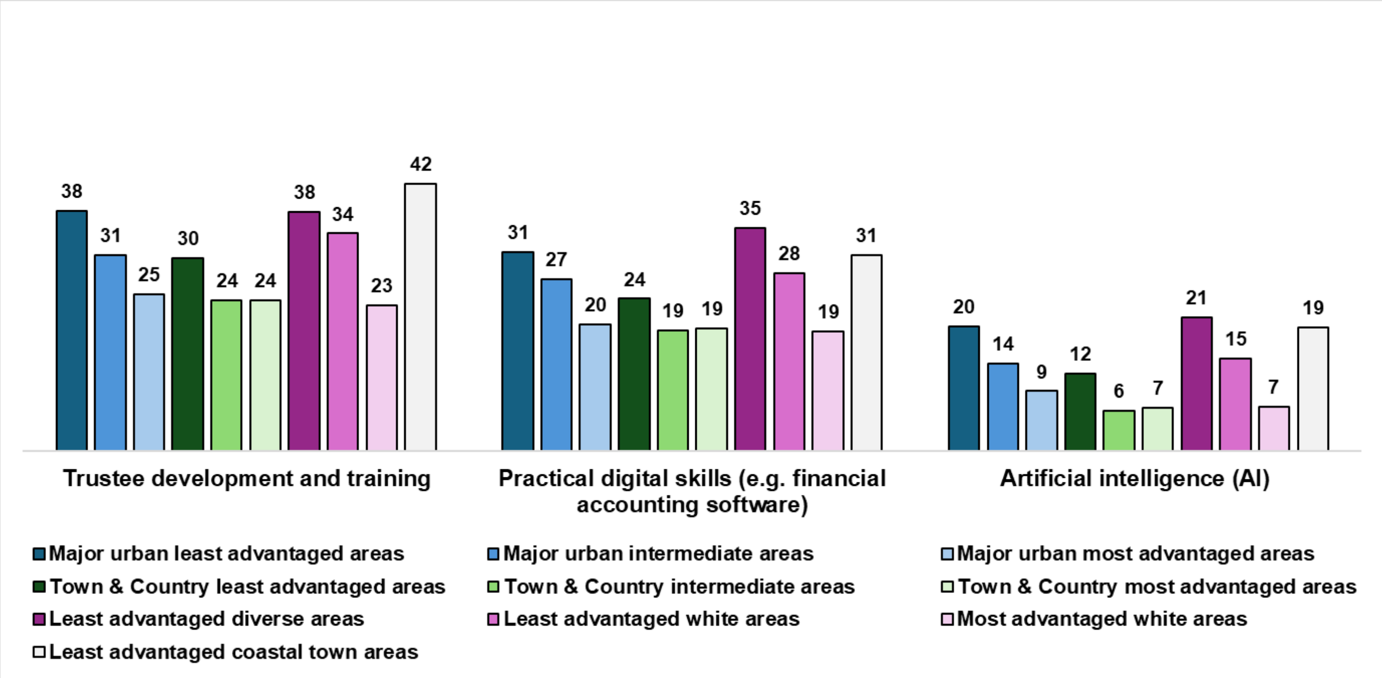
The lowest training and development priorities relate to digital skills – although practical skills associated with financial accounting are considered to be more important than learning about how to use (or avoid the risks associated with) artificial intelligence. Again, the same pattern is repeated – voluntary organisations in less affluent areas put a much higher priority on these aspects of organisational development than in affluent areas.[48]

Figure 4.4 **Percent of voluntary organisations putting a high priority on aspects of organisational development** (Third Sector Trends in England and Wales 2025, n-8,622)



[47] Interestingly, Third Sector Trends shows that there is a more or less equal percentage of graduate chairs of trustees in those voluntary organisations based in less-advantaged and diverse areas (67%) as there are in the richest areas (70%). See Figure 4.15, p. *People, work, ambition and impact*, see Section 3, pp. 32-44: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf. A more wide-ranging recent study by the Charity Commission and Pro Bono Economics of the skills, experiences and demographics of 2,194 trustees across England and Wales provides useful insights into this topic: Harmer, D. and Ren, A. (2025) *Trusteeship – a positive opportunity: understanding skills, experience and demographics in England and Wales*, London: Charity Commission / Pro Bono Economics: https://pbe.co.uk/publications/trusteeship-a-positive-opportunity-understanding-skills-experience-and-demographics-in-england-and-wales/.

[48] It is revealing to note that the percentage of graduate chairs in the least affluent areas (67%) is much the same as in the most affluent areas (70%). Similarly, there is an almost equal proportion of graduate chief officers in voluntary organisations based in wealthier (70%) and poorer areas (69%). See Figure 4.15 and 4.16, pp. 62-63 in *People, work, ambition and impact*, https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf.



4.4 External support for development

It is possible, using Third Sector Trends data to determine where voluntary organisations usually go to access support from external providers (Table 4.2).[49]

- ***Employment issues***: many voluntary organisations tackle employment issue in-house (43%), but a majority seek external support. The most popular source is via specialist local private-sector providers – most probably in the fields of personnel management and employment law (25%). A sizeable percentage of voluntary organisations (19%) go to local voluntary sector infrastructure organisations (LIOs), but some seek support from local grant-making organisations such as local trusts and community foundations (9%) or local public sector bodies (4%).
- ***Volunteering issues***: a majority of voluntary organisations deal with such issues in house (63%), some go out externally for support from LIOs (21%) or local trusts and community foundations (10%).
- ***Governance and leadership issues***: about half of voluntary organisations deal with such issues in-house (54%) while many go to LIOs (20%) or local trusts and community foundations (12%).
- ***Income generation issues***: are predominantly dealt with internally (66%), but 17% of voluntary organisations go to local trusts and local community foundations as first port of call, followed by LIOs (9%).
- ***Financial management issues***: around 18% of voluntary organisations go to professional firms (such as lawyers, investment managers or accountants) for help, but most deal with these issues internally 65%.
- ***Local social and public policy issues***: are tackled in-house by nearly a half of voluntary organisations but some go to LIOs (22%) or directly to local public sector organisations (17%).

[49] For detailed analysis by organisational age and size, see Section 3.3, *People, work, ambition and impact*, see Section 3, pp. 32-44: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf.

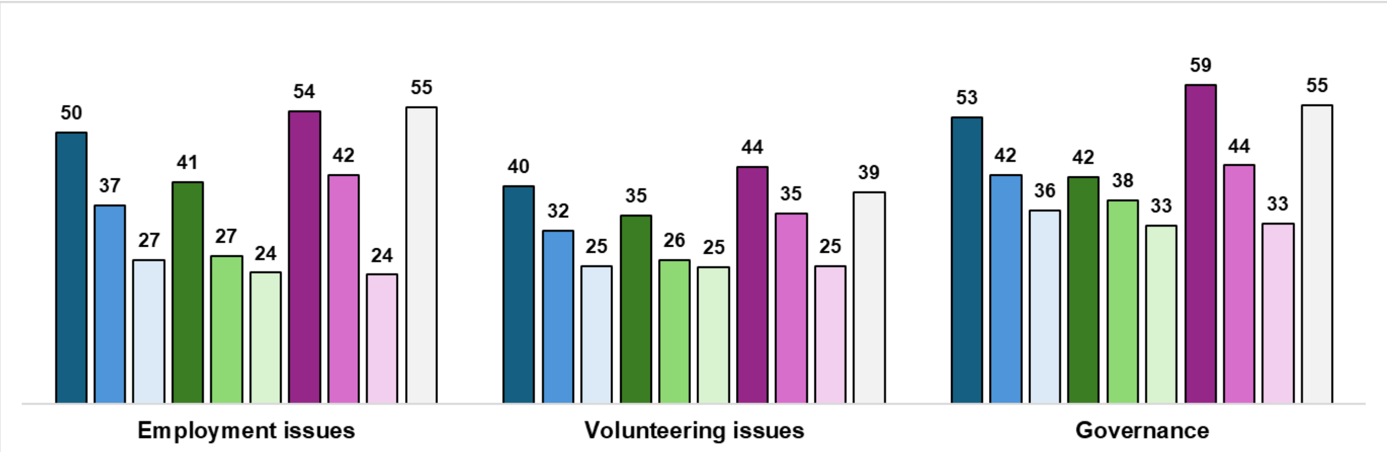
Table 4.2 Voluntary organisations' principal source of support for organisational management and development (Third Sector Trends in England 2025)

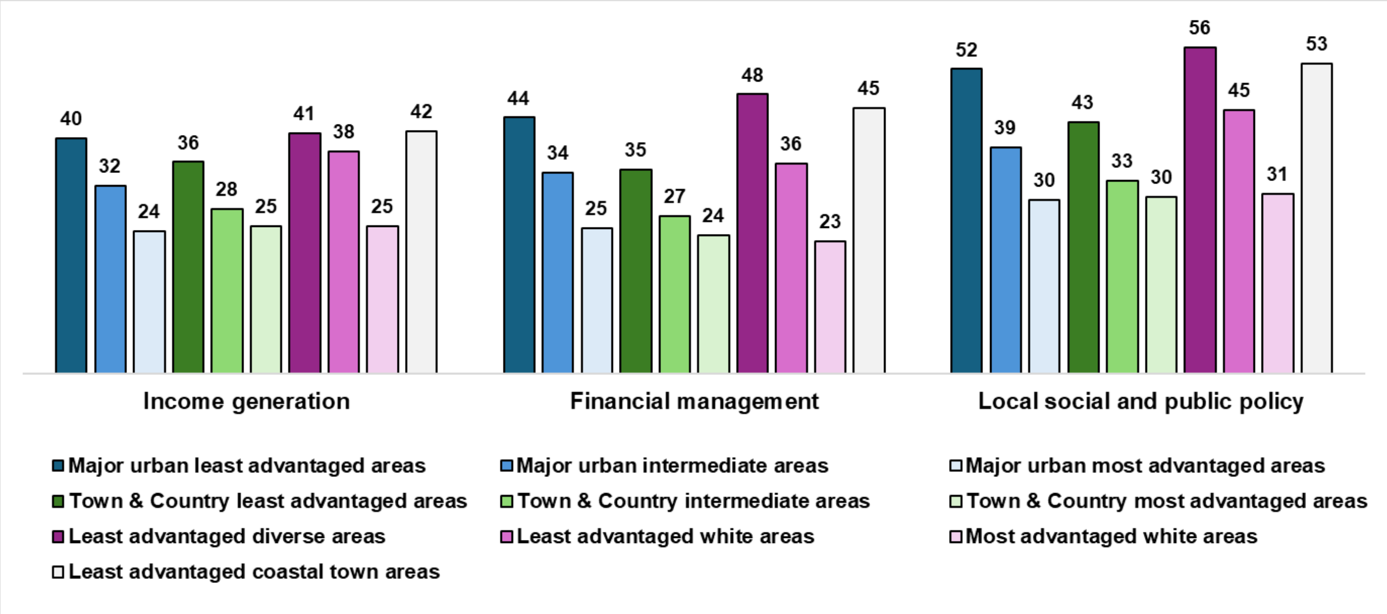
	Employment issues	Volunteering issues	Governance/ leadership issues	Income generation issues	Financial management issues	Local social and public policy issues
From a local infrastructure body (such as a Council for Voluntary Services)	18.5	21.3	20.0	9.4	8.6	22.0
From a local charitable grant-making trust or community foundation	9.0	9.7	12.4	17.0	6.5	8.6
From the local authority, NHS or other public sector body	4.4	2.7	4.3	2.5	1.7	17.4
From a local private sector business or specialist professional (e.g. a law firm)	24.7	3.4	9.1	5.4	17.7	4.2
We'd do it ourselves	43.4	62.9	54.2	65.6	65.4	48.0
Not applicable to us	41.6	19.5	12.3	11.7	10.8	29.0
Total (England only) n=	7,859	7,880	7,865	7,876	7,865	7,821

Figure 4.5 provides headline data on where voluntary organisations go for support (or whether they tackle issues in house) by area types. It seems that voluntary organisations in more deprived areas take the issue of development a good deal more seriously than in affluent areas. That may partly be because they are required to do so if drawing upon finance from grants and contracts which have strings attached about demonstrable competence before funding is secured.

From a training and development providers' point of view, it is clear that there is currently more reliance on external support amongst voluntary organisations in less-advantaged areas – while in more affluent areas, voluntary organisations feel more confident that they can tackle issues in house.

Figure 4.5 **Percentage of voluntary organisations accessing support from external providers**
(Third Sector Trends in England and Wales 2025, refers only to TSPs for which this is applicable, n=6,900)





It is worth drilling down to examine one final aspect of support, *organisational governance*. It is surprising (and perhaps alarming[50]) that over 15% of voluntary organisations in affluent areas do not regard issues of governance as applicable to them – many fewer feel this way in the least affluent areas – suggesting that organ-isational professionalism is more likely to be valued.

Table 4.3 shows the percentage of voluntary organisations in each area tackling governance issues in-house and how many seek support externally.

- ***In major urban areas***, many fewer voluntary organisations in less-advantaged areas try to tackle governance issues in-house (43%) than in the most affluent urban areas (58%).
- ***In town and country areas***, a similar proportion of voluntary organisations in less-advantaged areas try to tackle governance issues in-house (55%) as in the most affluent areas (61%).
- ***By area diversity***, substantially fewer voluntary organisations in diverse less-advantaged areas try to tackle governance issues in-house (38%) than in the mainly-white poorer areas (52%). In affluent mainly-white areas, 60% of voluntary organisations tackle governance issues in house.

Of those voluntary organisations which do seek external support in governance, where do they generally go for support?

- ***Local infrastructure organisations***: voluntary organisations in disadvantaged major urban areas, disadvantaged diverse areas and in poor coastal towns are most likely to seek support from LIOs (29%). voluntary organisations in the most affluent areas, irrespective of type, are less likely to seek LIO support (~16-17%).

[50] Interestingly, 92% of voluntary organisations which state that governance issues are 'not applicable' do not have a training budget which further signifies their lack of interest in organisational development and capability. Only 44% of voluntary organisations which seek external support for governance do not have a training budget, while 60% of those which tackle governance issues in-house have no training budget. The size of voluntary organisations affects opinion as to whether governance support is not relevant to them: 23.5% of micro voluntary organisations believe this to be so compared with 11.9% of small organisations. While very few medium-sized voluntary organisations (6%) think governance support is not relevant to them, and fewer still of large (2.3%) and the biggest voluntary organisations (2.5%) – when scaled up to sector level – these percentages amount to sizeable sums of organisations, that is: ~2,600 medium-sized, 420 large and 275 big voluntary organisations across England and Wales.

- ***Local trusts and foundations***: voluntary organisations seek support from local trusts and foundations with remarkable consistency – 12% - irrespective of area characteristics.
- ***Local public sector agencies***: while relatively few voluntary organisations seek support from local public agencies (3-4%), they do so to the same extent irrespective of local circumstance.
- ***Private sector firms***: seeking support from private sector firms on governance issues is marginally more common in less-advantaged areas – and especially so in poorer diverse areas (14%). voluntary organisations in affluent town and country areas and mainly-white areas are least likely to seek support from professionals (6%).

Longitudinal Third Sector Trends qualitative research has shown that less-well governed voluntary organisations are more likely to make poor decisions which can undermine their operating capabilities and impact. Furthermore, it has been shown that these boards less rarely accept responsibility for poor decisions they had made (either ignoring them or looking elsewhere to cast blame) and that resulted in the repetition of the same mistakes and in some cases closure.[51]

Nonetheless, is it explicable that poorly governed organisations resist seeking or accepting help (or often in their terms 'interfere') with the way they do things. That is because it can upset the social equilibrium on boards where people give their time freely and can take umbrage when asked to consider changing the way they act. This explains why, when the offer of support is accepted by boards, it generally takes more patience and time on the part of consultants for improvements to be made.[52]

This section of the report has shown that organisational development is a much higher priority in voluntary organisations operating in less-advantaged areas than in wealthier areas. The above analysis has focused solely on levels of 'demand' for seeking support for development.

In the next section, it will be possible to explore variations in the 'supply' of support to voluntary organisations in different types of areas from businesses (in the form of pro-bono assistance) and from trusts and foundations (which invest in organisational development).

[51] These observations are drawn both from the Third Sector Trends' longitudinal qualitative study of 50 organisation over 15 years and a related study on supporting small charities in Wales and North East England for Lloyds Bank Foundation England and Wales by the present author. See: *Going the Distance*, Section 6, pp. 40-46, https://www.stchads.ac.uk/wp-content/uploads/2025/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-New-Edition-October-2025.pdf. See also a discussion paper on good governance by Robinson, F., Chapman, T. and Bell, V. (2011) *Building Better Boards: what's the problem?* Newcastle upon Tyne: Northern Rock Foundation Third Sector Trends Working Papers, https://www.stchads.ac.uk/wp-content/uploads/2024/05/Third-Sector-Trends-2011-Building-better-boards.pdf.

[52] See: Chapman, T. (2019) *The Social Process of Supporting Small Charities*, Section 7, pp 32-48: https://www.stchads.ac.uk/wp-content/uploads/2019/04/The-Social-Process-of-Supporting-Small-Charities-March-2019.pdf.

Table 4.3 Sources of support with governance by area types (Third Sector Trends in England 2025)

	From a local infrastructure body (such as a Council for Voluntary Services)	From a local charitable grant-making trust or community foundation	From the local authority, NHS or other public sector body	From a local private sector business or specialist professional (e.g. a law firm)	We'd do it ourselves	Not applicable to us	N=
Major urban least advantaged areas	29.4	12.3	3.5	11.8	42.9	7.3	1,341
Major urban intermediate areas	19.6	12.2	4.5	11.2	52.5	11.2	1,528
Major urban most advantaged areas	17.0	12.0	4.8	8.3	58	15.1	1,162
Town & Country least advantaged areas	20.9	12.2	3.3	8.4	55.1	6.9	421
Town & Country intermediate areas	17.7	12.7	4.8	8.3	56.4	13.7	1,981
Town & Country most advantaged areas	16.1	12.5	4.3	5.9	61.2	15.4	1,432
Least advantaged diverse areas	29.2	14.5	4.8	13.9	37.6	5.8	534
Least advantaged white areas	25.6	11.9	3.0	7.6	51.9	8.5	691
Most advantaged white areas	16.9	11.9	4.8	5.7	60.7	15.5	1,756
Least advantaged coastal town areas	30.3	13.0	3.4	12.3	41.0	6.5	279

Section 5

Collaboration and influencing

Competition over resources of money, regular volunteers, employees, beneficiaries, clients and influence over local social and public policy will always be fierce in an ambitious, principled, committed and strong-willed sector. Nonetheless, many voluntary organisations choose to work together – although patterns of collaborative working vary according to the characteristics of the local areas within which they are based.

This section will open with area-based analysis of relationships *within* the voluntary sector, followed by an exploration of interactions with the private and public sectors. The discussion will conclude with an exploration of voluntary sector approaches to 'influencing' local social and public policy through consultations, lobbying and campaigning.

5.1 Working relationships within the voluntary sector

Relationships within the voluntary sector have already been explored in depth in an earlier report in this series.[53] It was demonstrated that collaboration remains a 'cornerstone' of voluntary sector practice and culture. About 80-85% of voluntary organisations work with each other in complementary, collaborative or formal partnership working. Nonetheless, it was also shown that these interactions are changing – many voluntary organisations are withdrawing from formally constituted partnership arrangements.

Within the voluntary sector, participation in formal and informal collaborative working dipped during the Coronavirus pandemic when lockdowns, furloughing of staff and access to beneficiaries severely restricted activity. By 2025, perhaps surprisingly, levels of partnership working had not returned to 'normal'. The indications are that the pandemic led many voluntary organisations to rethink how they work and many have become more 'selective' about joint working arrangements. This does not mean, necessarily, that the principle of collaboration has been undermined but that due to greater selectivity, the quality and productivity of such relationships may have improved.

The survey evidence uncovered another shift in voluntary sector dynamics. More organisations are working autonomously. These 'ruggedly independent' organisations which do not work collaboratively (and state that they have no intention of doing so) have grown in number from around 10% of voluntary organisations in 2019 to about 16-20% by 2025 (that is at least 33,000 of them in England and Wales). So in the analysis that follows, it is worth keeping an eye upon where they are based and what they do.

[53] *Relationships, influencing and collaborative working*, is available here: 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.

Voluntary sector inter-relationships by area type

Figure 5.1 is divided into three parts which deal with informal 'complementary', semi-formal 'collaborative', and formal 'partnership' working relationships.

- ***Complementary but informal working arrangements*** are commonplace and at least two thirds of voluntary organisations work this way in any area – although complementary working is more common in poorer areas. In disadvantaged coastal towns the impetus to work in complementary arrangements is strongest (86%).

  Around 6-10% of the sector, across all areas, are 'amenable' to the principle of engaging in complementary working arrangements if conditions are right for them; but many will not consider that possibility. In affluent mainly-white areas, for example, 25% of voluntary organisations have no intention of working informally with others; similar proportions of the local sector feel the same in affluent major urban and affluent town and country areas.

- ***Semi-formal collaborative working*** is also very common in disadvantaged areas – and especially so in coastal towns (80%). Voluntary organisations are somewhat less enthusiastic about collaborative working in affluent areas (58% in major urban areas and, 55% in town and country areas or mainly-white areas). While a small minority of voluntary organisations are amenable to such arrangements in affluent areas (between 11-15%), about a third are wholly disinterested in semi-formal collaboration.

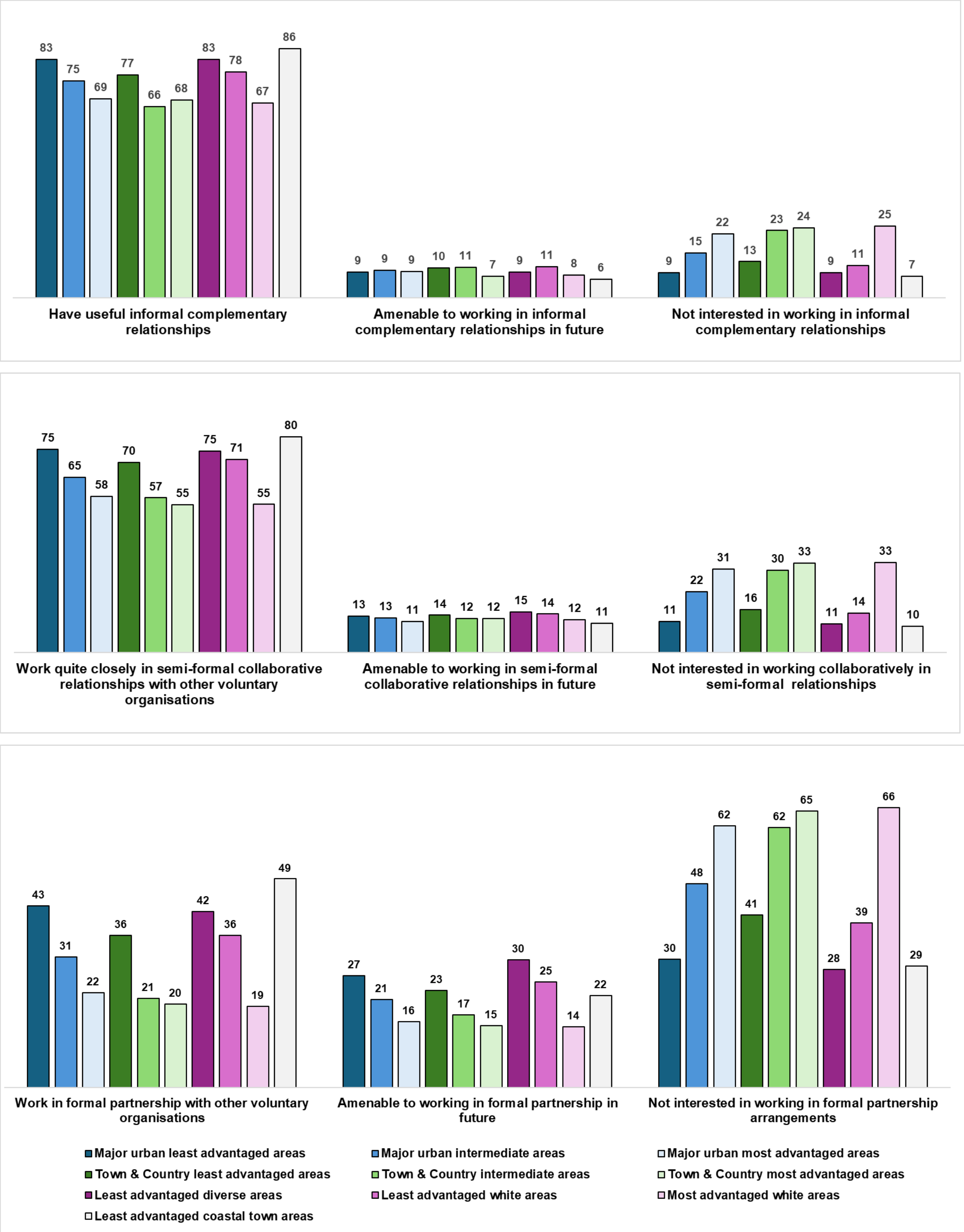
- ***Formal partnership working arrangements*** are adopted by less than a half of voluntary organisations. Voluntary organisations in poorer coastal town areas are the most enthusiastic (49%) as are many in disadvantaged urban areas (43%) and in poorer diverse districts (42%). In mainly-white disadvantaged areas, interest in formal partnership is muted (36%). Fewer than a fifth of voluntary organisations in the most-advantaged areas work in formal partnerships and while some would consider this idea (around 14-15%), a majority will not. Almost two thirds of voluntary organisations in affluent town and country areas and mainly-white areas are not interested in formal partnership working – those in wealthy urban areas are not far behind (62%).

A deep irony has been exposed in this analysis – that irrespective of the great strength of the 'civic core' in more affluent areas (as shown in Sections 2 and 3) and the possession of a surfeit of social and cultural capital compared with poorer communities – people running voluntary organisations in affluent areas do not 'bridge' and 'bond' anything like as much as voluntary organisations do in poorer areas.[54]

These findings may be of considerable interest to many funding organisations as they indicate that in areas where critical and pernicious needs are addressed more frequently, complementary, collaborative and partnership working is most common.

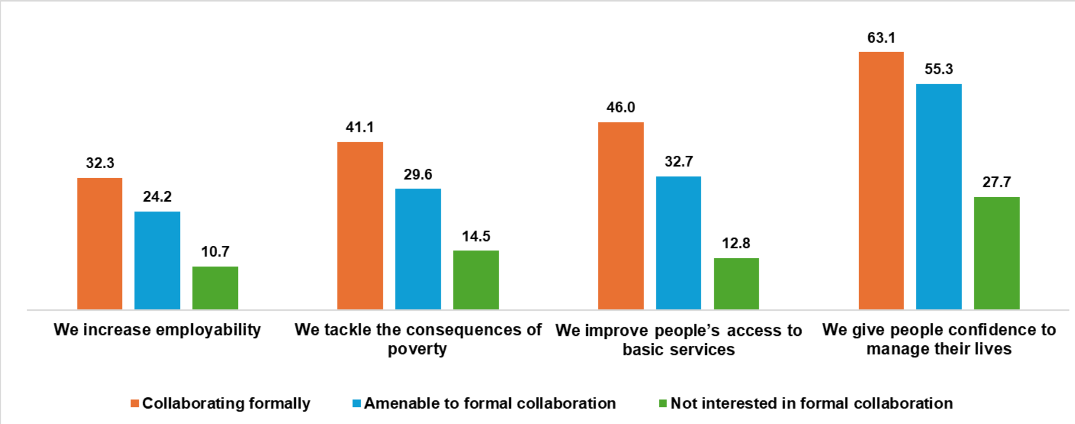
[54] Robert Putnam's contribution to the debate on social capital has unquestionably been influential. But his critics are right to assert that his emphasis on social capital as a 'benign' social process may be misplaced as in wealthy areas, such resources are often used to *protect* social advantage and privilege rather than to *share* it. The term social capital which originates from the writings of Pierre Bourdieu who initiated this critical perspective. See: Putnam, R.D. (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon & Schuster; Bourdieu, P. (1986) 'The forms of capital', in J. Richardson (Ed.), *Handbook of Theory and Research for the Sociology of Education* (pp. 241-258). New York: Greenwood Press.

Figure 5.1 **Voluntary organisations' amenability to working in informal complementary arrangements, semi-formal collaboration and formal partnership working by area type**
(Third Sector Trends in England and Wales 2025, n=8,604)



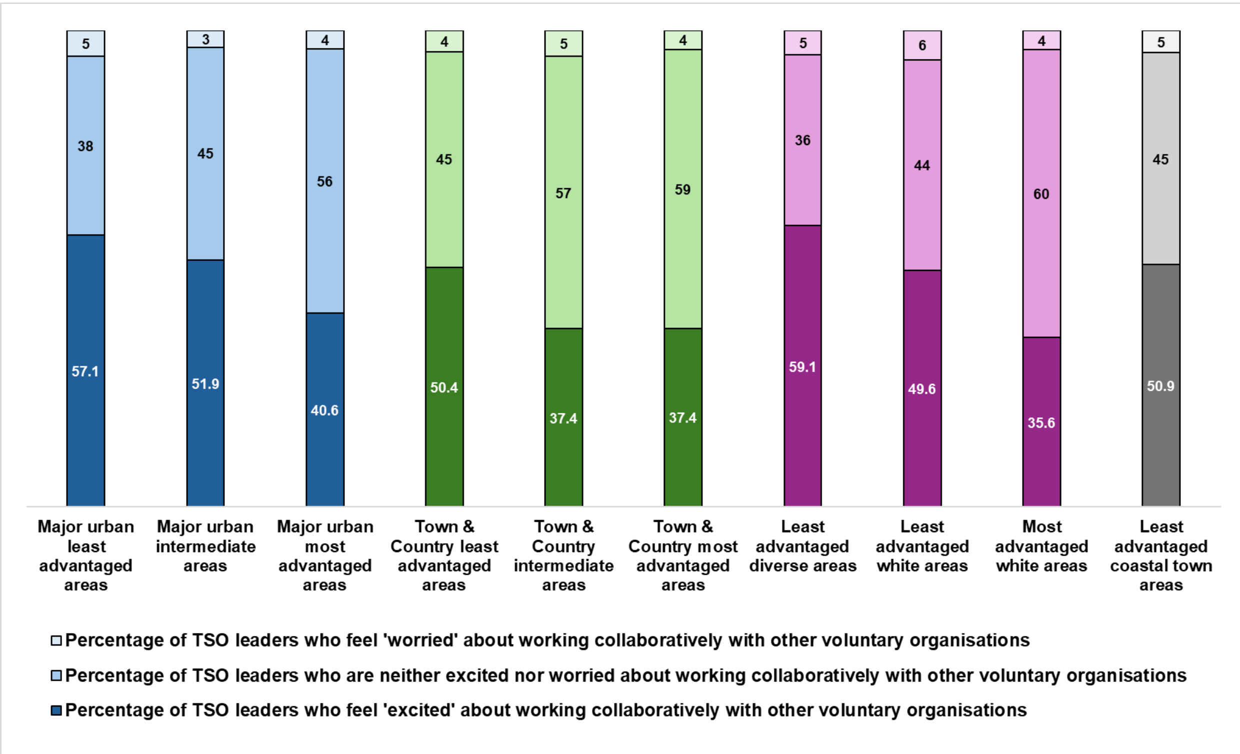
Voluntary organisations which work in formal partnership arrangements are more likely to feel that they make a strong or good contribution than those which do not (Figure 5.2). For example, 46% of voluntary organisations working in formal partnerships feel that they have a positive impact on improving people's access to basic services compared with just 15% which will not work in formal partnerships.

Figure 5.2 **Percent of voluntary organisations working in formal partnership which make a 'strong' or 'good contribution; to tackling aspects of critical social need** (Third Sector Trends in England and Wales 2025, n=8,078)



As shown in Figure 5.3, excitement about partnership working is more prevalent in less-advantaged areas – and especially so when in major urban (57%) or diverse areas (59%). Excitement about partnership working is slightly muted in predominately white poorer areas (49%) and in disadvantaged coastal towns (51%). Enthusiasm in affluent areas is substantially lower and especially so in mainly-white advantaged areas where only 36% of voluntary organisation leaders feel excited about partnership working.

Figure 5.2 **Percent of voluntary organisation leaders 'excited' or 'worried' about working in partnership by area types** (Third Sector Trends in England and Wales 2025, organisations which are not bidding for funding are excluded, n=6,861).



5.2 Working relationships with the private sector

Relationships between the voluntary sector and business are highly valued by the voluntary sector.[55] Certainly, big private-sector funded trusts and foundations make a major financial contribution and according to *UK Grantmaking 2025*, 166 corporate trusts and foundations contributed £965m in grants in 2023-24.[56]

Big businesses' corporate social responsibility programmes also pack a punch financially. As the Directory of Social Change's most recent *Guide to UK Company Giving* shows, the ten largest corporate contributors dispensed £256m – 45% of the £571m given by 400 businesses.[57] The financial contribution of big companies is impressive, but their generosity has diminished in recent years. In an equivalent study of 2020-21[58], the top ten businesses contributors gave £295m (or £367m when taking account of inflation[59]).

The currently challenging economic environment may help to explain why a recent *Charities Aid Foundation* report stated that 75% of British businesses do not offer any support. Amongst those which do, there has been a shift towards in-kind support rather than providing cash.[60]

Private sector businesses can support voluntary organisations in several ways.

- ***Financial support*** given to voluntary organisations to, for example, sponsor events or make financial contributions to support projects and initiatives. Financial support is received by half of voluntary organisations and about 13% state that this income is of great importance to them.
- ***In-kind support*** includes use of facilities (such as meeting rooms, minibuses, equipment or studios), gifts of new, used or surplus goods (such as DIY products, food and drink, stationary, computing equipment) and free services (such as printing leaflets, catering services). In-kind support is received by 43% of voluntary organisations – about 11% state that this is of great importance to them.
- ***Employer supported volunteers*** help when companies allocate staff paid time to undertake tasks for voluntary organisations on an occasional or regularised basis. Volunteering activities may include, for example, decorating a community centre, fundraising, environmental work, marshalling at events and so on. Employer supported volunteers are allocated to less

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

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

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

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

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

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

than a third of voluntary organisations (31%), about 5% of organisations feel that it is of great importance to them.

- ***Pro bono expert advice*** involves unpaid professional or technical support to voluntary organisations with, for example, book-keeping and accountancy, architectural and design services, mentoring, business and management consultancy, public relations and media support, amongst other things. Pro bono expert advice is received by around a third of organisations (35%) – about 6% of voluntary organisations state that this is of great importance to them.

In the face of challenging fiscal and market conditions, it is not surprising that in 2025, Third Sector Trends reported that assistance from business to voluntary organisations had yet to recover to pre-pandemic levels.[61]

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

Much of the interaction between businesses and voluntary organisations is not obviously 'patterned'. Often it is as likely to occur due to 'happenstance' than as a consequence of strategic planning by business. Consequently, much of the interaction between business and the voluntary sector is 'ephemeral' or 'occasional' which can mean that relationships do not 'cement' and 'mature' as they might with regularised collaborative action.

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

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

But regional analysis using Third Sector Trends data shows that this has not happened everywhere. In North East England and East of England, for example, the percentage of voluntary organisations receiving valuable financial support from business has risen substantially from 2022-2025 while in most English regions and in Wales support has fallen.[62]

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[61] See Section 3, *Relationships, influencing and collaborative working*, pp. 26-32: 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.

[62] See Section 5.2, *The contribution of voluntary organisations to place*, pp, 61-63: https://www.stchads.ac.uk/wp-content/uploads/2026/02/Third-Sector-Trends-in-England-and-Wales-2025-The-contribution-of-the-third-sector-to-place-February-2026.pdf.

Interactions with business in area types

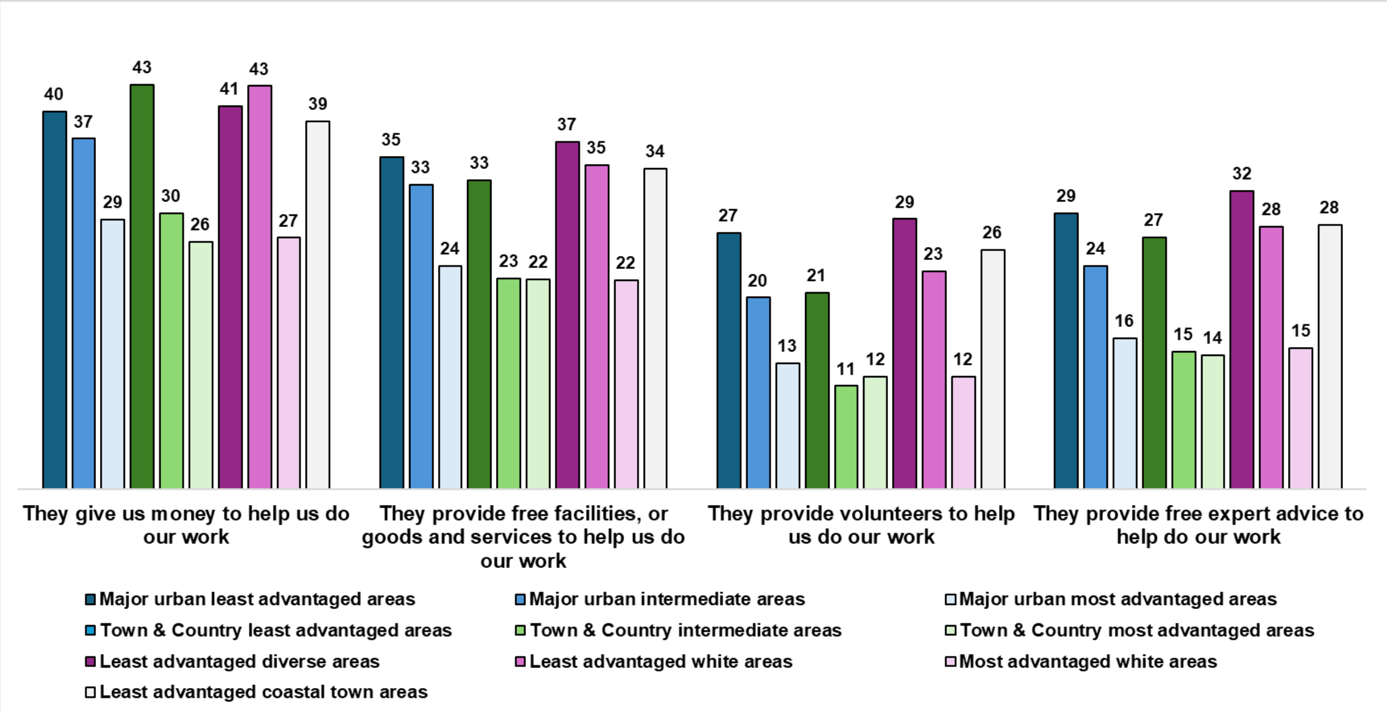
As Figure 5.3 demonstrates, the extent of interaction is heavily imbalanced where much more business support is received in less-advantaged and intermediate areas than in the most affluent districts.

Financial support from business is most common in relatively poorer town and country areas and in predominantly-white disadvantaged areas (there is likely to be a substantial overlap between these two categories to include, for example, former mining communities). But there is also a good deal of financial support received by voluntary organisations in major urban areas and especially so in diverse urban communities.

The intensity of financial support is also greater in major-urban intermediate areas where business density is higher. Financial support for voluntary organisations in affluent areas, irrespective of their location, is substantially lower – though it cannot be gleaned from these data whether this is due to low levels of 'supply' of support from business or low 'demand' from local voluntary organisations.

In-kind support, such as the free use of facilities or space and/or receipt of free goods and services, is received less often than financial contributions. But the pattern of distribution across area types is broadly similar. The same applies to pro bono and employer volunteer support, though again, at generally lower levels. It is notable that business support in poorer town and country areas is consistently much higher than for intermediate or more affluent areas, irrespective of the types of support offered.

Figure 5.3 **Voluntary organisations' support received from business by area type** (Third Sector Trends in England and Wales 2025, percentage stating 'of great importance, or 'of some importance', n=8,573)



Building stronger collaborative relationships with business

Building collaborative relationships that last, takes a lot of work and a good deal of give-and-take between businesses and voluntary organisations. A willingness to do that is often absent on one or both sides as shown in a qualitative study undertaken for *Power to Change* by Third Sector Trends researchers.[63]

The research indicated that many voluntary organisations expected that private sector businesses should simply recognise the value of their contribution to the locality and provide them with the money or support they needed with no strings attached.

On a one-off basis, that might work well enough, but sustaining relationships meant that voluntary organisations had to work hard to build mutually beneficial activity rather than one-way exchanges. The first step was to ensure that the voluntary organisations committed time to find out about and then interact with companies – although striking up initial contacts often involved an element of luck - by being in the right place at the right time. As one respondent stated:

> ***'It's relatively healthy, we get donations, returned goods, from a*** **[DIY store]*, a*** **[bakery]** ***sends us bread for the kids and [a takeaway] gives us meat when they're cleaning out their freezers, things like that.'***
>
> ***Interviewer: 'Do they come to you, or do you go to them?***
>
> ***'A little bit of both. The*** **[DIY store]** ***saw a press story so they got in touch with us, we used*** **[the bakery]** ***and just got to know each other, it wasn't really planned or on purpose.'***

One of the voluntary organisations studied relied heavily on trading income from charity shops. For them, forging positive relationships with companies in the area was a strategic priority so that relationships could remain productive for them in the longer run.

> ***'What we find is that national companies, even if they have big offices based here, is that building relationships is quite frustrating. So we need to pitch up at the right sort of a level to try to create partnerships that are appropriate for local independent charities… So we need to be a little bit patient there – so we try to build appropriate and sustainable relationships and we need to know the benefits we can offer to these companies… unless you have an opportunity to discuss and describe those options it's not necessarily understood…'***

This voluntary organisation forged a strong relationship with a large local company which resulted in the firm regularly allocating time to employer supported volunteers to engage in a range of activities. These activities included, for example, the decoration of charity shops, collection of items for resale, organising fundraising campaigns and providing hampers for Christmas. Company employees were empowered to plan initiatives and could apply to do special 'activity days'. As the chief officer of the community business stated:

> ***'It's really strong now, a really healthy relationship – and while it is all "in-kind" support, there's no cash across the table, it can be very valuable to us – such as the donation of £1,000 worth of stock.'***

Continuous and productive interactions between private sector companies and voluntary organisations are founded upon mutual understanding, trust and reciprocity. That involves investment of time and expertise on both sides. But a prerequisite is for businesses and voluntary organisations to have opportunities to meet in the first place. In 2025, many respondents to the Third Sector Trends survey

[63] Chapman, T. and Gray, T. (2018) *Striking a balance: trading interactions amongst community businesses*, London: Power to Change: https://www.stchads.ac.uk/wp-content/uploads/2024/05/Striking-a-balance-trading-interactions-amongst-community-businesses.pdf.

commented on the difficulties they experienced in making connections with local businesses.[64]

> ***We are an independent charitable trust and we don't receive any assistance from local businesses, but at the same time it could be that we are just unaware of what they can do for us. We haven't asked and they haven't approached us. We scrimp and save in every area and always look for a grant if we are anticipating a project.***

And when relationships did exist, most stated that they were quite shallow.

> ***We are trying to build our relationships with private sector businesses, currently we only occasionally receive support from a small number of local businesses on an ad hoc basis, usually when we request prizes for raffles etc.***

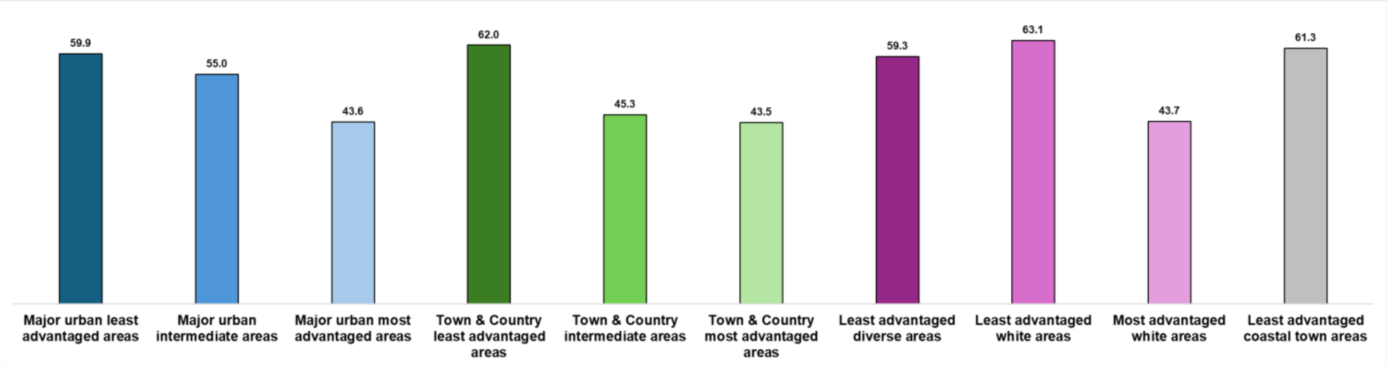
While some respondents argued that there was a need for brokerage arrangements so that voluntary organisations and businesses could meet and get to know each other, their objective was focused upon what they would get out of the relationship, not what they might offer in return.

In those areas of the country, such as North East England, where business relationships with voluntary organisations are stronger - there has been concerted effort to facilitate the building and sustaining connections. Often this is done by community foundations in tandem with businesses with strong community roots such as local building societies, local sport foundations and major companies and banks with strong regional connections.

The notion of reciprocity is often built into such longer-term arrangements where businesses can benefit, reputationally, from their involvement; but also gain by encouraging staff to get involved in voluntary sector activity which may help employees in both personal developmental and motivational terms.

Even if most interactions between business and voluntary organisations are occasional or ephemeral and are struck as much by accident as design, there is still plenty of it going on (Figure 5.4). Around 60% of voluntary organisations in less affluent areas, irrespective of their spatial characteristics have benefitted from relationships with business. Fewer voluntary organisations in the most affluent areas have relationships with business (around 43%).

Figure 5.4 **Current levels of participation in relationships with business** (Third Sector Trends in England and Wales 2025, percent of voluntary organisations receiving at least one of the four domains of business support, n=8,573)

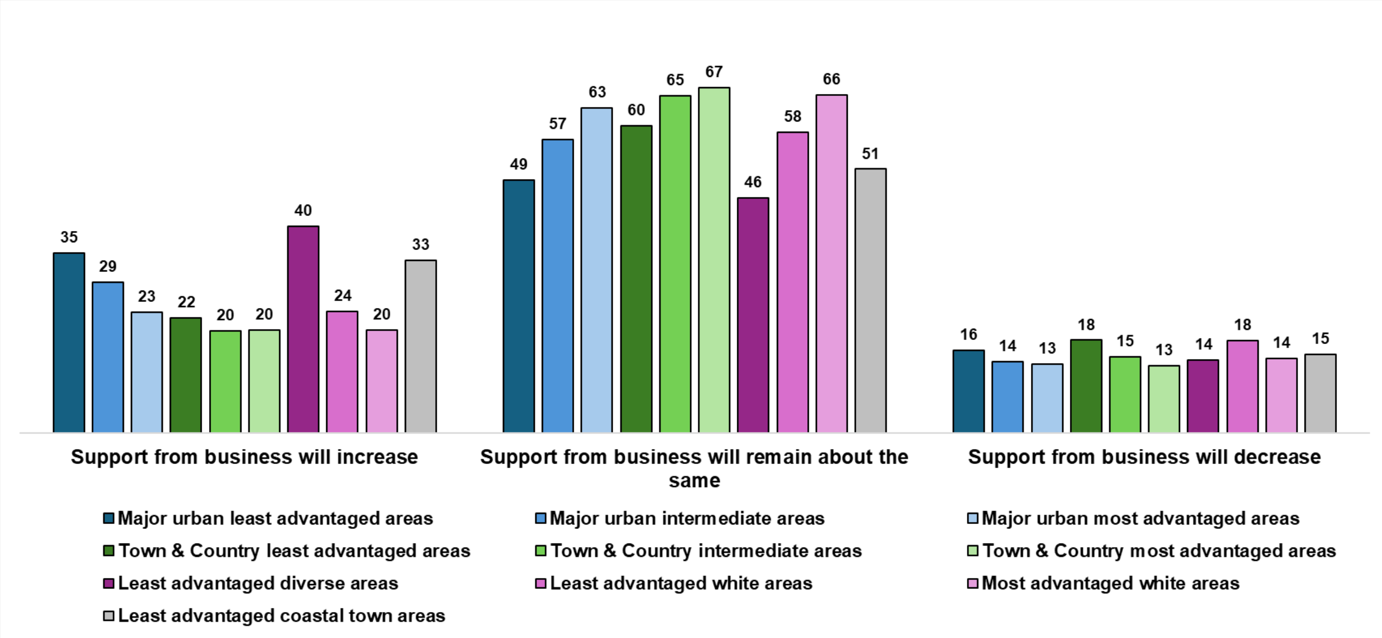


Leaders of many voluntary organisations are relatively optimistic about sustaining or establishing new relationships with business over the next two years (Figure 5.5). Only 13-18% of voluntary organisations expected that productive interactions to

[64] Quotations from survey comments should not be considered as qualitative evidence as little is known about the underlying context from which they are made. The status of such commentaries, in evidential terms, is discussed in depth in a report on Third Sector Trends' research methodology, see sub section 2.4, pp. 12-17 which can be located here: https://www.stchads.ac.uk/wp-content/uploads/2025/10/Technical-paper-on-research-methodology-and-sample-structure-third-edition-Third-Sector-Trends-in-England-and-Wales-025-.pdf.

decrease. There is more optimism in less-advantaged major urban areas and coastal towns (~33-35%) and the percentage is even higher (40%) in the most diverse areas (which are mainly in urban locations) – but much less so in predominantly-white disadvantaged areas (24%).

Figure 5.5 **Anticipated change in relationships with business** (Third Sector Trends in England and Wales 2025, n=5,196)



While business support for the voluntary sector has declined in recent years, it should not be assumed that this trend will continue. On the contrary, where interaction is encouraged and facilitated as is the case in North East England and East of England, such trends can be reversed.

That leaves much room for optimism for those businesses with a footprint in less-advantaged localities that are amenable to the idea of investing energy in voluntary sector activity through employer supported volunteering, pro bono expertise, the provision of in-kind support or financial contributions.

5.3 Working relationships with the public sector

The relationship between the previous government and the voluntary sector became quite testy towards the end of its period of office.[65] Sensitivities surrounding the involvement of voluntary organisations in politics and campaigning led many commentators to worry that the campaigning zeal of the voluntary sector may be undermined.

Reassuringly, Third Sector Trends analysis presented in an earlier report in this series shows that the willingness of voluntary organisations to engage in campaigning, participation in local public consultations and lobbying behind the scenes is undiminished.[66]

[65] For further discussion, see Third Sector Trends (2023) *Shaping social change through campaigning and influencing,* Newcastle upon Tyne: Millfield House Foundation, available here: https://www.stchads.ac.uk/wp-content/uploads/2023/11/Third-Sector-Trends-Shaping-Social-Change-through-Campaigning-November-2023-1.pdf

[66] See Section 4, *Relationships, influencing and collaborative working*, pp. 26-32: 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; and for regional comparisons, see Section 5.3 and 5.4 *The contribution of voluntary organisations to place,* https://www.stchads.ac.uk/wp-content/uploads/2026/02/Third-Sector-Trends-in-England-and-Wales-2025-The-contribution-of-the-third-sector-to-place-February-2026.pdf.

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

Government agendas surrounding the devolution of power continue to gather momentum This has raised the stakes on the importance of voluntary organisations and public bodies working together at the local level. There are some positive signs: 31% of voluntary organisations agree that local public sector bodies are giving them more notice about new initiatives that affect them.[67]

On balance, however, many voluntary organisations feel that public agencies have become less receptive to their arguments. In 2019, for example, 54% of voluntary organisations felt that local public sector bodies acted upon their opinions and responses to local consultations – now that stands at 43%.[68]

Third Sector Trends has undertaken a number of area studies based on 2025 data which have explored variations in productive engagement between the local voluntary sector and the public sector.[69] Area analysis is complex in a fluid local social and public policy environment as there is a mix of new and well-established mayoral combined authorities, while others are still being negotiated.

The reorganisation of local government[70] (and parallel changes for NHS Integrated Care Board boundaries[71]) also has the potential either to enhance or upset relationships with the voluntary sector. When large areas are split into separate unitary authorities, for example, long-standing relationships and established protocols can be seriously disrupted.

Extent and quality of public sector relationships

This report is less concerned with political or public health boundaries than with the strength of relationships in specific types of areas – many of which can be found in most local authorities or NHS ICB geographies. Not all voluntary organisations have a relationship with local public sector bodies. Figure 5.6 demonstrates that levels of engagement vary depending upon the types of areas where voluntary organisations are located.

In the least affluent areas (whether located in diverse, in major urban or town and country areas) voluntary organisations are much more likely to have a relationship with local public agencies (~85%) than in intermediate areas of affluence (70-72%) or in the most affluent districts (65-68%). It is notable that in poorer coastal towns, voluntary organisations are the most likely to have a relationship with public sector bodies (92%).

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[67] *Contribution of voluntary organisations to place, ibid.* Table 4.3, p.43.

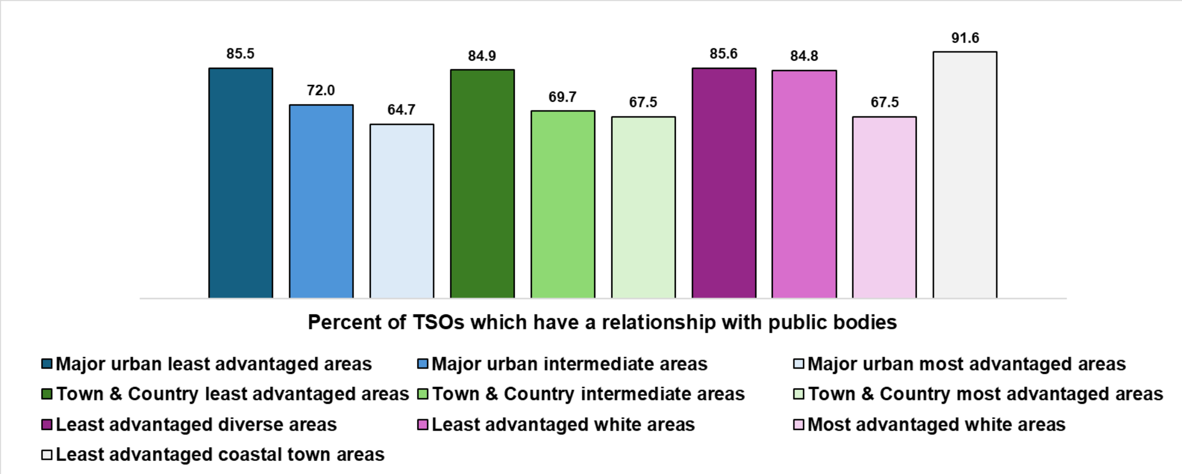
[68] *Ibid*. Figure 4.3, p.40.

[69] Discrete area studies have been undertaken in North East England, Wales, Essex (in the contest of East of England), Thames Valley (in the context of South East England) and Devon and Cornwall (in the context of South West England). Others may follow. Reports are available at in the Third Sector Trends Publication Archive: [Archive of publications from Third Sector Trends - St Chad's College Durham](#).

[70] UK Government (2026) *Local government reorganisation: policy and programme updates*, Gov UK website (6th February 2025, updated 12th March 2026), https://www.gov.uk/government/collections/local-government-reorganisation-policy-and-programme-updates.

[71] Williams, S. and Tether, V. (2025) *ICB clusters and mergers: what you need to know*, NHS Confederation website (6th October): https://www.nhsconfed.org/publications/icb-clusters-and-mergers.

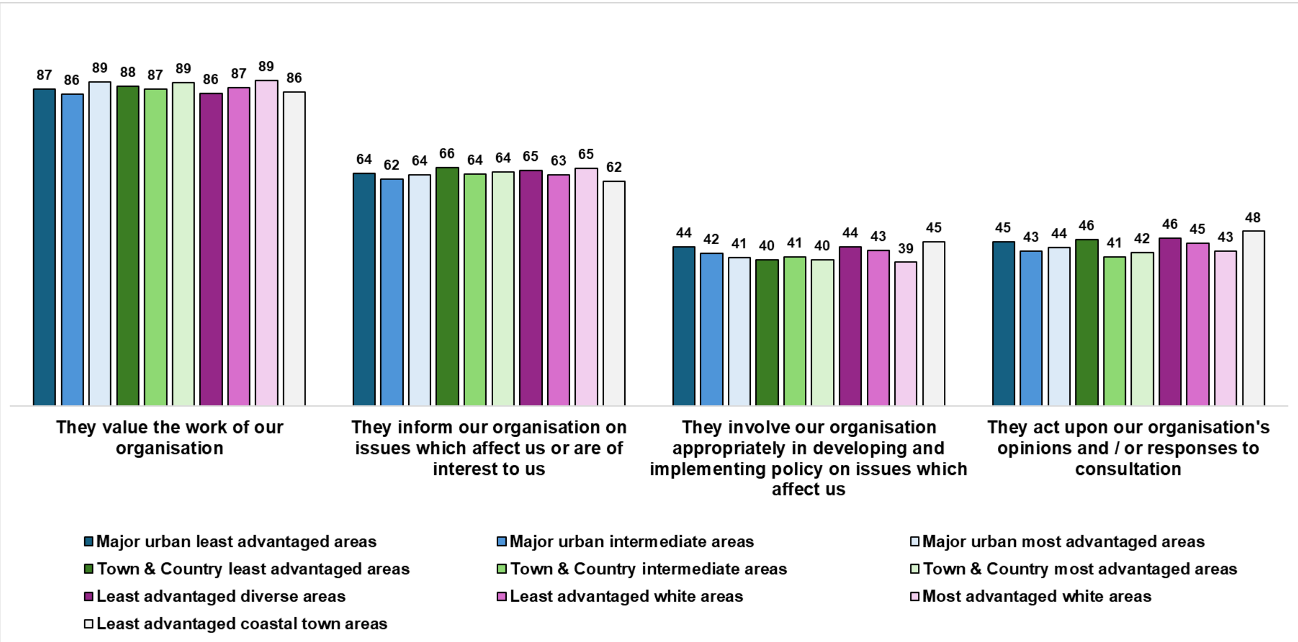
Figure 5.6 **Percent of voluntary organisations which have a relationship with local public sector bodies** (Third Sector Trends in England and Wales 2025, n=8,618)



The quality of relationships with public sector agencies, as shown in Figure 5.7, are remarkably consistent:

- The vast majority of voluntary organisations feel that they are 'valued' by local public sector agencies (86-69%) irrespective of area type.
- Though less effusive, almost two thirds of voluntary organisations feel that they are 'informed' on issues that are relevant to their work (62-66%).
- Only around 39-45% of voluntary organisations feel that they are appropriately 'involved' in developing or implementing policy. The highest level of involvement is in coastal towns (45%) and lowest in predominantly-white disadvantaged areas (39%).
- Voluntary organisations in coastal towns are the most likely to feel that local public agencies act upon their opinions or responses to consultations (49%). those in town and country areas of intermediate affluence are the least (41%).

Figure 5.7 **Quality of working relationships with public sector agencies** (Third Sector Trends in England and Wales 2025, percent of voluntary organisations which 'agree' or 'strongly' agree with each statement, those with no relationship with public agencies are excluded, First statement n=6,904, final statement, n=5,310)



Engagement in public sector relationships

Following the election of a Labour government in 2024, policies initiated by the previous Conservative government have been strengthened to shift aspects of decision making to the local level in England.[72] Their primary objective is to devolve powers to local leaders in combined authorities and larger mayoral unitary authorities.[73]

The devolution of powers will give locally elected representatives and mayors more control over issues such as public health, transport, the local environment, skills and employment support – which could have a direct impact upon the work of local voluntary organisations operating in these fields of activity. The activities of the local voluntary sector may also be affected by policies enacted to enhance community rights to take control of community assets and to increase community engagement by strengthening partnerships between public bodies, the private sector and voluntary organisations.[74]

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

Current two-tier shire counties have been invited to make proposals to Government to establish unitary authorities (including, amongst others, Derbyshire, Essex, Kent, Lincolnshire, Oxfordshire and Suffolk).[75] Some smaller unitary authorities have also been asked to consider merging.[76]

In this fluid environment, analysis can best proceed by presenting a big-picture perspective on current voluntary sector attitudes.[77] And certainly, a sizeable proportion of voluntary organisations did not feel that these questions were relevant to them. As shown in Figure 5.8, levels of response were much higher in less-advantaged areas – and especially so in diverse (78%) and coastal town areas

[72] Third Sector Trends surveys were identical in England and Wales apart from one question on English devolution. In Wales, a separate question was asked on voluntary organisations' opinions about working with government at national and local level which was analysed in a discrete report on the Wales voluntary sector for WCVA, available here: https://www.stchads.ac.uk/wp-content/uploads/2026/06/Third-Sector-Trends-in-Wales-2025-June-2026.pdf .

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

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

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

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

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

(79%). In the most affluent areas, fewer than a half of voluntary organisations felt affected by these devolution issues.

Figure 5.8 **Percentage of voluntary organisations able to comment on devolution issues**
(Third Sector Trends in England 2025, average n=7,730)

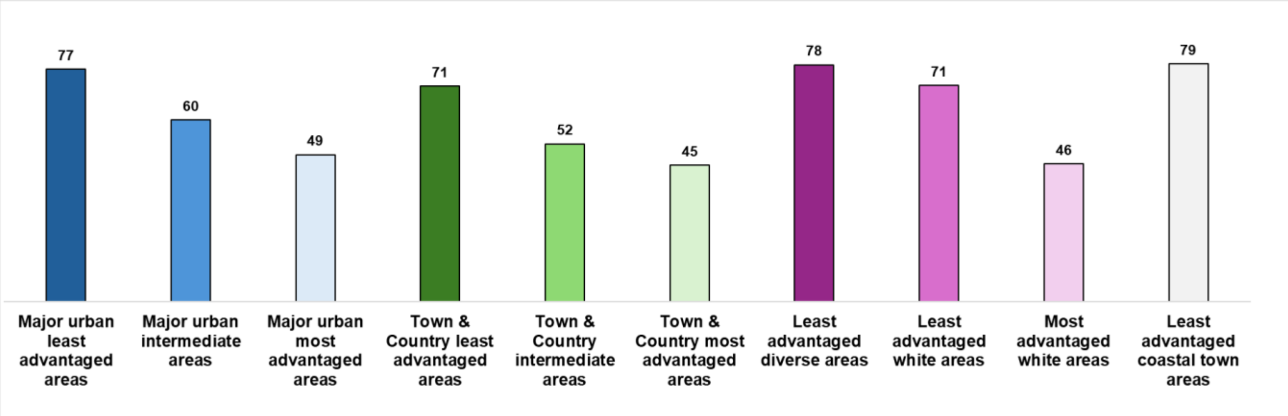
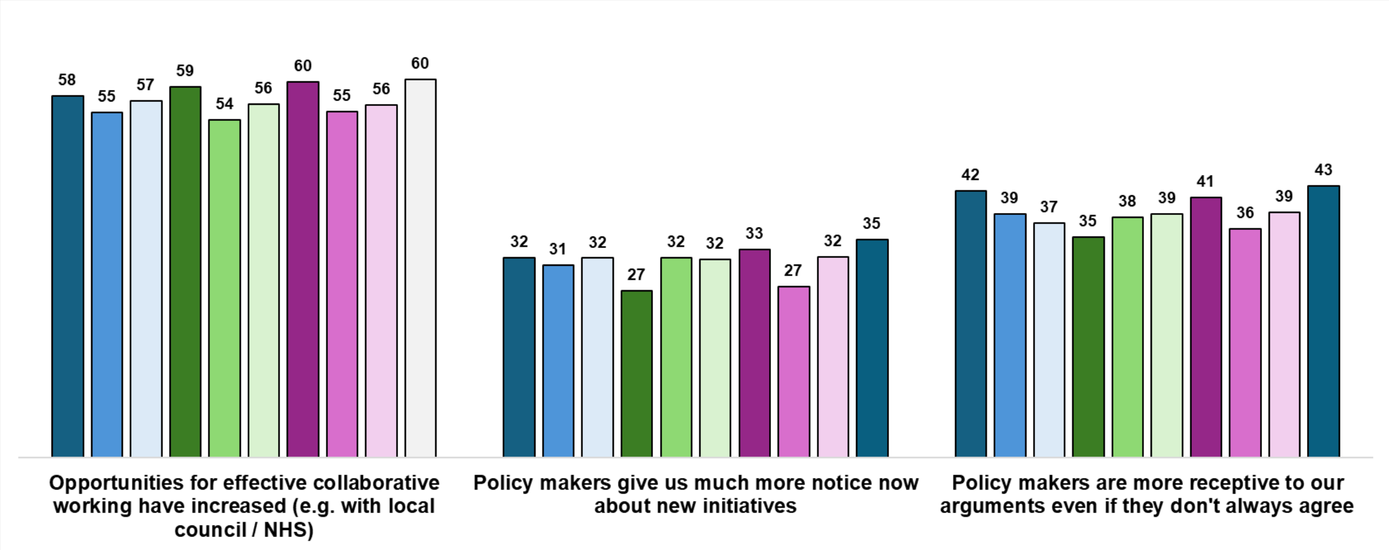
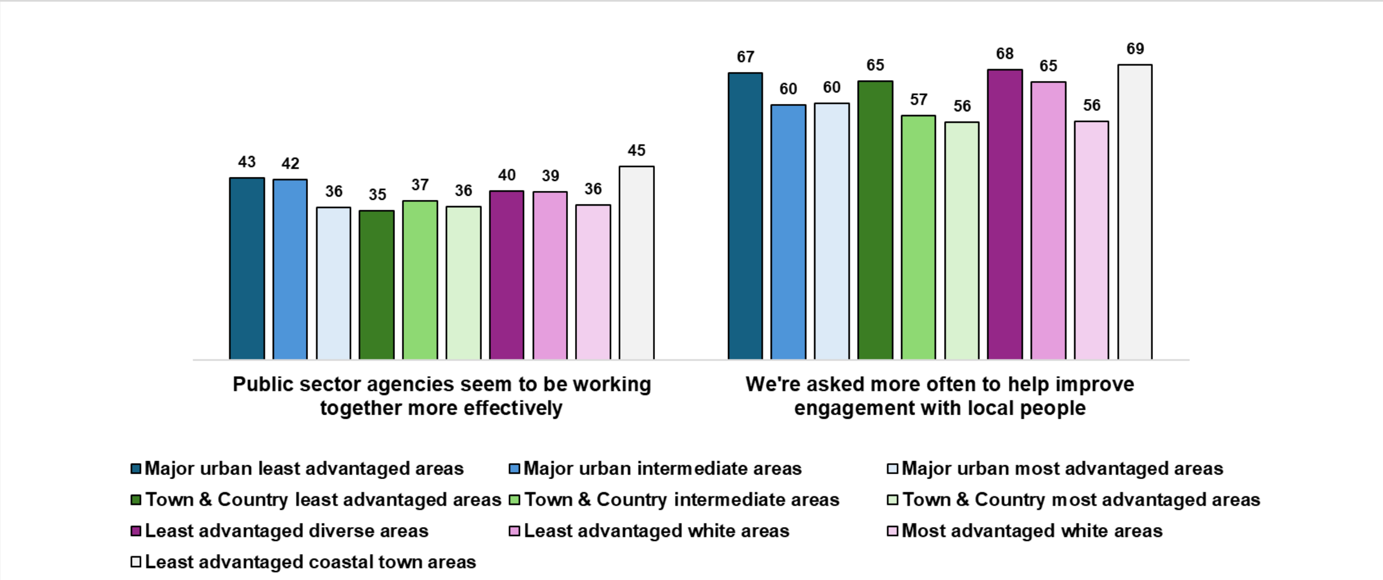


Figure 5.9 presents attitudinal evidence for those voluntary organisations which could form a view on aspects of local devolution (those voluntary organisations which stated that they did not have any contact or relationship with the public sector are excluded). For each statement, respondents were asked to reflect on how things had changed over the last two years.

- A small majority of voluntary organisations (54-60%) in all areas broadly agreed that ***opportunities for effective collaborative working*** increased. voluntary organisations' responses were slightly more effusive in less-advantaged areas (especially in diverse and coastal towns) but less so in predominantly-white poorer areas.
- Few voluntary organisations (27-35%) agreed that ***policy makers now give more notice about new initiatives***. The highest scores were in less-advantaged areas of coastal towns while the lowest were in predominantly-white poor areas and poorer towns (27%).
- Around two fifths of voluntary organisations (36-43%) agreed that ***policy makers have become more receptive to their arguments (even if they don't always agree).*** The most positive responses were in poorer major urban, diverse and coastal town areas (41-43%), while the lowest is in poor white and town and country areas (35-36%).
- When asked if they feel that ***public sector agencies are now working more effectively together***, most voluntary organisations remained sceptical. Voluntary organisations in poorer coastal town areas were the most positive in this respect (45%).
- Many voluntary organisations reported that they were ***asked more often to help engage with the local community by local public sector agencies***. But it is voluntary organisations in poorer areas which were by far the most likely to state that this is so – especially in major urban areas (68%), diverse areas (68%) and in coastal towns (69%). In affluent town and country areas and in socially advantaged predominantly-white areas fewer were asked to engage (56%).

Figure 5.9 **Changing relationships with public sector agencies in response to devolution policies**
(Third Sector Trends in England, percent of voluntary organisations which 'agree' or 'strongly' agree with each statement, those with no relationship with public agencies are excluded, First statement n=4,537, final statement, n=4,643)





5.4 Influencing aspects of local social and public policy

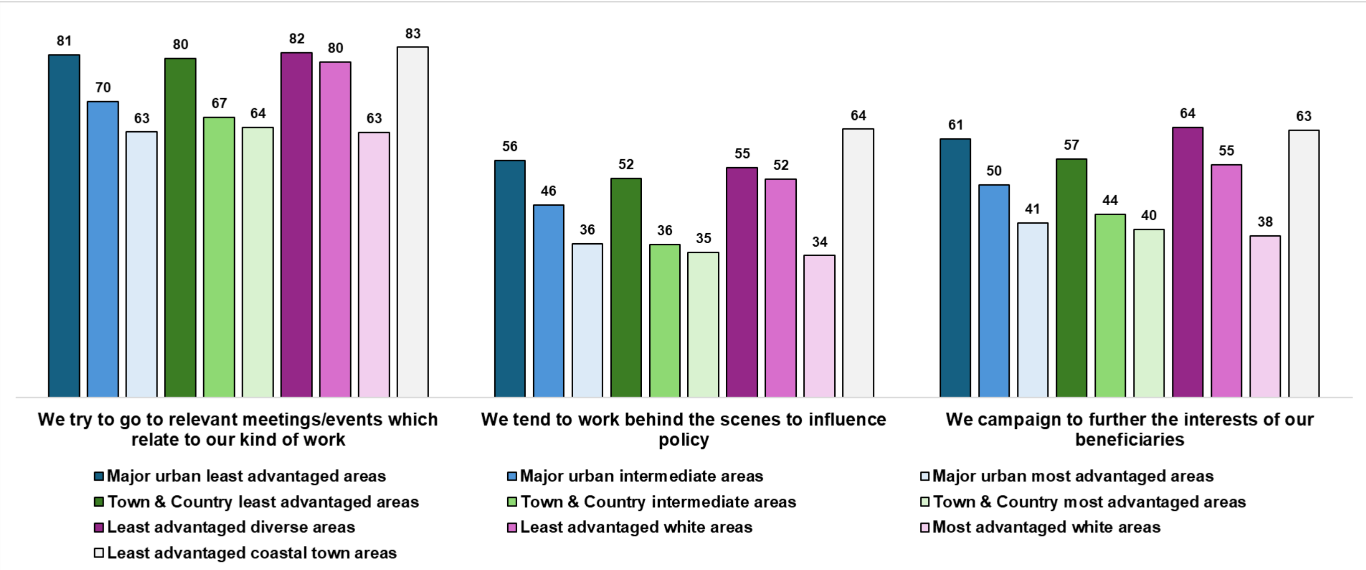
The above analysis did not include organisations which were not directly engaged with devolution issues. This sub-section takes a broader position by looking at all voluntary organisations' involvement in influencing local social and public policy.[78] Respondents were asked to say whether they 'strongly agree', 'agree', 'disagree' or 'strongly disagree' with each of the following statements about their approach to influencing[79] and compares responses by area types (Figure 5.10).

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

[79] It is recognised that the above statements are 'generalised'. Lack of specificity is necessary in a large-scale study to ensure that all participants can answer whether or not they have a comprehensive understanding of the issues surrounding legal rights, responsibilities and constraints. Nevertheless, these questions broke new ground by providing insights into sector-wide attitudes towards influencing local social and public policy and deepened understanding by comparing and contrasting attitudes by the characteristics of organisations and where they operate. No option was given to 'sit on the fence' by including a response category such as 'neither agree nor disagree' to ensure that respondents made a clear decision, either way. Similarly, no option was given to

- ***We try to go to relevant meetings/events which relate to our kind of work***: on average, 70% of organisations stated that they tried to participate in formal meetings and events that addressed issues associated with local social and public policy – but their enthusiasm varied by area type. In less-advantaged areas, around 80% of voluntary organisations engaged with policy issues, while in the most affluent areas only around 60% did so.
- ***We tend to work behind the scenes to influence policy***:[80] working behind the scenes to influence policy is an option fewer voluntary organisations chose to take, but those which did were much more likely to be based in less-advantaged areas and particularly so in coastal towns (64%).
- ***We campaign to further the interests of our beneficiaries***:[81] fewer than half of voluntary organisations (48%) agreed that they campaigned to influence local policy in 2025. The strength of that agreement was much greater in less-advantaged areas, especially so in diverse areas (64%) and coastal towns (63%). Voluntary organisations in predominantly-white affluent areas were least likely to campaign (38%).

Figure 5.10 **Voluntary organisations' practices to influence local social and public policy issues**
(Third Sector Trends in England and Wales 2025, percentage agree or strongly agree, n=8,515)



This section has explored relationships amongst voluntary organisations engaged in front-line activity at a local level and their interactions with private and public sector organisations. The next section will look specifically at the quality and productivity of interactions with charitable trusts and foundations which provide grants and other forms of support to voluntary organisations operating in a range localities.

state that the question was 'not relevant/applicable to us' on the basis that all organisations should be in a position to take a view on each statement. For further discussion, see 2025 report on *Research methodology and sample structure*, 2025, *ibid*.

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

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

Section 6

Relationships with trusts and foundations

In this final analytical section of the report, relationships with grant-making trusts and foundations are explored. This begins with an appraisal of the distribution of grants in area types using *360Giving* data. Voluntary organisations' views on the incidence, quality and productivity of relationships with trusts and foundations follows. Lastly, the association between types of grant funding and voluntary organisations' perceptions of social impact are assessed.

6.1 Area distribution of grants awards

This section draws upon data from 360Giving in England and Wales between 2019-2023 to illustrate the distribution of grant awards by area types. The available data only cover grants for which a specific geographical location (by post code) could be identified. So no attempt is made to assess the overall 'financial value' of grants made to area types.[82]

Studying area distribution of grants shows where most grant making is focused. As shown in Figure 6.1, many more grants are distributed in less-advantaged major urban areas – larger grants are also more prevalent in these areas. The pattern of distribution of grants by volume across areas varies by types of trusts and foundations (Figure 6.2, percentage distribution is shown in Table 6.1).

- ***National lottery distributors***: in major urban areas almost three times as many grants are distributed in less affluent districts than in the most affluent. In town and country areas, fewer grants are made and most are delivered in areas of intermediate affluence. In poorer diverse areas (most of which are located in major urban areas) awards far outnumber those in predominantly-white areas – but this is largely due to higher population density.
- ***Larger national trusts and foundations***: distribution is broadly similar to national lottery providers and collectively the volume of grants is similar.

[82] 360 Giving provides an excellent resource for the analysis of grant making: https://grantnav.threesixtygiving.org/?gad_source=1andgad_campaignid=13346333197andgbraid=0AAAABsTWxLtcsE0QpG4m89MRAgCfMFF1andgclid=Cj0KCQiA5I_NBhDVARIsAOrqIsZ-jDofIq1fbE_qtQZ5j9x3VI7K2fa9fLRVZXb-sc4TIIYpRW_bx1YaAjurEALw_wcB. However, not all database records have a definite post code location for grant recipients so they are excluded from the analysis – nevertheless, over 200,000 records were retained for this analysis. A five year period was used to maximise the number of available grants in for complete calendar years between 2019-2023. This is because, when the data were collated in early 2025, not all trusts and foundations had yet submitted their grant data. It should also be noted that the number of trusts and foundations submitting grant making data to 360Giving has grown over the years. This makes comparative analysis between annual cohorts of grants more difficult and has not been attempted in this analysis. Not all trusts and foundation submit grant data – that can weaken regional analysis if major local funders, such as community foundations, do not yet submit data. For area analysis, that drawback is offset to a large extent as area types draw upon data from all regions of England and Wales.

- ***Smaller national and regional trusts***: grant distribution is very heavily focused in major urban areas (hence the large proportion in poorer diverse areas).
- ***Community foundations***: distribution is more similar to that of national lottery distributors and larger national trusts and foundations – except that there is a much higher volume of grants made, proportionally, in town and country areas (~40% compared with about ~31% of lottery distributor grants) – so reflecting the role many community foundations play across ceremonial counties.

Figure 6.1 **Distribution of grants by area - by volume and size of awards** (360Giving, 2019-2023)

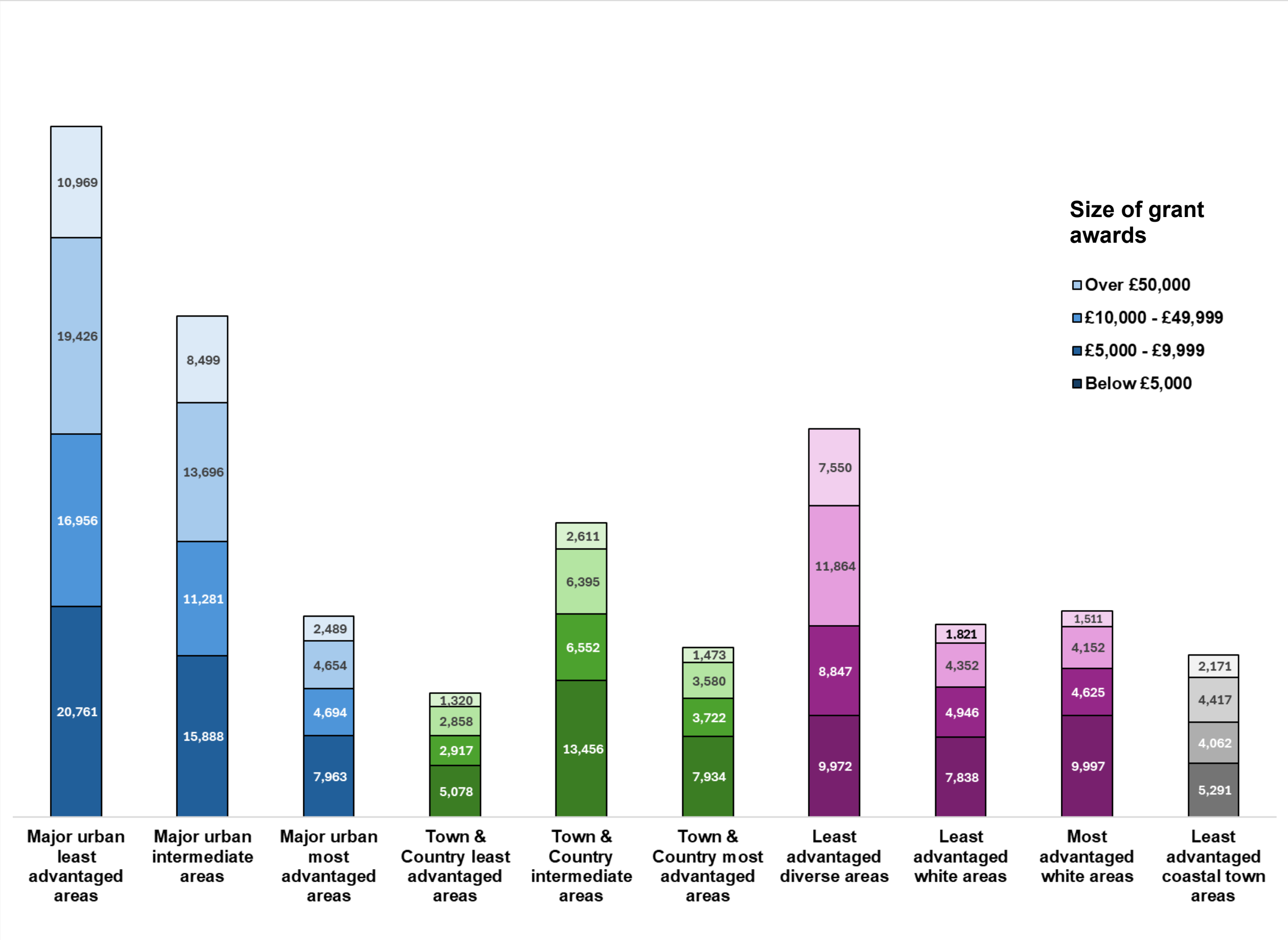


Figure 6.2 **Volume of grants distributed by types of trusts and foundation in area types**
(360Giving 2019-2023)

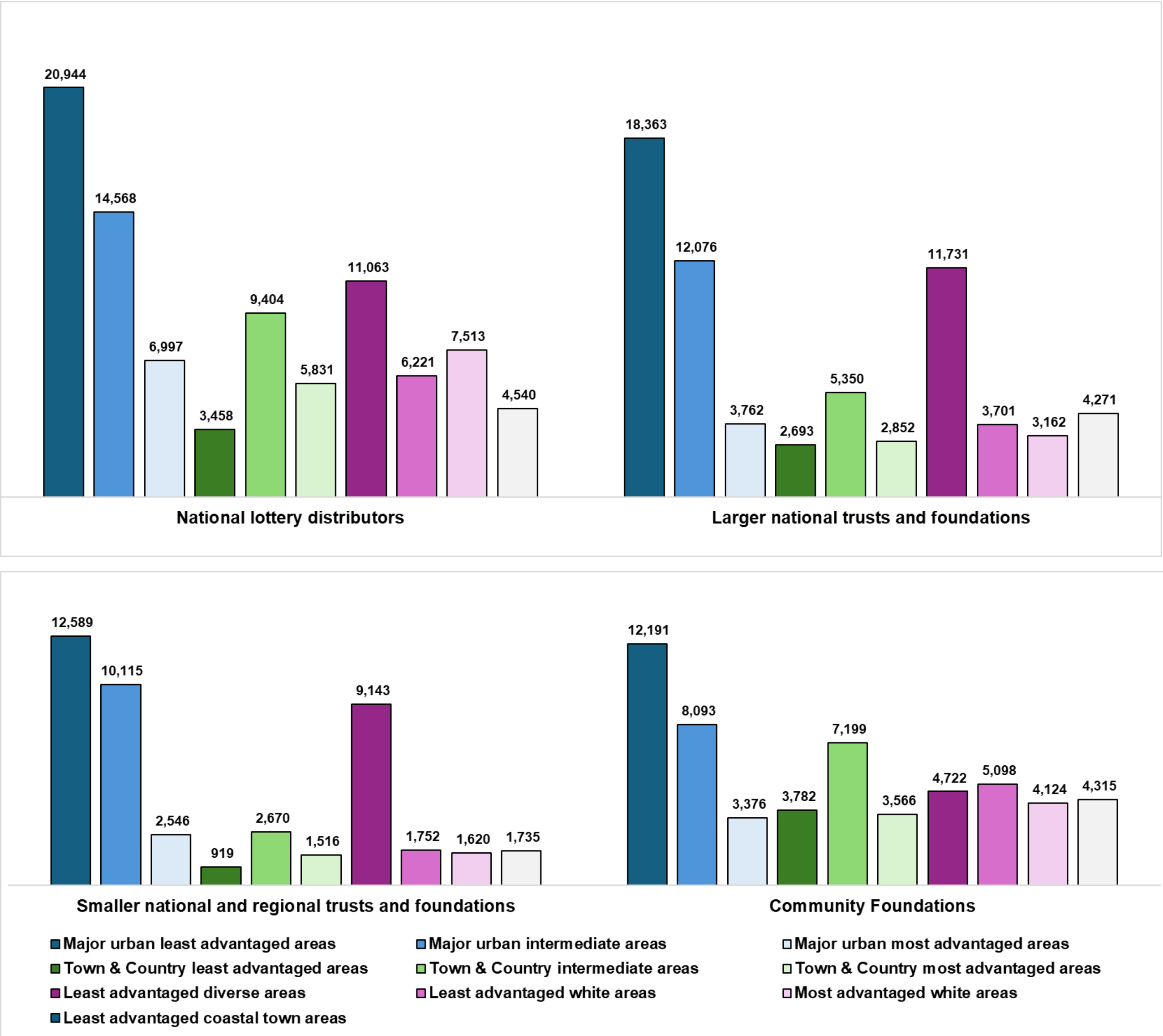


Table 6.1 **Percentage distribution of awards by area from grant making trusts and foundations**
(360Giving, 2019-2023 only for grants with available recipient postcode data, column percentages)[83]

	National lottery distributors	Larger national trusts and foundations	Smaller national and regional trusts and foundations	Community Foundations
Major urban least advantaged areas	34.2	40.7	41.5	31.9
Major urban intermediate areas	23.8	26.8	33.3	21.2
Major urban most advantaged areas	11.4	8.3	8.4	8.8
Town & Country least advantaged areas	5.7	6.0	3.0	9.9
Town & Country intermediate areas	15.4	11.9	8.8	18.8
Town & Country most advantaged areas	9.5	6.3	5.0	9.3
Available 360G grant data 2019-2023	**61,202 / 100%**	**45,096 / 100%**	**30,355/ 100%**	**38,207 / 100%**

[83] As grants made to diverse areas and coastal towns are subsets of total grant awards, they are not reported in this table.

Findings on the distribution of grants by area can be misleading, unless presented proportionately to the size of resident population and the number of local voluntary organisations. Table 6.2 shows that the number of grants awarded per 10,000 local residents varies significantly from 57 per 10,000 in less-advantaged diverse areas to 14 in most least advantaged mainly-white areas.

- Voluntary organisations are much more likely to be recipients of grants if they are based in the most-disadvantaged areas (152 grants per 100 voluntary organisations).
- By contrast, in the most affluent town and country areas, there are only 44 grants per 100 voluntary organisations – which probably indicates a mix of lower levels of local demand for grants and grant makers' prioritisation of issues that predominate in poorer areas.

Table 6.2 **Distribution of grants by area: ratios of awards per voluntary organisation and local residents** (360Giving, 2019-2023 only for grants with available recipient postcode data)

	Resident population	Total grants in database	Number of grants per 10,000 resident population	Number or registered voluntary organisations	Grants per 100 voluntary organisations
Major urban least advantaged areas	14,668,000	64,087	43.69	42,167	152.0
Major urban intermediate areas	15,062,200	44,852	29.78	48,561	92.4
Major urban most advantaged areas	10,361,100	16,681	16.10	32,488	51.3
Town & Country least advantaged areas	2,990,400	10,852	36.29	8,454	128.4
Town & Country intermediate areas	9,798,200	24,623	25.13	42,084	58.5
Town & Country most advantaged areas	7,973,900	13,765	17.26	31,246	44.1
Least advantaged diverse areas	6,424,600	36,659	57.06	24,195	151.5
Least advantaged white areas	6,232,800	16,772	26.91	13,418	125.0
Most advantaged white areas	11,409,900	16,419	14.39	38,827	42.3
Least advantaged coastal town areas	2,972,100	14,861	50.00	8,410	176.7
England and Wales	**60,853,800**	**174,860**	**28.73**	**205,000**	**85.3**

6.2 Relationships with trusts and foundations

Third Sector Trends collects data on the quality of relationships between trusts and foundations as reported by leaders of voluntary organisations. Previous reports in this series have shown that fewer than half of voluntary organisations currently have a relationship with a trust or foundation – signifying that that demand for and competition over grant funding is not universal.[84]

Before making area comparisons, it is useful to note that the quality of relationships with trusts and foundations varies by organisational size and age.[85]

- Unrestricted funding is received by 43% of the smallest voluntary organisations, rising to 64% of larger voluntary organisations before dropping

[84] *See Income sources, assets and financial wellbeing*, Section 3.1, pp. 21-27: https://www.stchads.ac.uk/wp-content/uploads/2026/01/Third-Sector-Trends-in-England-and-Wales-2025-income-sources-assets-and-financial-wellbeing-January-2026.pdf

[85] *Ibid.*, Figures 3.2 and 3.2, pp 23-34.

back to 56% for the biggest. More recently established voluntary organisations are much more likely to be receiving unrestricted funding (61%) than those set up between 1900 and the war (41%).

- Many trusts and foundations take the time to get to know their grantees – but that happens more often with larger and the biggest voluntary organisations (65%) than with the smallest (47%). Those voluntary organisations set up between 1900-1945 (45%) are much less likely to get to know trusts and foundations than those established in the last two decades (61%).
- Expectations that grantees should be 'innovative' in their practice are much higher for the biggest organisations (77%) than the smallest (47%) – although this varies little by age of most organisations – demand for innovation tails off amongst those set up after 1900.
- Relatively few of the smallest voluntary organisations received long-term investment (28%) but this rises steadily to half of larger organisations before falling back for the biggest to 46%. There is little variation by age of voluntary organisations (37-41%) – except for the very oldest (pre 1900) which are much more likely to receive long-term investment (51%).
- A similar proportion of voluntary organisations are supported by trusts and foundations with skills development (32-39%) irrespective of size, though the biggest voluntary organisations are least likely to receive such support (29%). Support for organisations declines steadily from 38% of voluntary organisations set up between 2010-19 to 33% of those established before 1900.

Relationships between trusts and foundations are subject to change (percentages refer to voluntary organisations responding 'agree' or 'strongly' agree with each statement in 2019, 2022 and 2025).[86]

- In 2019 only 46% of voluntary organisations received unrestricted or 'core funding' rising to 60% in 2022. Grant makers have eased back on unrestricted funding since then to 56% in 2025.
- In 2022, fewer voluntary organisations reported that grant makers had taken the time to get to know them during the pandemic (48%) than in 2019 (57%). This has now bounced back to 57% in 2025.
- In 2019, grant makers' expectation that voluntary organisations should be 'innovative' in their work were at their highest (74%), this fell dramatically to 50% during the pandemic but has since risen again to 62%.
- In 2019 and 2022, the percentage of voluntary organisations receiving long-term investment remained about the same (31-32%); that increased to 40% in 2025.
- Support from grant makers to develop organisational skills dipped from 34% in 2019 to 27% of voluntary organisations during the pandemic; investment in skills climbed back to 35% in 2025.

[86] *Ibid.,* Figure 3,1, p 22.

6.3 Relationships with trusts and foundation by area type

Many trusts and foundations are demand-led in their grant-making practices while others employ a strategic focus on supporting specific issues and/or discrete types of areas.[87] So it is not surprising in a pluralistic grant-making environment that aggregated data on voluntary organisations' attitudes about grant-making practices vary little by area types (Figure 6.3).

There are some notable variations:

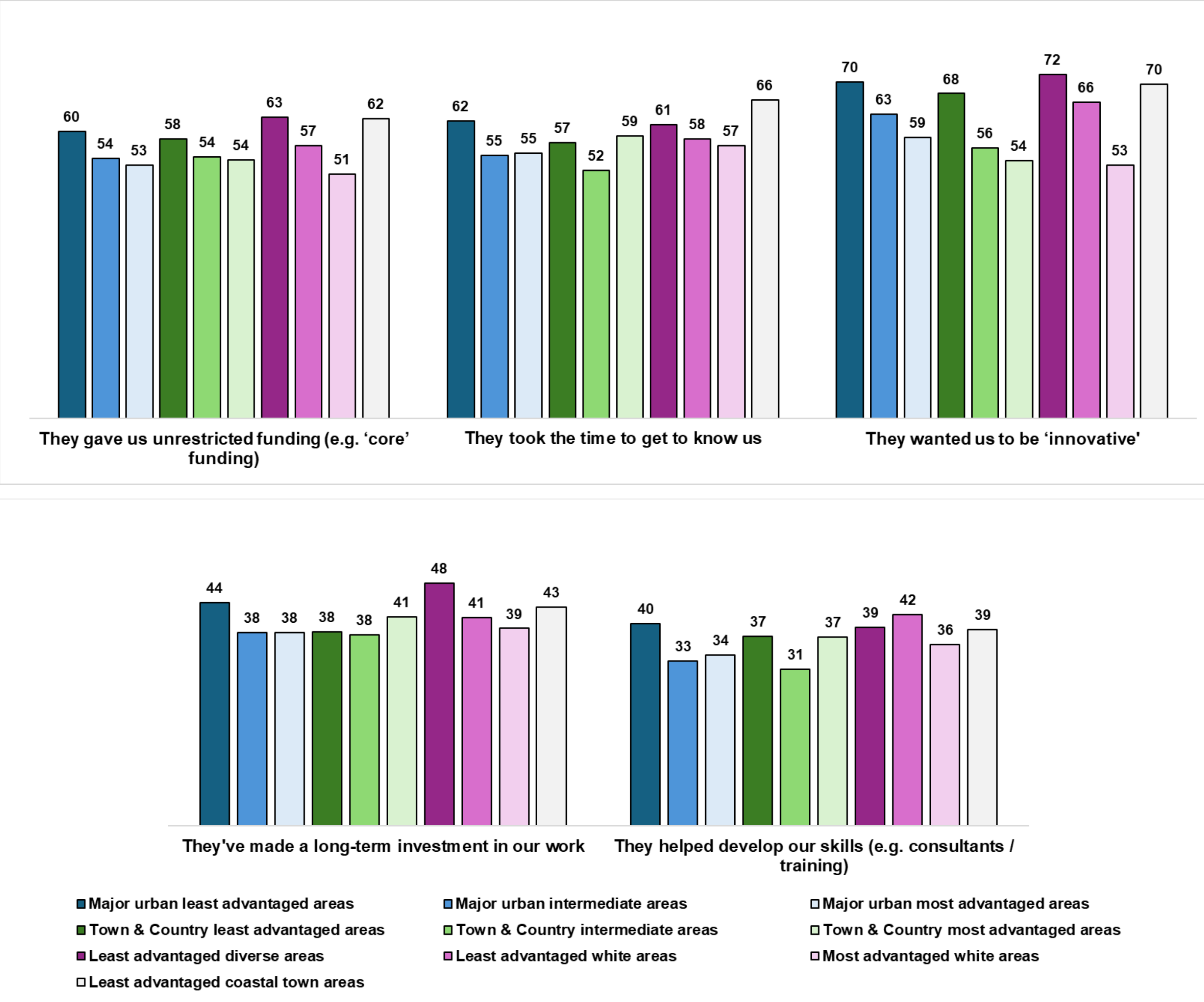
- ***Unrestricted funding*** is more prevalent in less-advantaged areas – and especially in poor diverse (63%) and coastal town areas (62%). Unrestricted funding is least likely to be received in predominantly-white affluent areas (51%).
- Variations in the propensity of grant makers to ***take time get to know voluntary organisations*** are quite limited. But there are exceptions. In poorer coastal town areas, grant makers are most likely to try to get to know voluntary organisations (66%), while in intermediate town and country areas, they are the least likely to do so (52%).
- Many grant-makers demand that voluntary organisations are ***innovative*** in their practice. Such demands are *much* more prevalent in poorer districts. Controversially, 72% of voluntary organisations in less-advantaged diverse areas feel that they are expected to be innovative compared with just 53% in affluent mainly-white areas.
- ***Longer-term grant awards*** for voluntary organisations fall evenly across most types of areas (38-41%), but are slightly higher in disadvantaged diverse areas (48%), coastal towns (43%) and in the poorest major urban areas (44%).
- Support with the ***development of organisational skills*** is strongest in less-advantaged major urban areas (40%) and especially so in poor diverse areas (42% - the vast majority of which are located in major urban districts). Support with skills is lowest in intermediate town and country areas (31%).

As shown in Section 3.2 of his report, appraisal of the impact of voluntary organisations on issues associated with *critical social need, personal wellbeing and development* and upon *community related issues* varies. For example, in relation to the enhancement of the *cultural and artistic life of the community*, it was shown that variations between area types are relatively small and not clearly patterned. The exception was poor coastal town areas where much stronger impact is claimed.

The strength of impact on *community cohesion, community empowerment* and *pride in the community*, for example, is much greater in less-advantaged areas – whether in major urban or a town and country context. In poorer coastal town areas – claims of strong impact are the highest in each domain. Such variations make the task of attributing impact from particular styles of grant-funding difficult to determine, as discussed in the next sub-section.

[87] See: Third Sector Trends (2019) *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.stchads.ac.uk/wp-content/uploads/2020/02/CFTWN-Strength-of-Weak-Ties-Full-Report-February-2020.pdf.

Figure 6.3 **Voluntary organisations' perceptions of relationships with trusts and foundations by area type** (Third Sector Trends in England and Wales 2025, n=8,620)



6.4 Impact from area-based grant-funded activity

It is not difficult to demonstrate a statistical association between grant-funders' practices and the social impact that voluntary organisations claim to achieve. To identify a direct *causal* relationship between approaches to grant making and impact is much more difficult and is better left to qualitative case-study work.

Nonetheless, it is possible to show that variations exist, so as to foster wider debate on grant-making practices. Figure 6.4 shows the percentage of voluntary organisations claiming that they achieve 'very strong' impact on a range of issues associated with '*critical social need*', '*personal wellbeing and development*' and '*community wellbeing*'.

Critical social need

The first panel of Figure 6.4 shows that 35% of voluntary organisations holding unrestricted grant funding feel that they have a very strong impact by *giving people confidence to manage their lives*. Amongst those voluntary organisations which do not receive unrestricted grant funding, only 26% feel that they have a strong impact. Voluntary organisations that do not currently hold grants are much less likely to claim strong impact (9%).

Levels of strong social impact achieved to tackle other issues associated with critical need, such as *access to services, the consequences of poverty* and *increasing employability* are much lower. But the same pattern is repeated – those voluntary organisations with unrestricted funding feel that they are more impactful.

Personal wellbeing and development

On some issues, such as *health and wellbeing* or *reducing social isolation*, the evidence is crystal clear: voluntary organisations with unrestricted funding are much more likely to claim strong impact.

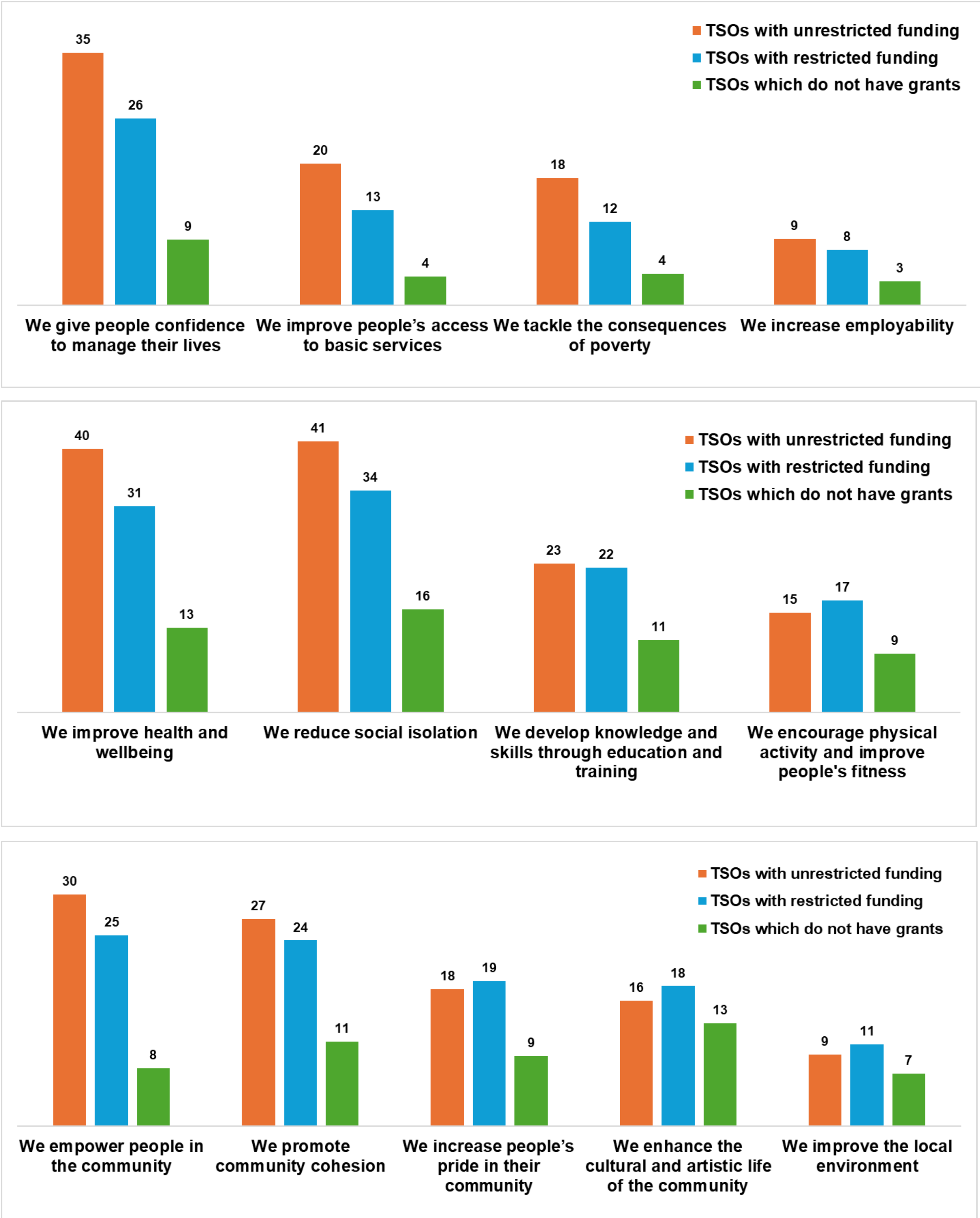
But voluntary organisations which work to *develop knowledge and skills through education and training* are almost equally likely to claim strong impact if they hold unrestricted funding (23%) than those which do not (22%). That stated, grant holders claim much more impact than those which currently do not have grants (11%). For voluntary organisations which *encourage physical activity to improve people's fitness*, slightly fewer organisations holding unrestricted funding feel that they have a very strong impact (15%) compared with than those which do not (17%).

Community wellbeing

Levels of strong impact achieved in the field of community wellbeing vary. Many more voluntary organisations feel that they have strong impact on *empowerment*, for example, than those which *improve the local environment*. Of those voluntary organisations that receive unrestricted funding, there is some evidence to indicate that stronger impact is claimed in the fields of *empowerment* and *community cohesion* than their counterparts which only have restricted grant funding (and much more so than non-grant holders).

The reverse is the case for increasing *pride in the community*, *enhancing cultural and artistic life* and *improving the local environment* – voluntary organisations without unrestricted funding in these areas of work are *more* likely to feel that they have a strong impact.

Figure 6.4 **Voluntary organisations' perceptions of strong social impact if holding unrestricted grant funding** (Third Sector Trends in England and Wales 2025, n=8,340)



The evidence clearly shows that many voluntary organisations holding unrestricted grant funding feel that they have more social impact, especially in fields of work associated with critical social need. But it is very unlikely that trusts and foundations' willingness to offer unrestricted funding is *wholly* responsible for this impact. As shown in Figure 6.5, voluntary organisations which received unrestricted funding usually received other kinds of support from trusts and foundations.

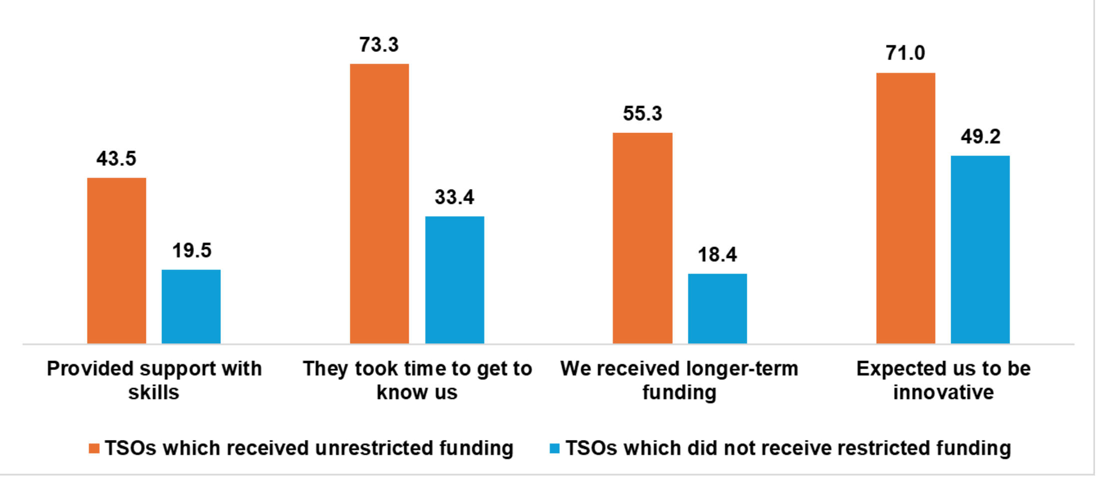
- Of those voluntary organisations receiving unrestricted funding, 44% also got support with their skills from trusts and foundations compared with just 20% of voluntary organisations not offered unrestricted funding.
- Nearly three quarters of voluntary organisations (73%) which received unrestricted funding stated that trusts and foundations had taken the time to get to know them compared with 33% of those voluntary organisations without unrestricted funding.
- Over half of voluntary organisations with unrestricted grants were receiving long-term funding from trusts and foundations compared with just 18% of those without unrestricted funding.

It seems odd that 71% of voluntary organisations receiving 'unrestricted funding' felt that they were expected to be 'innovative' (Figure 6.6). It can perhaps be assumed that if expectations of innovation were not required formally in grant-award agreements (if they were classified as *unrestricted*) that expectations of innovation were communicated when grant managers were 'getting to know them' or helping to develop their skills or that offers of long-term funding were, in some sense conditional on innovative practice.

With generalised data such as these, it is impossible to get below the surface of what is going on - that would require qualitative research. In such a situation, the top priority would be to determine what is understood by expectations of innovation. After all, some grant makers' expectations may be 'light touch' (and associated with process innovation or of working collaboratively with others) while others may demand 'root and branch' shifts in innovation (requiring a wholly new approach to practice or purpose).

Assessments of positive social impact can always be contested and this issue will be discussed further in the concluding section of this report.

Figure 6.6 **Expectations of support offered by trust and foundations to voluntary organisations which are provided with unrestricted funding** (Third Sector Trends in England and Wales 2025, grant recipients only, n=4,222)



Section 7

Discussion and implications

The voluntary sector works in an ever-changing social, political and economic environment where challenges ranging from a global economic crises to the Covid-19 pandemic have been thrown across its path over the last two decades.[88] While it has remained strong, worries about the voluntary sector's sustainability continue to be framed primarily in financial terms.

It is worth taking a step back from the doom and gloom stories that proliferate in the sector press. According to NCVO, voluntary sector income actually rose from £56bn in 2010-11 to £69bn by 2021/22. And while government income fell from £20bn to £14.3bn during this period, the loss was initially more than compensated for by public giving which rose from £24bn to £34bn in 2019/20 although there has been a steep decline since then.[89]

Contrary to expectations, there was a major influx of funding during the pandemic from trusts and foundations which was not, initially, expected to be sustained. But as reported in June 2026, new research suggests that grant making has risen year-on-year by 4% to reach £24bn.[90]

Perhaps the most likely reason why there will never be enough financial resource to meet the needs of the voluntary sector is that demand always far outstrips supply. That is not a criticism. It is just a simple statement on how things are. But intense competition can upset relationships within the voluntary sector amongst those agencies which support it.

7.1 Review of key findings

Sector ambition and vitality

Ambition is a good thing. It shows that leaders of voluntary organisations are hungry to achieve more for their chosen cause. In this long-running study, it is heartening that ambition has gone undented in spite of all the challenges that have come the sector's way. As shown in the second report in this series,[91] the voluntary sector is full of highly committed and ambitious people who want to make a positive difference through their work. And while there's little concrete evidence to suggest that sector

[88] This is an abridged version of a longer commentary in *Going the Distance*, Section 1, pp 10-15: https://www.stchads.ac.uk/wp-content/uploads/2025/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-New-Edition-October-2025.pdf.

[89] See: *NCVO Civil Society Almanac 2024*: https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/ . The data cannot be updated because the publication of the almanac was cancelled in 2025: Preston, R. (2025) 'NCVO delays Civil Society Almanac until 2026', *Civil Society* (13th November) https://www.civilsociety.co.uk/news/ncvo-delays-civil-society-almanac-publication-until-2026.html

[90] Preston, R. (2026) 'UK grant making rises above £24bn, research estimates', *Civil Society* (23rd June): https://www.civilsociety.co.uk/news/uk-grantmaking-rises-above-24bn-research-estimates.html; the full report from UK Grantmaking is available here: https://www.ukgrantmaking.org/

[91] See *People, work, ambition and impact*, Section 4, pp. 45-68: https://www.stchads.ac.uk/wp-content/uploads/2025/12/Third-Sector-Trends-in-England-and-Wales-people-work-ambition-and-impact-December-2025.pdf.

finance has reduced in recent years, there is plenty of evidence to show that competition over the available financial and people resources remains fierce. In such a situation, there are bound to be winners and losers.

Getting things into proportion is hard when leaders are up against it financially. But when compared with private sector businesses, which are often saddled with debt, the risk of foreclosure is much higher than for voluntary organisations. This means that voluntary sector leaders can choose to batten down the hatches rather than close, in the hope that something will come along to get them out of trouble.

Longitudinal qualitative evidence from Third Sector Trends has demonstrated that most voluntary organisations face periods of financial turbulence where the future feels uncertain. Sometimes, the research has shown, these threats are beyond leaders' control. But on other occasions, organisations get themselves into hot water by making decisions (or not making decisions) that did them more harm than good. Nonetheless, optimism remains high.[92]

- Almost 30% of leaders expect that their ***income*** will increase over the next two years while 55% think it will remain about the same; only 16% believe it will fall.
- A quarter of voluntary organisations think that ***support from the private sector*** will increase and 60% feel that it will be about the same; only 15% think that support will decline.
- ***Grants from charitable trusts and foundations***: 27% of voluntary organisations believe that grant income will increase and 52% think it will remain about the same: only one fifth of leaders expect a decrease.
- Optimism about ***funding from public sector agencies*** is much lower. Only 17% of voluntary organisations think that financial support will increase while half think it will remain the same; a third expect that income from the public sector will decline.

Organisational 'vitality' is about more than blind optimism. Vitality is about the drive of leaders to recover from setbacks and to be prepared to tackle new opportunities that come their way. There is little evidence to suggest that sector vitality was diminished in 2025 when leaders were asked how they felt about bidding for funding to do something new.

Admittedly, leaders had mixed emotions: 41% of leaders were 'excited' about bidding while 25% were 'worried'. Worried or not, 75% of voluntary organisations were actively involved in trying to get funding to do something new: that rose from 64% of 'micro' to 89% of the 'biggest' voluntary organisations. [93]

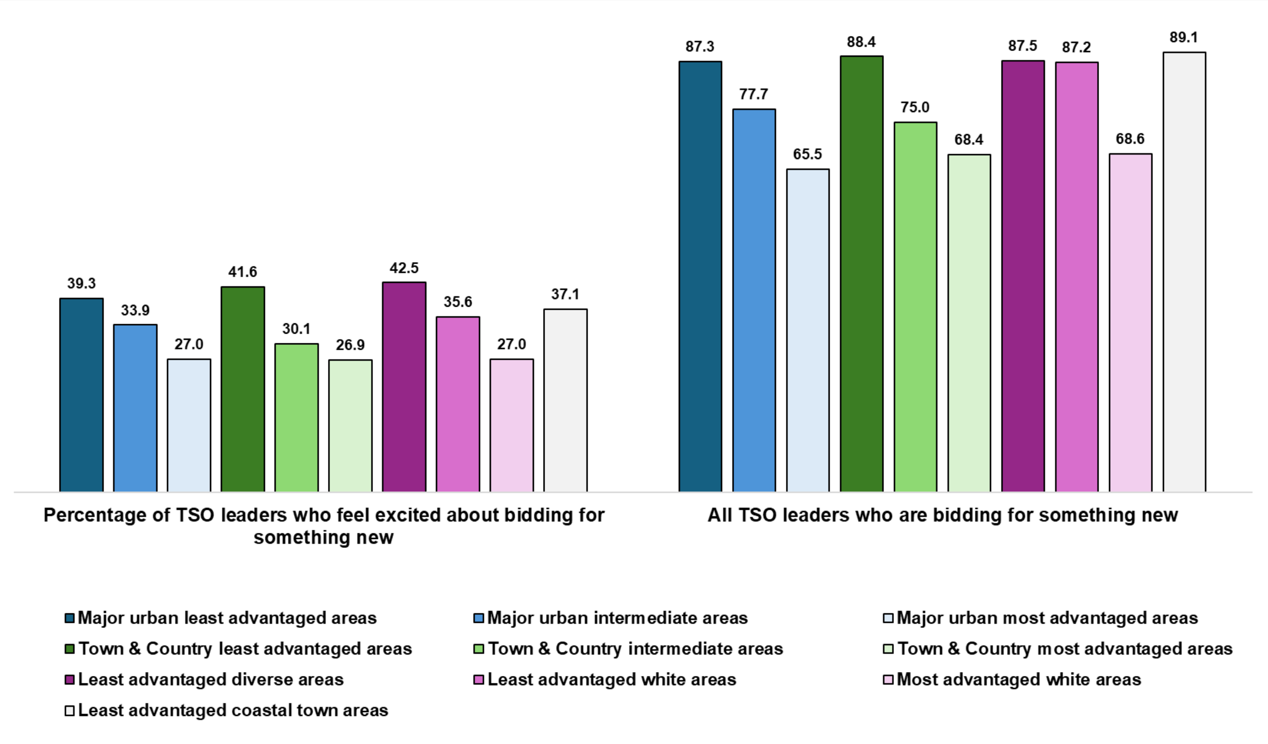
From the perspective of those agencies that provide financial support to the voluntary sector, it is useful to know if these high levels of organisational vitality are consistent across all types of localities. As Figure 7.1 shows, excitement about bidding is higher in all types of less-advantaged areas by a significant margin. While those leaders who feel excited are in a minority, the percentage of voluntary organisation leaders who are engaged in the process of bidding are in the majority in all types of areas.

The intensity of organisational vitality varies by area types: in the most disadvantaged areas around 87-88% of voluntary organisations are engaged in bidding to do something brand new compared with between 66-69% in the most affluent. It makes little difference whether these areas are major urban, town and country, diverse or coastal.

[92] *People, work, ambition and impact, Ibid,* Table 4.1, p. 47.

[93] *People, work, ambition and impact, Ibid*, Table 4.2, p.53, plus additional analysis for this report on the total number of voluntary organisations bidding for something new by size of organisation.

Figure 7.1 **Percent of voluntary organisation leaders who are 'excited' about bidding to do something brand new** (Third Sector Trends in England and Wales 2025, n=8,569)



Sector structure

The structure and dynamics of the local voluntary sector is shaped by local circumstance. In relatively affluent and socially advantaged places, there are fewer large voluntary organisations than in poorer areas, but because there is a stronger local 'civic core' - more local residents will regularly contribute their time voluntarily to a wide array of smaller organisations and groups. For this reason, it is not surprising that there are proportionately many more smaller organisations *per capita* in wealthy areas than in poorer ones.

The analysis indicates that way the voluntary sector works in socially advantaged areas should not be regarded as the industrial 'gold standard' – to which all other types of places should aspire to emulate. Less advantaged places have fewer local people resources to call upon. That is because the pool of confident, resourceful and willing volunteers is smaller. Local people have more important things on their minds, such as tackling their own social, health and financial problems.

Policy makers' expectations that there should be *more* 'grass roots' organisations in poorer areas can be unfair because fewer resources exist in the community to establish them. Furthermore, the research shows that voluntary organisations in poorer districts are more likely to be struggling financially than their counterparts in more affluent areas. More competition over volunteers, funding and influence is the last thing local organisations in poor areas need.

Organisational characteristics differ too. In affluent areas, there are proportionately many more registered charities and Community Amateur Sport Clubs (CASCs) than in less-advantaged communities. And in poorer areas, especially in cities, there are more Community Interest Companies and Registered Societies/Mutuals.

Researchers and sector stakeholders rarely make reference to legal form when discussing the dynamics of the local voluntary sector. But maybe they should because those voluntary organisations, such as CICs, that allow directors to be paid are more common in poorer areas. It is fairly obvious why that is – fewer local people have the financial wherewithal to work for free as in wealthy areas.

There is a political element too. mutual and cooperative societies were established in the North, Midlands and South Wales as a symbol of their determination to fend for themselves. Emulation of charitable work was anathema to many.

The age structure of the local voluntary sector varies by area too. In more affluent places, (and especially so in the southern shires) many voluntary sector organisations have been established for much longer than in less affluent northern and midlands urban locations. This makes a substantial difference to what they do and how they think and work.

Older voluntary organisations have more resources to sustain themselves – such as property ownership, income from investments and substantial reliance on subscription income. The oldest voluntary organisations also rely quite heavily upon self-generated income – which can include rent if they are property owners.

Newer voluntary organisations, especially when based in less affluent areas such as coastal towns, rely more heavily upon grants to remain operational. Engagement in trading is substantially lower than older organisations – even if they are CICs. The leaders of these newer organisations are up-beat about their prospects and are ambitious and energised about their work.

'Middle-aged' organisations are most likely to lack confidence about their financial future - especially in poor areas where many were set up during the raft of government regeneration schemes from the 1980s through to 2010. Some struggle to keep pace with continually changing policy frameworks that impose unrealistic expectations upon them. And unlike very old charities which are more socially integrated and financially secure, middle-aged organisations worry more about survival.

Distinctive area characteristics

No two places are exactly the same, but they may share core characteristics that shape local sector structure and dynamics. But these areas do not have 'impermeable' boundaries. On the contrary, there is a great deal of voluntary sector interaction across local geographies.

Consequently, those voluntary organisations which are 'grounded' in their community cannot hope to serve their community unfettered because voluntary organisations based in other areas can and will come in to work on their patch. Equally, many organisations based in a locality will work beyond their own local boundaries - especially if they are larger voluntary organisations which enjoy demand for their specialisms across a wider area.

Neither is the impact voluntary organisations achieve for beneficiaries contained locally. That is because people who have been supported may leave a disadvantaged area and can lead to local conditions worsening as rents and housing markets decline, businesses leave and social problems intensify.

Area-based financial and other kinds of support for the local third is sector is vital, but it can be very hard to assess its impact in a complex and continually transitioning social milieu.

Patterned interactions and productive relationships

Working together in the voluntary sector

Complexity does not mean chaos. Voluntary sector interactions are patterned in areas with distinct characteristics. In most types of areas, informal complementary working amongst voluntary organisations is very common – though there is less of it amongst voluntary organisations in the most-advantaged areas (69%) than in the poorest areas (83%). Aspects of complementary relationships include, for example, working in shared spaces but with different purposes and practices; or of being 'good neighbours' by referring clients to each other, or sharing ideas and plans.

Semi-formal collaborative relationships include activities such as staging shared events or working closely with other organisations in a locality to address related social issues. Such relationships are established by voluntary organisations a good deal more often in poorer areas (76%) than in the richest (56%).

Formal partnership working involves written agreements where commitments are binding, such as partnership delivery of public service contracts or major grant awards. In wealthier areas only a fifth of voluntary organisations work this way compared with 44% in the poorest areas.

Interestingly, almost a quarter of voluntary organisations in the most affluent areas can be described as 'rugged independents' which do not work in complementary, collaborative or partnership interaction with other voluntary organisations and furthermore, have no interest in doing so. In the least affluent areas, that applies to only 8% of voluntary organisations.

There is a strong association between *organisational purpose* and a *willingness to work with other voluntary organisations*. Those voluntary organisations that address aspects of critical social need, such as poverty or homelessness, are up to three times more likely to work collaboratively than those voluntary organisations that are oriented towards fulfilling their members' own discrete interests.

Furthermore, voluntary organisations' leaders in poorer areas are much more excited about capitalising upon collaborative opportunities than in the wealthiest areas where more are happy to get on with doing their own thing.

The analysis has exposed a deep irony – that irrespective of the great strength of the 'civic core' in more affluent areas and the possession of a surfeit of social and cultural capital compared with poorer communities – people running voluntary organisations in affluent areas *do not* 'bridge' and 'bond' anything like as much as voluntary organisations do in poorer areas.[94]

Working with the private sector

The local voluntary sector does not work in isolation. On the contrary, there is much interaction with the public and private sectors; but these interactions are patterned by local circumstance.

In less-advantaged areas, especially in cities, productive interactions with business are more common. That may be partly due to levels of business density – but is also likely related to purpose where businesses invest resources to address issues of pernicious or critical social and community need.

Relationships with business, this study has shown, have fallen into decline in recent years – perhaps unsurprisingly given that Brexit hit many small businesses hard, followed by the pandemic and now an insecure global economic climate and

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[94] These observations refer to 'patterned interactions', not *concrete* statements about wholly distinctive attitudes and behaviours. Doubtless, some of the strongest imaginable partnerships will have been struck up and sustained in the most affluent areas. while in the least advantaged communities some voluntary organisations will insist on working entirely in isolation.

government-imposed fiscal demands that have put businesses under severe pressure.

Most relationships between voluntary organisations and business at the local level come about due to happenstance and tend to be ephemeral. And while there are examples of longer-term mutually beneficial interactions between voluntary organisations and businesses, they are fewer.

This does not mean that continued decline in voluntary and private sector interactions is inevitable. Some areas, such as North East England, have been highly successful in sustaining business support by facilitating and embedding inter-sector relationships firmly.

That requires commitment both from key local businesses (or business representative bodies such as chambers of commerce) and voluntary sector partners such as local trusts and, particularly, community foundations which help to build and cement strong links by nurturing mutually beneficial relationships.

Working with the public sector

The extent to which voluntary organisations feel ‘valued’ and ‘trusted’ by the local public sector (such as local authorities or the NHS) is surprisingly consistent across different types of areas. That even-handedness is a reflection of ‘universalistic principles’ internalised by public servants.

That stated, in the least advantaged areas there is much more socially profitable partnership working when delivering public service contracts. In the most affluent areas, 51% of voluntary organisations are wholly *disinterested* in delivering services compared with only 32% in the most disadvantaged areas. And as this study has shown, where there has been a specific and sustained policy push to ease social problems, such as in poorer coastal towns, these interactions are particularly strong.

The voluntary sector in the most affluent areas is, comparatively, less interested in forming productive bridges and bonds to influence local public sector agendas. They are much more reticent than their counterparts in poor areas about taking part in consultations and they campaign and lobby much less often.[95]

Relationships with trusts and foundations

Relatively few voluntary organisations are interested in delivering public service contracts: grants that are the most favoured source of finance. Analysis of *360Giving* data has shown that voluntary organisations based in the poorest areas were three times more likely to be awarded grants than those based in the richest.

Differences across area types are marginal, but trusts and foundations tend to favour voluntary organisations in the poorest areas on issues such as the ‘receipt of unrestricted funding’, of ‘taking the time to get to know them’, ‘making a long-term investment in their work’, or ‘helping with skills development’.

It is clear, however, that trusts and foundations have much *higher expectations* of voluntary organisations to be ‘innovative’ in the poorest areas (69%) than they do in the richest (53%). Whether that is because grant makers assume that voluntary organisations in wealthy areas are *already innovative* and that those in poorer areas need to *catch up* is an open question.

Or perhaps grant makers assume that innovation is necessary to tackle severe social problems in poor areas, but that this does not apply to the kinds of activities engaged in wealthy areas. Undoubtedly, there is a currently gaping hole in our knowledge about *what innovation means* and *what innovation is for* from a grant makers;

[95] That is not to say that the voice of middle-class communities is never unified. Nothing could be further from the truth when affluent communities are irked by local policy initiatives that might impinge upon their interests such as planning decisions on housing development or transport infrastructure proposals.

perspective. In 2028, when Third Sector Trends returns, that is an issue that must be explored in more depth.

7.2 Considerations for place-based funding

Many agencies lend financial or other forms of support to voluntary organisations. That support is not delivered in a wholly coherent manner to serve unified strategic purposes. On the contrary, agencies often invest in a mixture of competing and complementary purposes. ‘Pluralism’ in purpose and practice amongst funding bodies can be beneficial for voluntary organisations, providing that they are persistent and creative in their efforts to persuade grant makers to secure support.

‘What works’ for one place, might not work in others, so resourcing purposeful area-based interventions will always be complicated. Consequently, it is not possible to provide generic ‘recommendations’ on how trusts and foundations should proceed. But the above comparative observations may help funding bodies to avoid the pitfalls of inadvertently importing unreasonable expectations about impact and innovation into poorer areas with higher levels of social need but with limited voluntary sector resource.

Furthermore, by studying types of places in a comparative context, it has been possible to show that that organisations which are rooted in their communities do not hold a monopoly over what goes on locally. Voluntary organisations from other areas also get involved in the delivery of services in localities. This is inevitable because larger grants and contracts awarded to tackle aspects of social and community need generally go to bigger voluntary sector organisations which deliver specialised services across wider geographies.

This should not, necessarily, be regarded as a problem. Many large voluntary organisations based remotely from poorer communities make long-term commitments to build knowledge and experience on how things work locally. And as this report shows, interactions within the voluntary sector in less-advantaged communities are varied, widespread and strong – suggesting that cross-boundary activity is possible and desirable.

Good grant making can take account of and capitalise upon these highly positive and well-established relationships which run within and cut across area boundaries. But that requires grant makers to develop a good grasp of local area dynamics. That can often best be achieved when trusts and foundations have an established presence on the ground (by employing local grant managers) or by working closely with area-embedded trusts and community foundations which have sound local knowledge.[96]

Playing their part in strengthening local communities by providing financial support is important, but this is not the only way that funding organisations can strengthen the local voluntary sector. This report shows that the ‘supply’ of non-financial support (such as training and development) tends to be strongest in less socially and economically advantaged communities. Voluntary organisations in the most socially advantaged areas are somewhat less interested in organisational development than in more stressed disadvantaged areas – suggesting that levels of ‘demand’ for support vary.

One serious concern needs to be raised: that in all types of areas, many leaders of voluntary organisations put much more emphasis on training and support to help them with fundraising than they do on the development of their staff, volunteers and most especially *themselves* as trustees and managers.

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[96] See: Third Sector Trends (2019) *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.stchads.ac.uk/wp-content/uploads/2020/02/CFTWN-Strength-of-Weak-Ties-Full-Report-February-2020.pdf.

In the least advantaged areas, that is understandable where middling-sized grass roots organisations have been shown to be much more likely to be financially stressed. Consequently, energising voluntary organisations' interest in organisational development can be quite a slow and arduous process and means that funding bodies should not over estimate the willingness of voluntary organisations to engage, or the speed at which change can take place.[97]

In tandem with these more or less integrated aspects of investment in place, funding bodies' expectations about 'innovative practice' have also heightened post pandemic (though not yet to the levels of 2019) suggesting that a premium is placed on doing things in new ways.

Innovation and continuous good practice do not necessarily stand on the opposite ends of a spectrum - they can interact successfully. For example, when innovation is used to improve approaches to collaborative working, rather than changing aspects of successful operational practice just for the sake of it.

Grant makers, understandably, want to know if their investments in place have made a positive difference. Great care needs to be taken, however, when considering what constitutes beneficial impact and how it was achieved, given that localities have relatively porous boundaries.

Often the social impact produced by grant making is exported when beneficiaries of voluntary sector activity leave an area. That can give the impression that long-term statistical measures of local wellbeing remain 'stuck' or even go into reverse - irrespective of the efficacy of voluntary sector activity.

Assessment of impact should also accept that the 'speed' and 'intensity' of grant funded impact will vary depending upon the 'starting point' of the local community and the local voluntary sector's capacity to effect change.

For example, in educational and employability programmes for young people, some communities may have many young local residents who are 'ready and willing' to take part in new initiatives. In others, practitioners may encounter widespread 'ambivalence about' or 'active resistance to' engagement with grant-funded programmes.[98] That is why achieving similar objectives can be much costlier and time consuming in some areas than in others.

As local voluntary sector organisations tackle a wide range of issues in complementary, collaborative or in formal partnership arrangements, this makes the attribution of impact to grant awards difficult as impact is usually 'shared' by the many organisations and agencies operating in a locality.

Untangling the origins of achievements will always be difficult at community level given the range of players involved, including informal community groups and clubs, faith organisations, charities, social enterprises and cooperatives, local authorities, the emergency services, the NHS, schools, colleges and universities, local businesses and so on.

Many hands are available from within the voluntary sector to sustain supportive activity in local communities, but as this report has demonstrated, levels of local power and resource are uneven. Much of the work of the local voluntary sector in less-advantaged areas is about 'keeping things going' by supporting, sustaining and nourishing community life and helping people out who do not have the skills or resources to handle problems alone.

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[97] See: Chapman, T. (2019) *The Social Process of Supporting Small Charities*, Section 7, pp 32-48: https://www.stchads.ac.uk/wp-content/uploads/2019/04/The-Social-Process-of-Supporting-Small-Charities-March-2019.pdf.

[98] See: Chapman, T., Rich, S., Gray, T. and Braidford, P. (2019) *Understanding barriers to young people's aspirations and ambitions in County Durham*, Durham: Institute for Local Governance, https://www.stchads.ac.uk/wp-content/uploads/2019/03/Understanding-barriers-to-young-peoples-aspirations-and-ambition-in-County-Durham-full-report-March-2019.pdf

Not everything that glitters is gold, but some trusts and foundations will always be attracted by the allure of 'innovation' and promises of 'transformation' that mirror the way things are presumed to work in 'more successful' areas. It is hoped that the findings presented in the report have brought into the foreground the importance of warning against the importation of unrealistic expectations by encouraging the use of a critical comparative perspective.

At the local level, especially in less advantaged areas, it is hard to appreciate and measure the value of 'worthy' activity when the provision is 'there' because achievements are often 'intangible' or even 'invisible' to outsiders. It is much easier to identify what has been 'lost', however, when the work local voluntary organisations indefatigably deliver ceases.

It is gratifying that this report demonstrates that there is greater investment by trusts and foundations in those areas which face more serious economic and social challenges than those which are more socially advantaged. And more gratifying still, that of late, much of the grant money awarded is unrestricted and longer term - so allowing many voluntary organisations to invest in their communities using their own local knowledge to identify priorities and use the practice expertise that they have developed over the years.

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