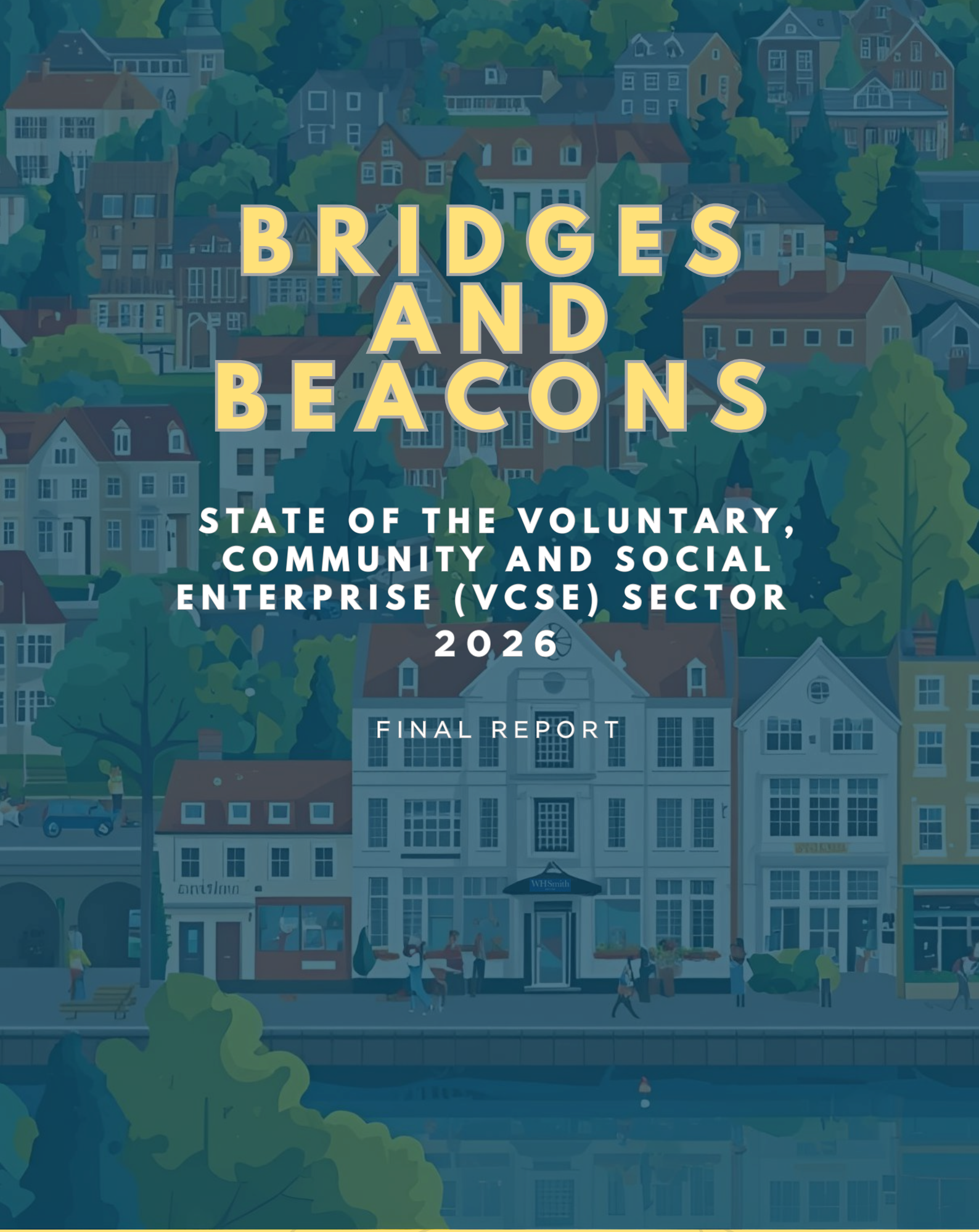

BRIDGES AND BEACONS

STATE OF THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE (VCSE) SECTOR 2026

FINAL REPORT

CENTRE for BRITAIN & EUROPE
UNIVERSITY OF SURREY

Surrey Community Action
Communities Working Together

STATE OF THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE (VCSE) SECTOR 2026

FINAL REPORT

BY

THE CENTRE FOR BRITAIN AND EUROPE

AND

SURREY COMMUNITY ACTION

BRIDGES AND BEACONS: STATE OF THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE (VCSE) SECTOR 2026

FINAL REPORT

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Megan is a graduate of the Politics and International Relations department at the University of Surrey. She previously served as a Research Assistant for the Centre for the Study of Global Power Competition. Her interests broadly relate to European influence and relationships with external threats, with a particular interest in humanitarian strategy and coordination.

VCSE RESEARCH

SURREY COMMUNITY ACTION

As the county's VCSE infrastructure body, Surrey Community Action's core role is to strengthen local organisations through advice, training, funding navigation and partnership brokering. Its 2016 sector report provided a foundational baseline for Surrey and informed local policy and commissioning practice. By commissioning this 2025 update—and convening the sector annually through its Charity Mash-Up conference—Surrey Community Action continues to champion evidence-led improvement, amplify the voice of the VCSE sector, and connect community organisations with statutory partners and funders.

FOREWORD

In 2016, Surrey Community Action conducted a comprehensive assessment of the status of Surrey's voluntary sector, which was used to inform the way the sector worked together and how it collaborated with statutory partners and other stakeholders. Since them such a lot has changed, from the impact of Brexit on care staffing, through Covid-19 lockdowns and financial crises, and now Local Government Reform and Devolution. A constant theme has been increased demand and complexity and reduced resources, but despite this, the sector has consistently provided incredible support to individuals and communities in Surrey and beyond.

At this critical juncture, we wanted to take some time to reflect on some of those changes, their impact, the challenges they have brought into sharp relief, and also the opportunities that are there for the taking to ensure a more capable, efficient and sustainable voluntary sector.

Working with the Centre for Britain and Europe has allowed us to take the pulse of the sector with a lens that is intelligent, inquisitive, rigorous and independent; a critical friend holding a mirror up to ourselves. As a result, we have up-to-date numbers on the size and shape of our sector, and new insight into what makes us tick, what we need for the future, and how we can work more effectively together across sectors, doing better for the people of Surrey.

I hope you enjoy reading this report as much as I have, even if some of it is (rightly) challenging, and I hope that, like me, you will be able to use its insight to help plan a better future.

Jason Gaskell
Chief Executive
Surrey Community Action

CBE RESEARCH

THE CENTRE FOR BRITAIN AND EUROPE (CBE)

The Centre for Britain and Europe (CBE) is a groundbreaking public-policy research institute based at the University of Surrey in Guildford, England. It was founded in 2019 by Professor Amelia Hadfield and comprises a multitude of academics, policy practitioners, and professional staff. In its research wing, it has produced many high-quality academic outputs, hosted conferences, and been extensively involved with publicly funded research, Horizon Europe projects, and provided commentary to news outlets and briefs to the UK parliament.

To further cooperation with the private and public sectors, the Centre also leads public-impact projects in areas of sustainability, economic regeneration, socioeconomic policy, and security and foreign relations. Some of our stakeholders include local governments, Surrey County Council (SCC), and the Surrey High Sheriff, as well as international businesses such as MHA, Gordon Murray, and interdisciplinary institutions such as the UN-affiliated CIFAL Centre on Sustainability and Centre of Excellence on Ageing (CEA). CBE Global also counts partners across Europe in Brussels and works frequently with Members of Parliament and think tanks in the UK and the EU.

This project with Surrey Community Action extends that engagement across the wider VCSE ecosystem, combining quantitative and qualitative methods to generate new insights, strengthen relationships, and surface practical, place-based recommendations for commissioners, funders and frontline organisations alike.

SURREY'S VCSE CONTRIBUTOR COMMUNITY

This report was only possible because so many people across Surrey's VCSE sector and public partners gave their time, insight and trust. We are deeply grateful to everyone who contributed—often while managing significant pressures in day-to-day delivery.

In particular, the CBE would like to thank the individuals and organisations listed below for participating in interviews, sharing evidence and examples, and offering thoughtful feedback that helped shape the analysis and recommendations:

- **Alix Lewer,** Include
- **Ben Collins,** VCSE Alliance
- **Chris Deacon,** Churt Village Hall
- **Claire Robertson,** Age Concern Banstead
- **David Airey,** The Winn Memorial Parish Hall
- **Erica Hadley Jarrett,** Surrey County Council
- **Harriet Pearce,** SparkFish
- **Dr Ian Robert Funnell,** Fetcham Village Hall
- **Julia Giles,** Epsom and Ewell Phab
- **Janet McCarten,** Age Concern Merstham, Redhill, & Reigate
- **Jason Gaskell,** Surrey Community Action
- **Katy Harris,** Dorking Area Foodbank
- **Lawrence Santcross,** Transform Housing and Support
- **Maria Zealey,** Surrey Welfare Rights Unit
- **Mark Nuti,** Surrey County Council
- **Nathalie Antoinet,** Whitmore Vale Housing Association
- **Nicola Dawes,** Stripey Stork
- **Rebecca Bowden,** Community Foundation for Surrey
- **Rob Mills,** Walton Charity
- **Rodney Bates,** Farnham Assist
- **Sarah Beasley,** Home-Start Guildford
- **Sarah Jane Chimbwandira,** Surrey Wildlife Trust

We would also like to thank the 100+ people who completed the survey. Even where we did not follow up with an interview, their responses added depth, texture and reality-checking to the findings, and ensured this report reflects the breadth of experience across the county.

Any errors or omissions remain the responsibility of the authors.

EXECUTIVE SUMMARY

Voluntary, Community and Social Enterprise (VCSE) organisations play a critical role in local public service systems, at both national and local levels. Hugely varied in type, they are broadly similar in their overarching civil society objectives and represent trusted, locally rooted entities, frequently reaching people and places that statutory services struggle to serve. Over the last decade, and especially since COVID-19, demand for VCSE support has risen steeply, while becoming more complex, driven by a range of factors including cost-of-living pressures, health and social care backlogs, diminishment in statutory service provisions, and widening inequalities. The environment remains volatile. Core and flexible funding have not kept pace, and the volunteering bedrock of VCSEs has eroded in some areas. Equally, policy changes (including the Social Value Act, the Social Value Model, and the Procurement Act) and emerging provisions (e.g. the VCSE Business Hub) have improved the environment for VCSE participation in public contracts, while local commissioning practices and payment timeliness remain key.

Commissioned by Surrey Community Action, this report by the Centre for Britain and Europe provides a 'state of the art' review of the changes and outcomes impacting the VCSE sector since 2016, with a particular focus on Surrey's VCSE ecosystem. Using a comprehensive mixed-methods approach—an online survey, follow-up interviews, data acquisition, appraisal, mapping, comparisons and analysis. In this body of work, we map the location of VCSE organisations, their goals, the populations they serve, their funding modes, their infrastructure (including digital and data capacity and emerging AI use), and their relationships with statutory partners. We also link charity location data to deprivation indicators to highlight gaps and opportunities for prevention and early help. Doing so has produced the first of two deep dives into the challenges facing Surrey-based VCSE, the opportunities on offer, and a range of suggestions for consideration.

Key messages include:

- social needs at local levels are continuing to rise, and are unevenly distributed;
- many small and medium charities operate on thin margins, making prompt payment and realistic pricing essential;
- collaboration and consortium-based operations are effective where infrastructure support is present;
- digital and data capability is improving but uneven amongst VCSEs;
- co-production and lived-experience leadership are increasingly expected by funders and communities;
- Small-scale organisations encounter the greatest challenges in keeping their services operational at a basic level compared to larger, better-provisioned ones.

The report offers practical recommendations for commissioners, funders, and VCSE leaders to strengthen outcomes, reduce friction in procurement, and focus investment where it will have the greatest impact.

TABLE OF CONTENTS

PART I

INTRODUCTION

This second and final iteration updates the picture with fresh voices and starker realities. Since the interim report in September 2025, the CBE research team has gathered dozens more survey responses and conducted additional interviews via Surrey Community Action's Charity Mash-Up in Woking, supported by warm introductions from its chief executive, Jason Gaskell. What emerges is a sector that is financially thinner, more concentrated in major towns, and more exposed to political headwinds. Leaders in the sector described a plethora of challenges, including closures or near-misses, emergency downsizing, and organisations surviving month-to-month on short grants and delayed payments. These testimonies show what recent years have felt like on the ground: the long tail of Covid-19, the cost-of-living surge, workforce instability, and growing compliance load. Notably, in the four months since the interim report, Charity Commission records show 17 Surrey charities have been deregistered—an indicator of real contraction, particularly among smaller, less visible organisations. What follows sets out the evidence base, the implications for policy and commissioning, and the actions partners must now take.

The Voluntary, Community and Social Enterprise (VCSE) sector has long been described as the quiet infrastructure of civic life: deeply rooted, locally trusted, and indispensable in moments of both crisis and renewal. Yet despite its centrality to social cohesion, prevention, and public service delivery, the sector remains persistently under-examined, under-understood, and too often marginal to strategic decision-making. This report has been commissioned in response to that enduring gap. It is both a diagnostic of the current VCSE ecosystem in Surrey and a forward-looking intervention, designed to inform policy, commissioning, and partnership at a moment of profound transition.

The originality of this report lies not simply in the scale of data gathered or the breadth of themes explored, but in its insistence that the VCSE sector must be understood as a system rather than a collection of discrete organisations. Drawing together quantitative mapping, survey evidence, qualitative interviews, and policy analysis, the research provides the most comprehensive and up-to-date picture of Surrey's VCSE landscape currently available. It captures a sector operating under intense strain, yet simultaneously carrying unprecedented responsibility for addressing inequality, sustaining community resilience, and delivering outcomes that statutory systems increasingly cannot achieve alone.

The timing of this report is deliberate. Surrey's VCSE sector is navigating a convergence of structural pressures: the long shadow of the Covid-19 pandemic, the ongoing cost-of-living crisis, workforce shortages, digital transformation, and a volatile funding environment shaped by national policy reform and local government financial fragility. These pressures are compounded by significant political and institutional change, including the introduction of the Civil Society Covenant, reforms to public procurement, and the impending reorganisation of local government in Surrey itself. Taken together, these developments represent not incremental adjustment but a fundamental reshaping of the environment in which civil society operates.

Against this backdrop, the findings presented here challenge any residual assumption that the VCSE sector can continue to "do more with less" without systemic consequence. The evidence shows clearly that many organisations are operating on razor-thin margins, exposed to cash-flow risk, short-term funding cycles, and rising compliance demands. Small and medium-sized organisations—often those most embedded in communities facing the greatest disadvantage—are disproportionately vulnerable. At the same time, demand for VCSE support continues to rise, including in areas such as poverty relief, mental health, carers' support, youth services, and community-based health provision.
Crucially, this report also demonstrates that Surrey's VCSE sector is not a peripheral actor, but a core partner in place-based systems of prevention and early intervention. The research documents extensive collaboration with local authorities, NHS partners, and other statutory bodies, as well as the sector's role in delivering national programmes at the local level. Yet it also exposes a persistent misalignment between rhetoric and reality: while policy increasingly recognises the value of partnership, commissioning and funding practices frequently transfer risk downward, fragment provision, and undermine long-term sustainability.

What distinguishes this report from previous "state of the sector" exercises is its explicit focus on capacity, power, and future readiness. It does not simply catalogue need; it interrogates the conditions under which the VCSE sector is expected to operate. It asks whether current models of funding, governance, digital infrastructure, and workforce support are fit for purpose in a context of growing complexity and demand. It also explores how national reforms—particularly in procurement, social value, and civil society engagement—are experienced on the ground, and where their promise is yet to be realised in local practice.

The implications for decision-makers are unequivocal. For local government leaders, commissioners, and system partners in Surrey, this report provides a robust evidence base for rethinking how the VCSE sector is engaged, funded, and supported. It highlights the risks of short-termism, delayed payments, and inconsistent commissioning, while also identifying clear opportunities to strengthen market stewardship, co-production, and shared accountability. In a county marked by both affluence and deep pockets of deprivation, the VCSE sector is often the connective tissue between residents and public systems. Undermining that capacity carries real and measurable consequences for outcomes, equity, and cost avoidance.

For national government, the findings resonate far beyond Surrey. They offer a detailed case study of how national policy reforms are playing out at the local level, and where further action is required to translate intent into impact. The report speaks directly to departments responsible for civil society, procurement, health, and local government, underscoring the need for joined-up policy that recognises VCSE organisations not as optional delivery vehicles, but as critical social infrastructure. The Civil Society Covenant, in particular, will be judged not by its principles alone, but by whether it leads to tangible change in funding models, data sharing, and decision-making power.

Professor Amelia Hadfield
Founder and Director
Centre for Britain and Europe

PART II

RESEARCH DESIGN

The CBE Researchers use mixed-method research to enable richer findings of the landscape of VCSE in Surrey. These data are obtained both qualitatively and quantitatively from both primary and secondary sources:

QUANTITATIVE

Primary Data - Online Survey

The survey builds upon Surrey Community Action's 2016 baseline survey and is delivered using Qualtrics, an experience management platform. Updates were made to ensure both continuity with past data and improvements to response rate and usability. Key changes and improvements include:

Key changes and improvements include:

- Streamlining answer options to address scaling/calibration challenges:
- Consolidation of overlapping choices
- Reduction and standardisation of Likert scales (from 5-point to 3-point)
- Addition of open-ended questions to allow richer insight
- Removal or rephrasing of questions with promotional or leading language
- New content areas, including:
- Introductory briefing and clearer instructions
- Inclusion of VCSE interaction with the private sector
- Questions related to major external events (e.g. Brexit, Covid-19, devolution)

These changes were made to maintain comparability with 2016 data while updating for current sector realities.

Secondary Data – Charity Commission, Companies House

CBE researchers explored Community Interest Companies (CICs) through Companies House. Of almost 40,000 CICs, only 209 active companies are specific to Surrey as of December 2025. Meanwhile, the Charity Commission's database provides a rich set of qualitative data, which consists of all registered charities in England and Wales up until December 2025. The 4,383 entries in the Commission's data were filtered to only include registered charities reporting Surrey as their location. These were manually filtered to validate Surrey-based activity and data availability, with N=2685.

The total Surrey charities were also geospatially visualised and accurately mapped to respective borough councils using Python. The data from the Charity Commission is accurate as of December 2025.

Additionally, CBE extrapolated an estimate of under-the-radar organisations in Surrey using the VCSE multiplier from the works of Mohan et al. (2010) and NAVCA (n.d.).

QUALITATIVE

The survey results inform the second phase of **qualitative research** through **semi-structured interviews**, conducted online via Microsoft Teams. Topics explored in semi-structured interviews include:

- **Trust in governance**: Exploring levels of trust between VCSE organisations and different tiers of government (e.g. parish councils vs. borough/district vs. county).
- **Recent history of challenges**: Understanding the key pressures faced by organisations in the past three years.
- **Support needs**: Identifying gaps in support, particularly around digital capacity, training, and infrastructure.
- **Social and political change**: Investigating the sector's views and responses to broader societal shifts, including issues like populism, polarisation, and inclusion/exclusion (e.g. around trans rights and equalities work).
- **Business funding/relations** - how much does the private sector do what they say they do

SAMPLING

CBE's researchers use a voluntary response sampling approach for the survey. This means participants self-select to take part, usually because they have an interest in or connection to the topic.

The survey is distributed through:

- **Surrey Community Action**'s established networks and mailing lists
- **CBE's** social media channels and professional networks (LinkedIn, Instagram, BlueSky) and internal contacts.

This method is commonly used in social research involving the VCSE sector, where broad participation and diversity of voice are often prioritised over strict representativeness. In the interim report, CBE researchers received **113** completed surveys and conducted **23** online interviews with senior VCSE staff.

The lower-than-anticipated survey response rate is attributed to the timing of distribution—during the peak summer holiday period, alongside ongoing local government reorganisation and increasing funding pressures across the VCSE sector in Surrey. Despite the limited quantitative data, the research yielded rich and valuable qualitative insights into the current VCSE landscape.

Where possible, this report draws comparisons with metrics from Surrey Community Action's 2016 State of the Sector Report. However, direct comparisons are not always feasible due to differences in survey design and sampling criteria.

PART III

INTERNATIONAL TRENDS

COVID-19 GLOBAL PANDEMIC

COVID-19 came as a shock to residents and to VCSEs working for public benefits. While many VCSEs based in the UK showed their resilience by either adopting, adapting or completely transforming their approach (Abba et al., 2025), there are still arguably ongoing, long-term impacts of the pandemic. Drawing on VCSE reports that display impacts of COVID from various regions of England, the apprehended long-term impacts include reduced income, possibility to secure funds, increased social and digital inequalities especially for already vulnerable communities and risk in surviving another crisis, for example the increased cost of living crisis and uncertainties that comes with other external factors (Abba et al., 2025; Swift, 2022). Surrey's Voluntary Sector COVID-19 Impact and Resilience original report of 2020 sets out these trends clearly (p.25-29).

In terms of income, the VCSE sector moved from immediate "uncertainty over when and how restrictions might be lifted and the likely economic hit on donors", to a mid-range expectations "that grants and contracts from statutory sources are less of a concern, but this may be a result of over-optimism of the resilience of public bodies in the face of a future economic downturn and hit on public finances", to anxieties reflecting the current state of play, namely that while "some organisations expect a rapid recovery whereas others expect impact to be felt for many months", all agree that uncertainty is hampering recovery planning.

Provoking both staffing and organisational challenges: Covid saw wide-ranging staff furlough or layoffs, translating into material changes in terms of remote working, which in turn, along with staff layoffs due to reduced budgets, have produced current unevenness in both staff and volunteer demographics. The pandemic had a paradoxical impact on the rationale and capacity of VCSEs: many were resolved to survive and continue, while others indicated early on. Still others were resolute in continuing despite "suffer[ing] from a reduction of volunteer numbers in the absence of the immediate crisis… as people return to work". Post-COVID realities continue to bite, "faced with the realities of running a voluntary sector organisation: Safeguarding, financial management, governance, etc."

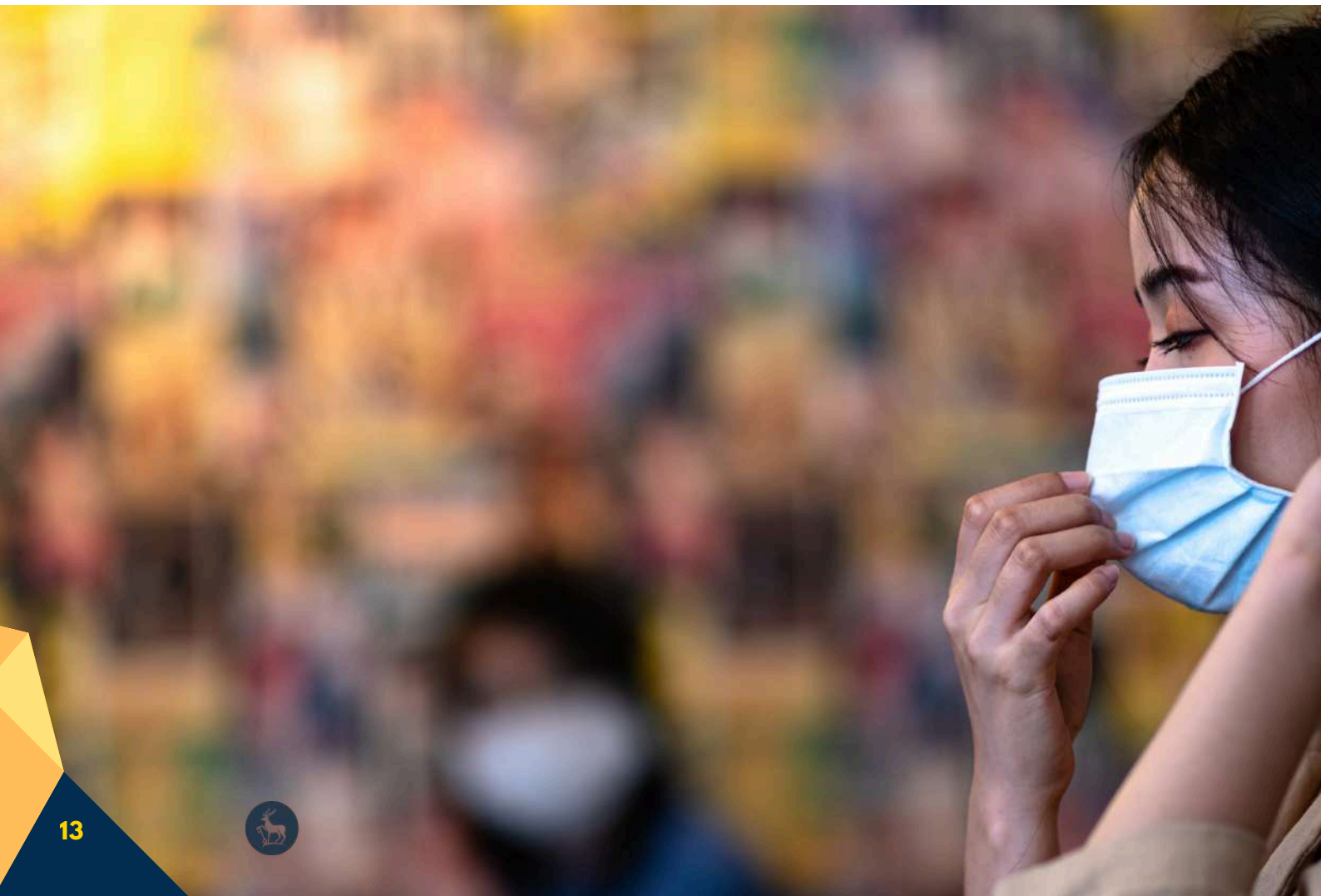
The pandemic also foreshadowed the community-wide standard of living crisis, which again crystallised the overall philosophy and capability of VCSEs: "We anticipate a very hard and long-lasting recession. During such times, the need for VCSE support always increases, especially services such as worklessness support, financial services, mental health services, etc. We expect these challenges to remain and the VCSE to be needed more than ever[…] A lot of community support in Surrey has been self-starting and fully independent of VCSE and public sector involvement. A challenge for the VCS and partners is to harness this community spirit and support it to continue."

In terms of collaboration, the pandemic's impact in Surrey was similar to elsewhere: with a largely "effective co-ordinated response to COVID-19 across the VCSE and statutory partners, including county and districts/boroughs and health structures". Most are also confident that this collegiate and rapid way of working together can be maintained if the VCSE continues to be invited as an equal partner around key tables. However, some VCSE partners remain concerned that relationships might revert to the previous status quo.

These integral concerns come through clearly in the 2020 report. However, there is still a gap in current literature when it comes to concerns about the post-COVID inequities, inefficiencies, and the dangers of business as usual approaches diluting the many innovations that arose in response to the pandemic, and specifically the VCSE's role in dealing with changing digital landscape and the growing social, economic and digital inequalities (Abba et al., 2025; Esmene et al., 2024; Bambra and Smith, 2021; SCC, 2020), as well as those finding it difficult to navigate the fast-paced political shifts post-pandemic and embrace the emerging digital advances (Robers-Wood, 2025; SODA, 2022).

The Widening Digital Divide, as established already through SCC's COVID-19 Community Impact Assessment (2019), its Devolution and Local Government plan (2025) and other academic literature (Harvey et al., 2023; Holmes and Burgess, 2022), digital exclusion is an extension of existing systemic social inequalities. This impacts low-income households, ethnic minority communities, older adults, and communities to whom information might not be accessible (SCC, 2020) and is not easily understandable due to various reasons (SODA, 2023).

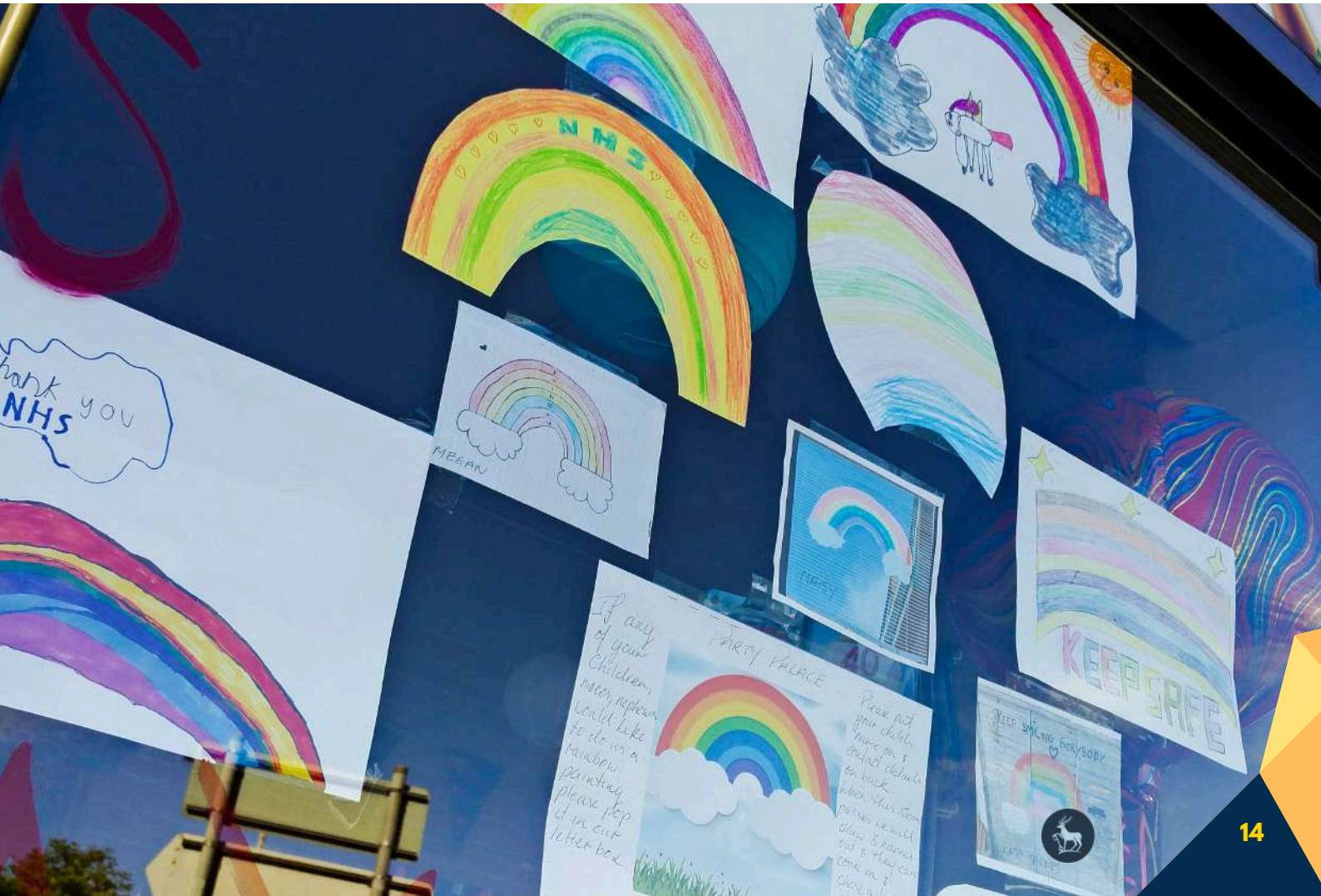
It is therefore increasingly important to know how VCSEs are currently dealing with beneficiaries from these demographics, helping them navigate the post-pandemic challenges, and lessening the socio-digital divide (Helsper, 2022). It also poses the question of how Faith-Based Organisations (FBOs) in Surrey that specifically have beneficiaries from marginalised groups now deal with these concerns, more so when they have the risk of being socially isolated or excluded in this post-pandemic era.



Tapping Into Post-COVID-19 Takeaways

The COVID-19 pandemic has had a significantly detrimental impact on Surrey's VCSE sector, but it has also revealed some positive developments; The 2020 Surrey Community Action report – written in the teeth of COVID-19 – identified these at the time. The following are identifiable as trends that now define the current VCSE reality in Surrey:

- Ongoing financial pressure: from the 90% of organisations that expected a loss of income in the pandemic, many survive on reserves, shunting uneasily between short and medium-term financial precarity, and relying heavily on public fundraising.
- A lingering post-COVID 'business as usual' assumption that the crisis is over – and only more localised forms of support are needed, rather than proactive, sector-wide VCSE support.
- From the quarter of VCSE staff placed on furlough during Covid, VCSEs, large and small, struggle to retain staff working in traditional formats, having adjusted to flexible and online formats for both staff and volunteers, and still having to rework hours, wages or posts, sometimes on a quarterly basis.
- Where COVID-19 saw an upsurge in people registering as volunteers (including 750,000 through an NHS portal), post-COVID VCSEs now face permeant fluctuations in volunteer levels. In some areas in Surrey, there remains a surplus, while in others, VCSEs face perennially low levels, adopting new training and support programmes to incentivise volunteers to stay or return.
- During the pandemic, approximately two-thirds of organisations cut non-Covid-19services; however, new and innovative delivery methods, new services, repurposing, and new forms of mutual aid have arisen as permanent forms of post-Covid VCSE activity.
- Pre-pandemic service delivery challenges to adequately serve beneficiaries without physical or intellectual means of access remain a challenge.



BREXIT'S EFFECT

The UK's departure from the European Union has had widespread implications for the charity sector, both nationally and locally in Surrey. These effects have manifested themselves across workforce recruitment, funding sustainability, administrative processes, and international collaboration. As charities continue to navigate the shifting post-Brexit landscape, many are facing increased pressure to adapt their operations and funding strategies to maintain essential services. Four noteworthy themes are outlined below.

Workforce Shortages and Visa Barriers

Brexit has significantly impacted the availability of skilled workers in the charity sector. The Institute for Public Policy Research reported as early as 2018 that EU nationals working in UK charities more than doubled from 14,000 to 31,000 since 2000. These workers are particularly important in social care, education, and membership organisations - fields critical to Surrey's community services (IPPR, 2018).

Despite their qualifications, around 82% of EU charity workers would not qualify under the Tier 2 visa system that was in place after Brexit, mainly due to salary thresholds and job type restrictions; this figure rises to 87% in social care roles. Charities have also reported difficulties accessing international volunteers, such as those previously supported through EU youth and cultural exchange programmes, further straining capacity in local service delivery (House of Lords, 2020). As a result, nearly half of charity employers anticipated that ending free movement would worsen recruitment difficulties, particularly for smaller Surrey-based charities that lack the resources to manage visa sponsorship processes. Training alternatives are limited, as over half of charities report that funding constraints prevent investment in staff development, even though turnover is high (IPPR, 2018).

These changes have forced UK charities to explore alternative workforce strategies. These include improving staff retention, investing in training, and recruiting from domestic labour pools. However, high turnover rates, particularly in social care, combined with limited funding for wages and training, have constrained these efforts. With low national unemployment and limited scope for automation in frontline roles, the sector remains highly vulnerable to ongoing labour shortages.

Loss of EU Funding and Financial Stability

Before Brexit, UK charities received an estimated £200–£258 million annually from EU funding streams, including the European Social Fund (ESF) and European Structural and Investment Funds (ESIF). The transition to the UK Shared Prosperity Fund (UKSPF), intended to replace EU funding, has, however, been slow and uneven. This has led to uncertainty and financial strain among charities, with some forced to reduce staff or close projects due specifically to funding gaps. Additionally, the loss of EU-wide tax benefits and cross-border donation frameworks has affected charities that rely on international fundraising and collaboration, including medical and environmental organisations (Allsop, 2019).

Administrative and Regulatory Changes

Since Brexit, VCSE organisations have had to navigate a changing regulatory and funding environment, alongside the loss of EU-level structures that previously shaped compliance, funding access, and accountability (Charity Finance Group, 2018). While some expected administrative requirements to lessen outside EU programmes, sector commentary suggests that charities continue to experience complex regulatory and funding processes within the UK (Charity Finance Group, 2018; Third Sector Network, 2023). Broader analysis has also highlighted continuing uncertainty in aspects of post-Brexit regulatory cooperation between the UK and the EU, particularly in service-related sectors, where the need for clearer long-term arrangements has been emphasised (House of Lords, 2020). A UK-focused system may offer opportunities for greater flexibility in principle, but its effectiveness will depend on how consistently successor funding schemes and regulatory arrangements are implemented.

Reduction in Research and Cross-border Collaboration

Charities involved in research and innovation, such as those in medical and environmental fields, previously benefited from participation in EU programmes like Horizon 2020. Brexit has disrupted access to these networks, limiting Surrey-based organisations' ability to collaborate internationally and access joint funding (UK Parliament, 2017). This isolation risks slowing progress in areas that depend on transnational knowledge exchange and shared expertise.

TRUMP 2.0 AND THE ROLLBACK OF EDI

Donald Trump's second inauguration on 20 January 2025 ushered in a seismic shift in US domestic and foreign policy, with extensive rollbacks of Equality, Diversity, and Inclusion (EDI) initiatives, significant upheaval within USAID, and regressive global implications. Trump's sweeping undoing of the US's inclusive polices began immediately, with multiple Executive Orders terminating all DEI-related programs in federal agencies and mandating the removal of DEI-language from websites and grants, and subsequently removal of enforceable DEI obligations in federal contracts. On the foreign policy front, nearly all U.S. development assistance for 90 days, excluding only certain humanitarian aid, is explicitly prohibited from funding gender, EDI, and family planning programs. Additionally, the U.S. Agency for International Development (USAID) saw almost its entire workforce placed on administrative leave, with only a small number of staff retained to run "mission-critical" tasks. It resulted in the termination of $27.7 billion in international funding.

These funding withdrawals disproportionately affect VCSE organisations working with marginalised groups, particularly those supporting ethnic minority communities, women, children, and LGBTQ+ people. Such organisations are more likely to depend on EDI-linked funding streams, international partnerships, and rights-based programming, making them especially vulnerable to sudden policy reversals and financial instability.

These actions not only stripped EDI priorities from U.S. federal operations but also crippled international development capacity, with serious knock-on effects across global civil society, including the UK (Kates et al., 2025). While these U.S. policy changes are geographically distant, their influence resonates strongly in the UK's VCSE sector, especially in regions like Surrey. Many UK VCSE organisations depend on international funding, partnerships, or cultural exchange with U.S. institutions. The USAID rollback threatens funding continuity for EDI-related programs and international collaborations, potentially forcing UK VCSEs to adapt rapidly or risk losing vital resources (Penningtons Manches Cooper, 2025).

At the same time, the UK Supreme Court's 2025 ruling narrowly defined "woman" and "man" in the Equality Act 2010 as based strictly on biological sex at birth, rather than gender identity, despite existing protections for transgender individuals. The implications are especially acute for VCSE organisations delivering services to transgender and gender-diverse people, as well as women's and youth services operating within single-sex frameworks. Charities working at the intersections of gender identity, race, and socioeconomic disadvantage face heightened legal uncertainty, increased operational risk, and growing pressure to reconcile inclusion with restrictive statutory interpretations. This ruling aligns, in some respects, with conservative shifts seen in the U.S. under Trump 2.0, where gender identity recognition has been rolled back aggressively through executive orders (AP News, 2025; The Guardian, 2025). The decision claims to provide clarity on service provision, but has been heavily criticised for undermining the inclusion of transgender and gender non-conforming individuals, inflaming debates over access to single-sex spaces.

These developments, i.e. the rollback of EDI initiatives and USAID funding cuts under Trump 2.0, alongside the UK Supreme Court's restrictive gender ruling, create a complex and challenging environment for the UK's VCSE sector. Particularly in Surrey, organisations must navigate shifting legal definitions, funding uncertainties, and evolving social attitudes, all while striving to uphold their core commitment to inclusion and equality. Despite these pressures, the VCSE sector remains a vital force for social cohesion and can lead by adapting thoughtfully to maintain inclusive support for all communities.

PART IV

NATIONAL PICTURE

THE UK CONTEXT

VCSEs are vital because they are both locally rooted and responsive to local needs. Around 75% deliver services directly within the areas where they are based, drawing on local knowledge, networks and individuals. Their work goes beyond traditional measures of value for money, helping to reduce inequality, strengthen resilience, and generate community benefits. Many VCSEs are led by, or serve, under-represented groups, making them key to an inclusive system of public service delivery, as well as place-based community support.

Reforms and Improvements

Government reforms in the past decade have sought to recognise and support the contributions of VCSEs:

- The Public Services (Social Value Act) (2012) requires commissioners to consider community benefits when awarding contracts.
- The Social Value Act (2020) builds on this, requiring a minimum 10% weighting for social value in bids.
- Procurement Policy Note 06/20Social Value Model (2020)
- The Procurement Act (2023) has introduced simpler and more flexible rules to lower barriers for VCSEs and SMEs, making it easier for them to compete fairly.

The partnership between the government and the sector has also been strengthened. The VCSE Crown Representative acts as the government's key intermediary with the VCSE sector, promoting fairer access to public procurement, championing social value, and identifying barriers that limit sector participation. By convening the VCSE Advisory Panel and working across departments, the Crown Representative helps strengthen collaboration and share good practices. While not formally part of the Civil Society Covenant, this role complements the Covenant's aim of fostering more consistent, transparent, and partnership-based engagement between government and civil society, supporting a more coherent approach to involving VCSE organisations in public service delivery.

There is growing recognition that VCSEs are not just service providers, but partners in shaping fair and effective public services. Efforts to remove barriers are also underway. For example, reserved, below-threshold contracts are opening opportunities specifically for smaller organisations. Greater transparency also means contracts are more visible through platforms like Contracts Finder (UK Government, 2025). Prompt payment requirements protect small providers from cash flow risks, while new guides, webinars, and training are being made available to help VCSEs navigate the bidding process more successfully.

National Government's Role

- **Ministerial lead & departments.** Civil society policy sits with DCMS (Minister for Sport, Media, Civil Society & Youth); procurement rules/guidance sit with the Cabinet Office. The VCSE Business Hub, established in Jan 2025, centralises guidance and routes into public contracts (UK Government, 2025b).
- **VCSE Crown Representative.** The Crown Rep (currently Claire Dove CBE) is the government's liaison to the sector, championing proportionate procurement and social value, convening an advisory panel, and sharing good practice across departments (UK Government, 2022).
- **Parliamentary engagement.** The APPG on Charities and Volunteering provides a cross-party forum on sector issues and remains active.

REGISTERED CHARITIES IN ENGLAND & WALES

DECEMBER 2025

185,092
CHARITIES

Total number of **registered charities** in England and Wales. When accounting for unregistered VCSE organisations, these could be 2-3x higher*

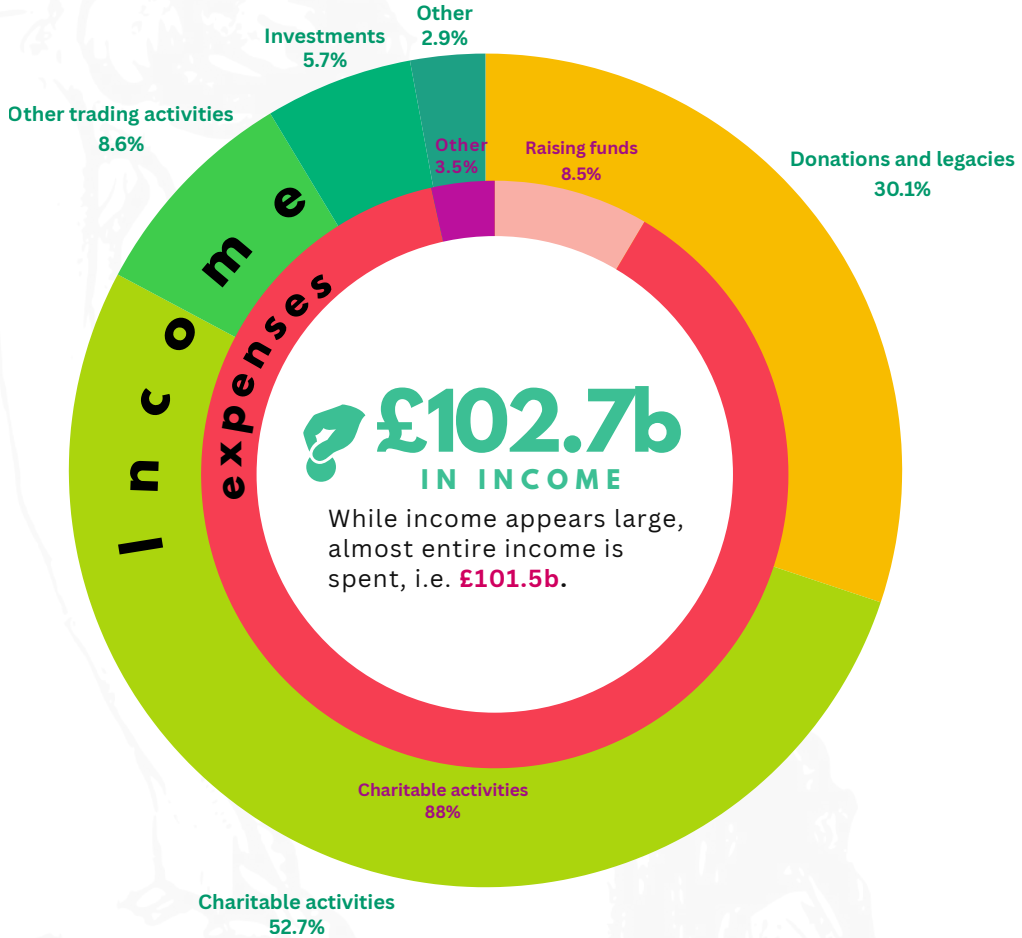
8.7 million
PEOPLE WORK IN CHARITY

12.6% of the UK population is involved with charitable organisations in various capacities

- **923k** Trustees
- **1.29m** Employees***
- **6.49m** Volunteers

Top 5
COUNTIES WITH MOST REGISTERED CHARITIES**

4,789 Kent
4,383 Surrey
4,320 Hampshire
4,316 Essex
3,783 Devon



Source: Infographic by CBE based on England and Wales data from Charity Commission (Dec 2025).
** Mohan et al. (2010)*
*** There has been a noticeable decline of registered charities, and significant drop in number of volunteers since the August 2025 interim report .*
****Employee figures for December was unavailable - August 2025 data is used instead.*
***** Registered charities constitute only a part of a larger VCSE ecosystem.*

ONGOING CHALLENGES

As of December 2025, there are 185,092 charities with a total income of **£104,487,024,581** v. **£104,647,475,366** of expenditure, signifying the stark reality of the sustainability of VCSEs (Charities Commission, 2025). Even with reforms intended to improve VCSE participation in public service delivery, the sector is still operating under a familiar set of pressures. We explore how these play out in Surrey in more detail later in the report under parts V and VI. Here, we briefly set out the broader challenges shaping the operating environment:

Financial pressures
Many organisations are running close to break-even, with minimal headroom to absorb shocks, invest in capacity, or build reserves. For a sizeable minority, especially among smaller organisations, costs are rising faster than income, leaving them operating at the margins.

Staff and volunteer pressures
Recruitment and retention remain difficult across many roles, compounded by burnout risk and thin management capacity. Volunteer availability can also be uneven, creating fragility in delivery models that depend heavily on people giving time.

Government policy changes and commissioning/procurement frictions
Shifts in policy direction and funding priorities can be rapid, while commissioning and procurement processes can still feel complex and risk-heavy for smaller providers. Where subcontracting models are used, the power imbalance can leave VCSE organisations carrying delivery risk without matching control over terms and timelines.

Brexit, Ukraine, and wider shocks
The sector continues to manage the long tail of recent and ongoing external shocks—impacting costs, staffing, demand, and funding certainty.

Shifting and more complex needs
Needs within communities don't stand still. Cost-of-living pressures, multiple disadvantages, and changing demographics mean demand is not only rising in some areas, but also becoming more complex—often requiring more intensive support, better coordination, and longer-term engagement.

These challenges provide the context for why improved partnership working matters, and why frameworks that reset relationships between civil society and the state are worth taking seriously.

AN OPPORTUNITY: THE CIVIL SOCIETY COVENANT

In July 2025, the Civil Society Covenant (CSC) was launched by the Secretary of State for Culture, Media and Sport, Lisa Nandy. This groundbreaking recent development aims to provide a new framework for collaboration, trust, and mutual accountability, ensuring that the lessons from procurement reform, i.e. Transparency, timely support, and respect for VCSE contributions, extend to all areas of policy and partnership. The Covenant itself, explored in further detail below, promotes genuine transformation for both individual organisations and the VCSE ecosystem more broadly (UK Government, 2025c).

The Civil Society Covenant reads less like another policy document and more like a potential reset—an opportunity to strengthen the relationship between government and civil society through clearer shared expectations around trust, collaboration, and mutual accountability.

In practical terms, the Covenant creates a platform for improving how partnership actually works: not just through "engagement", but through earlier involvement, more genuine co-design, and funding and commissioning practices that better reflect what it takes to deliver services sustainably. It also reinforces the idea that civil society is not simply a gap-filler, but part of the national fabric—and a source of innovation and local insight.

Done well, this is the kind of enabling framework that could help reduce friction, rebuild confidence, and support more effective, place-based collaboration—precisely the conditions needed if the VCSE sector is to meet rising need without constantly doing so at the edge of viability.

Civil Society Covenant (CSC)

The CSC recognises "Britain's civil society, including volunteers, charities, faith organisations, co-operatives, trade unions, philanthropists, social enterprises, social investors and purpose-driven businesses" as "part of the fabric of our nation", "part of our national identity" and "a force for innovation".

Incorporates civil society into mission-led governance: "Partner and collaborate across every department and every mission of government, working at both national and local levels across the UK to deliver the Plan for Change."

Makes civil society part of the new devolved, participatory and place-based policy paradigm: "Design, fund and deliver policies and services in genuine partnership; working with mayors, local authorities and other public bodies on place-based partnerships and developing collaborative commissioning and procurement arrangements."

In terms of intelligent "co-design": "The Covenant has been co-designed between government and civil society representatives. It is the product of wide engagement with over 1,200 organisations across civil society, and with local, central and devolved governments throughout an engagement exercise conducted in 2024."

Key Innovations of the Civil Society Covenant:

- **Civil Society Advisory Group, with the stated aim of long-term interaction between organisations and national/local government bodies as opposed to ad hoc relations.** [1]
- **A set of values and principles designed to govern future engagement and collaboration**
  - Respect for independence and legitimacy
  - Recognition of value, role and different perspectives
  - Understanding responsibilities and constraints
  - Early, regular and ongoing engagement
  - Creating the conditions for collaboration and innovation
  - Addressing barriers to delivery in partnership
  - Enable diversity, equity and inclusion
  - Engaging citizens and communities in decision-making and delivery
  - Removing barriers to active participation to build a healthy democracy and community resilience
  - Engage in open, honest and transparent communication
  - Make evidence and data publicly available
  - Improve data development
- **The establishment of the Joint Civil Society Covenant Council: a cross-sectoral board central to the delivery and review of the Covenant, setting its direction and providing strategic oversight for its implementation.**
- **Task and Finish Groups: focusing on specific policy issues impacting the relationship between civil society and government, including commissioning and local level partnerships.**
- **The development of a programme to build capacity and understanding across the sectors, including encouraging more cross-sector secondments.**
- **The establishment of an online hub for practical guidance and resources relating to the Civil Society Covenant.**

Civil Society Covenant Case Studies

The covenant also presents eight contemporary examples of good practice:

The Greater Manchester (GM) VCFSE Accord (2017)

Established by the Greater Manchester Combined Authority and the Greater Manchester Health and Social Care Partnership, with a group of GM-based civil society leaders to unlock the full potential of civil society to address inequalities in the city-region for the public's benefit, raising the profile of civil society organisations with local public sector leaders and spotlighting their value and expertise.

Calderdale Council's VCSE strategy (2024 to 2029)

Explicit recognition of VCSE's role in Calderdale, as a key partner in achieving the local vision to be an enterprising place, full of opportunity, where everyone can thrive in their community. Prior to the strategy, VCSE groups were facing reduced public sector funding, rising costs, growing demand for services, while combating staff and volunteer shortages and lower pay. Co-produced with VCSE actors, the Calderdale strategy acknowledges the significant impact on Calderdale residents and communities.

Evaluation Support Scotland (ESS)

A Scottish Government-funded charity supporting civil society organisations, trustees and funders, to measure and demonstrate their impact through evaluation. Using impact data and evidence to inform policy development, ESS remedies the skills and resources found in many third sector organisations and funders (including public bodies), undermining their ability to use data-based insights to inform decisions. ESS delivers open workshops, tailored support, free online self-directed learning modules, and a wealth of online resources.

UK Government grant programme enhancing CSO support of vulnerable EU citizens in the UK applying for the EU Settlement Scheme

Enables enhanced support for EU citizens facing language barriers, digital exclusion, mental health issues and homelessness, enabling CSOs to offer enhanced support for those applying for and securing UK settled status. Grants to CSOs enabled enhanced data collection, sharing and transparency, enabling improved data sharing between the government and grantees for immediate assessments.

The Department of Health and Social Care's comprehensive engagement strategy

Designed to inform the development of the 10 Year Health Plan, which translates the thousands of insights gathered into a clear plan of action, illustrating robustly that vital role of civil society in supporting three fundamental societal shifts: from hospital to community, from treatment to prevention, and from analogue to digital.

National Youth Strategy

The DCMS Secretary of State 2024 announcement to make youth voices a more central part of civil society saw the appointment of a new Youth Advisory Group (YAG) and bring lived experience across key areas including advocacy, violence prevention, social mobility and mental health, supported by an Expert Advisory Group drawn from a variety of sectors.

The Coalition to Tackle Knife Crime

Launched in 2024 by Prime Minister Keir Starmer, the Coalition is a partnership between individuals with lived experience of knife crime, civil society and campaign groups, dedicated to halving knife crime within a decade.

Barnsley Council's 2013 Stronger Communities programme

The Stronger Communities programme has shifted from a traditional service delivery to a community partnership model, now actively involving communities and civil society organisations in designing, delivering, and reviewing services through devolved decision-making.

The Implications of the Civil Society Covenant for VCSEs

The CSC presents numerous opportunities for enhanced recognition, partnerships, data-sharing, and the overall utilisation of VCSEs within civil society. From healthcare to young people. From crime prevention to supporting human rights and citizenship, the CSC needs to illustrate its ability to leverage communities' awareness of VCSEs, their role in procuring and distributing social benefits and services, their inherent place-based strengths, and its ability to promote progressive reforms. For example:

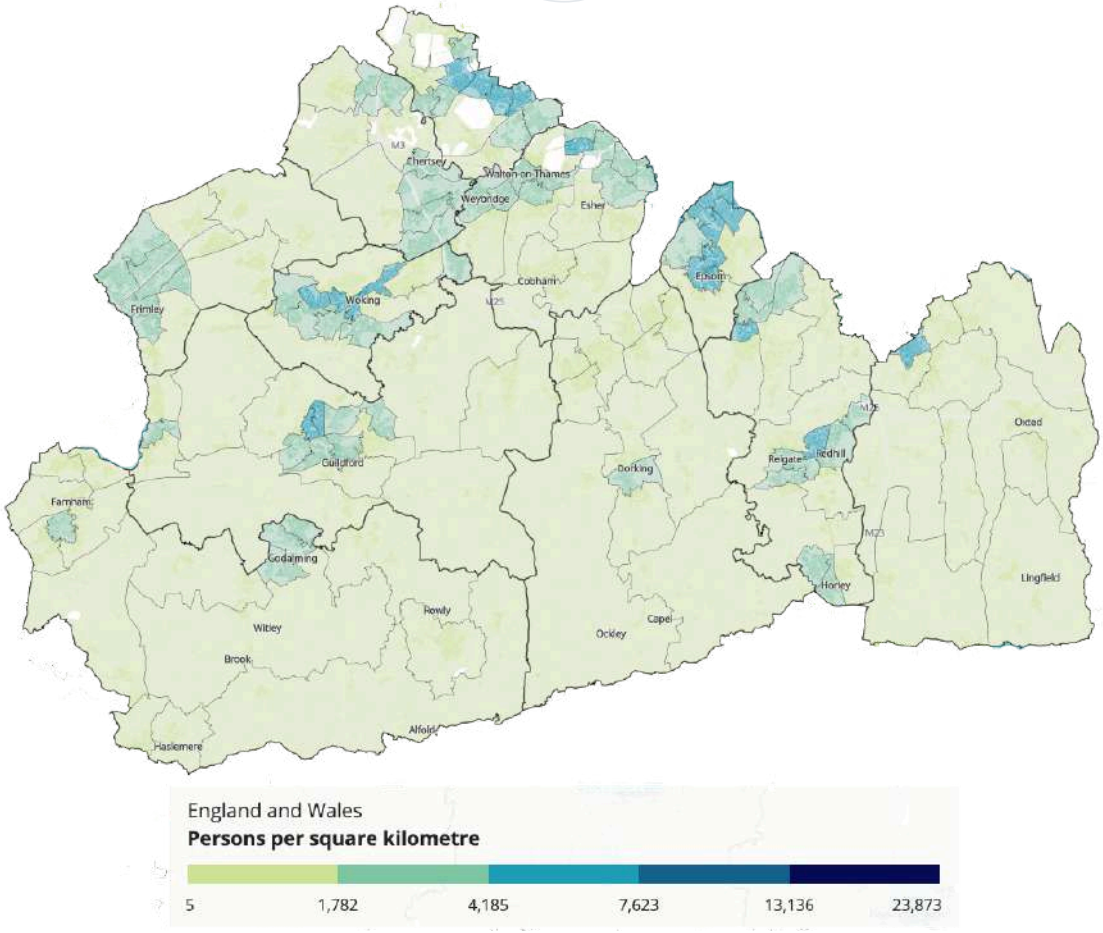
- **Commissioners**: need to ensure and apply proportionate requirements, fair risk allocation, lotting that enables consortia, and prompt payment; build market stewardship with infrastructure bodies.
- **Funders**: improved ability to support core costs, capacity, and digital/data capability; recognise the additional costs of inclusive, co-produced practice.
- **VCSEs**: strengthening their intra-sector and intra-entity collaboration (including consortia), outcomes data, and governance for digital/AI use; evidence reach into inequality/need.
- **Partners**: improved use of open data (e.g., deprivation, access) to target prevention and early help.

Equally, the Civil Society Covenant is only in the first phase of development and needs to demonstrate practical methods by which improvements can be made. Currently, VCSEs are carrying more complex demands while navigating tighter finances. Policy reforms, like those mentioned above, including the Business Hub and the CSC, are positive steps, but local commissioning practice, timely payments, and core-cost support will determine whether the sector can sustain its role in tackling inequality and delivering social value.

PART V

SURREY'S VCSE ECOSYSTEM

Figure 1: Population Density Map of Surrey



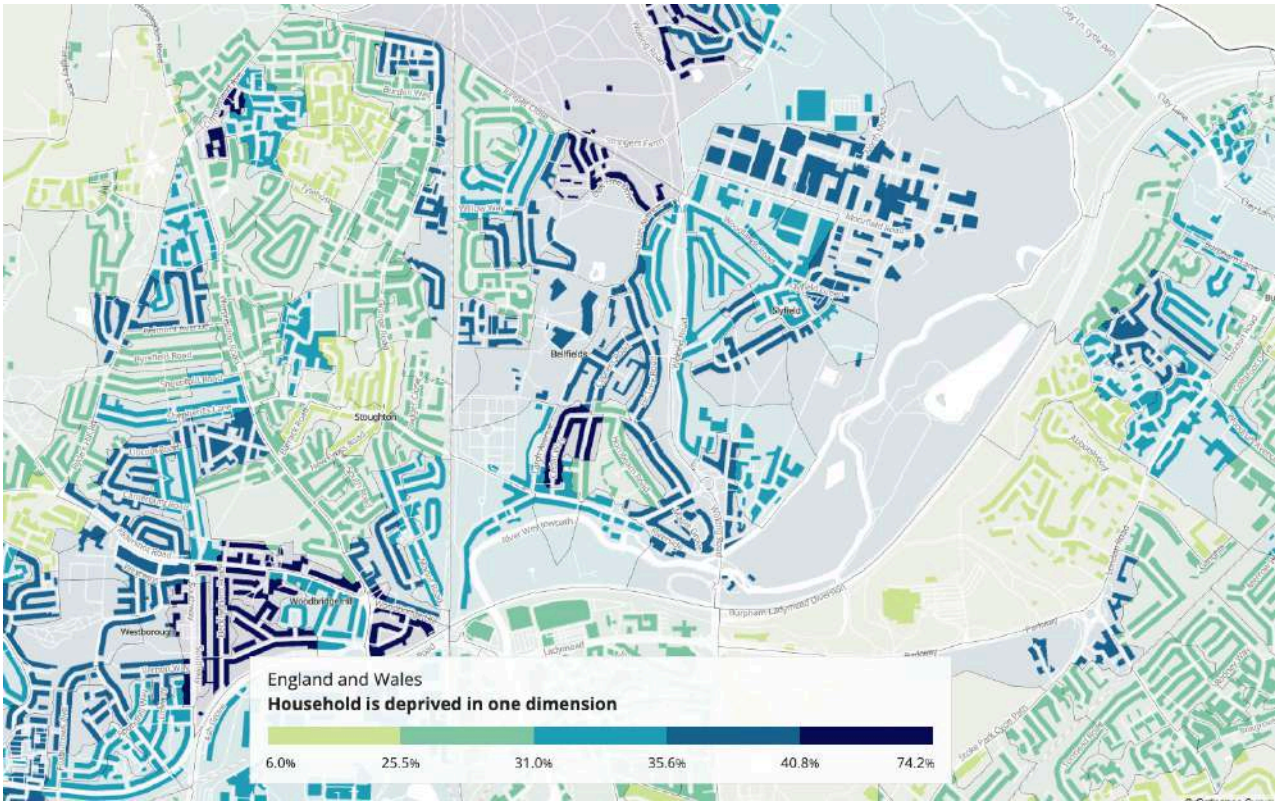
Source: ONS (2021)

SURREY DEMOGRAPHICS

Surrey's constantly expanding population is projected to grow to 1,261,963 by 2047, up from the 2024 estimate of 1,248,649 residents (Surrey County Council, 2022; 2024a). The county is simultaneously experiencing both growth and an ageing demographic, with an age profile expected to shift significantly. This includes a projected 36.6% increase in residents aged 65 and over over the next 10 years, from the current figure of 234,614 (Surrey County Council, 2025f). This growing proportion of older people is accompanied by a gradual decline in the working-age population (Surrey County Council, 2025f). As a result, Surrey as a county is likely to face increased pressure on its healthcare and social services, alongside rising challenges in maintaining a balanced workforce and sustaining economic productivity.

Tandridge and Guildford, both located in Surrey, rank in the top 10 local authorities with the greatest amount of Green Belt land, with Tandridge ranking 1st with 94% of its land Green Belt (Rank et al., 2023). In 2008, Surrey was named the most urbanised shire in England, with 85% of its population living in urban areas (Surrey County Council, 2008). Despite this, the Surrey Hills have consistently retained their character as an Area of Outstanding Natural Beauty (AONB), remaining safeguarded in the national interest (Surrey County Council, 2025e).

Figure 2: Houshold Deprivation Map of Bellfields & Slyfield Ward



Source: ONS (2021)

Surrey's rural villages are surrounded by scenic countryside and are well-connected byroad, rail, and two major airports. Commanding premium prices, house prices leave many residents on low or average incomes wholly unable to afford to live where they grew up or work (Surrey Community Action, 2024, p. 6). The average age of first-time homeowners in Surrey is now 33, likely due to house price-to-income ratios increasing by 35% over the last 10 years (Surrey Community Action, 2025, p.7). However, in 2024, residents in Surrey had higher average full-time employment incomes (£45,831) than both the South East (£40,339) and England (£37,617) (ONS, 2024). This suggests that the Surrey 'residents' referred to in these and other sources are, in many cases, people who have purchased a home in Surrey, and that their above-average earnings have enabled them to do so despite rising affordability pressures.

Although the proportion of children in low-income households in Surrey (9.8%) is lower than in the South East (15.4%) and England (23.8%), the total number in Surrey has increased by 1,243 from 2022/23 to 2023/24. (Surrey County Council, 2025a). The Index of Multiple Deprivation (IMD) score [2] indicates Surrey's varied demographics. North of the A3, the Bellfields and Slyfield Ward is ranked as one of the most deprived wards in Surrey (Surrey County Council, 2024b). Bellfields and Slyfield, however, are not outliers; many other similarly deprived communities across Surrey rely upon the existence of VCSEs.

SURREY'S VCSE SECTOR

Surrey has approximately 4,383 registered charities that include Charitable Incorporated Organisation (CIO), charitable company limited by guarantee, trust (Charity Commission, 2025). According to Surrey County Council (2025g), there are an additional 10,000 not-for-profit organisations of various sizes and capacities. Though in 2016, a survey found that 62% of the 375 VCSE organisations in Surrey that participated are not supported by or engaging with Surrey County Council. Suggesting that the sector extends beyond Surrey County Council for funding and assistance from district, borough, parish councils and other organisations. The organisations that are supported by Surrey County Council as both a funder and commissioner are deliverers of central-government funding, as well as its own council-funded grants. Such examples include:

- **Household Support Fund (HSF)** — central government funding routed via councils. SCC explicitly worked with "a range of specialist charities" to distribute HSF to residents. The Department of Work and Pensions allocated £9.3 million to Surrey County Council for 2025-2026, down 12% from the previous year (SCC, 2025h). The majority of the funding goes into free school meals (£4.1m), supporting food bank and community fridges (£1.7m), Citizens Advice (£900k), Surrey Crisis Fund (£750k), and poverty prevention (£548k) (SCC, 2025h).
- **Better Care Fund (BCF)** — pooled NHS/local government funding used in Surrey; council papers note the BCF "is also used to protect some health and voluntary sector services."
- **Accelerating Reform Fund** (adult social care) — DHSC national programme; SCC invites VCSE organisations to apply for Surrey's ARF grants.
- **Public Health small grants** — e.g., the Smokefree Generation scheme offering up to £7,000 to VCSE organisations (funded from the public-health grant to councils).

At the strategic end, Surrey County Council (SCC) co-designs services with the VCSE sector around prevention, early help and community resilience—especially in adult social care, public health, and children and families. In practice, and as illustrated below, this means awarding grants for local projects, commissioning specialist providers to deliver support, and using social value and co-production to shape contracts. SCC also partners with NHS bodies through joint programmes (e.g., pooled health and care funds) so VCSE organisations can deliver community-based services that statutory agencies can't reach as effectively on their own.

Alongside council-funded grants, Surrey often routes national programmes locally—for example, distributing central government hardship and public-health monies through trusted charities so help reaches residents quickly. Day-to-day, this relationship is essentially reciprocal: VCSE groups provide insight, advocacy, cross-sectoral networking and frontline delivery, whilst Surrey County Council offers funding, data, safeguarding frameworks and coordination across the county's boroughs and districts. The result is a mixed ecosystem where small neighbourhood groups, faith and community organisations, and large charities all play defined roles in prevention, crisis response and long-term support for Surrey residents. As explored throughout this report, it is precisely this mixed ecosystem which has both strengths and weaknesses.

SURREY VCSE SNAPSHOT

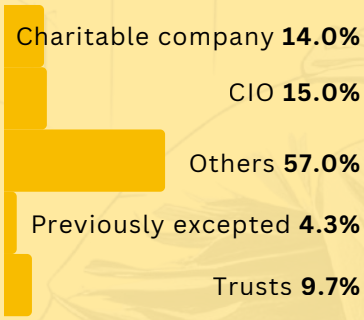
DECEMBER 2025

ESTIMATED VCSE IN SURREY*

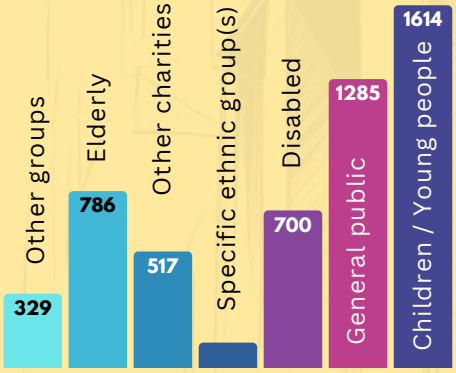
7,000-14,000

Of the 4,383 registered charities operating in Surrey, only **2,685** are locally-based

CHARITY TYPE



WHO DO THEY SERVE



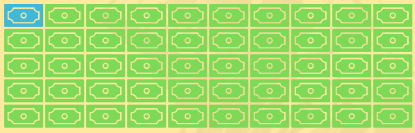
**many organisations serve more than one category

£25,951

The median income of charities in Surrey is **£25,951**. As many as 252 charities reported income of £0.

4.8%

large charities

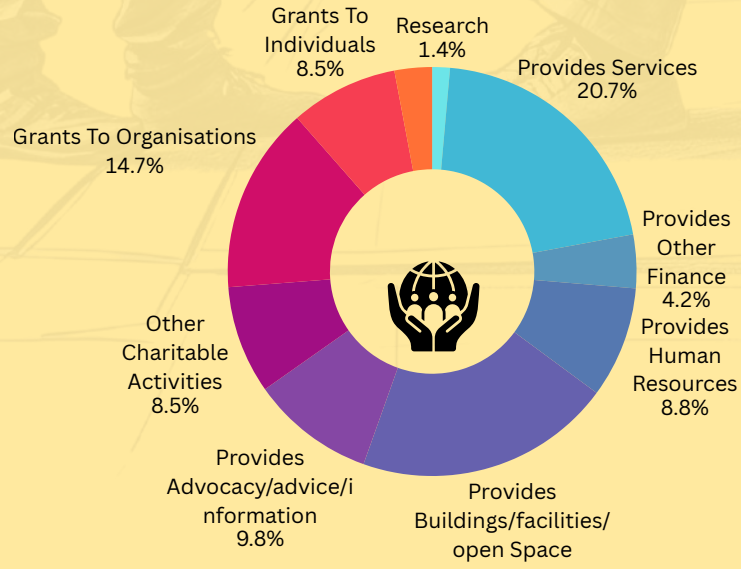


Only a small percentage receives an income of over **£1m**. These are typically institutes, churches and school trusts. The latter amount to a total of over £773m

1,105

charities are in **net deficit**, with the highest deficit of over **-£6.8m**

HOW DO THEY CONTRIBUTE



Source: Infographic by CBE based on data from Charity Commission – filtered for Surrey-based organisations (Dec 2025). n=2,685

** Estimate from registered charities and estimated unregistered non-profit organisations. Estimation metrics are on page 43.*

SURREY PROJECTS

2020

- **Your Fund Surrey** launched, introducing participatory capital funding for community-led infrastructure projects, signalling a shift toward localism and shared decision-making.
- **Surrey Digital Strategy** initiated, setting a long-term roadmap for digital inclusion, service transformation, partnership working and tackling inequality.
- **COVID-19 pandemic** intensifies VCSE demand, exposing reliance on short-term funding, fragile cashflow and essential community-based delivery models.

2021

- **Councillor Community Fund** introduced, enabling county councillors to directly support small-scale, grassroots VCSE initiatives responding to local priorities.
- **Place-based partnership** working strengthened, embedding collaboration with VCSEs across neighbourhood leadership, prevention and early-intervention agendas.

2022

- **Cost-of-living crisis** escalates, driving sustained increases in VCSE demand for poverty relief, food support, debt advice and essentials.
- **Independent grant** funding expands, with the Community Foundation for Surrey increasing awards but unable to meet rising county-wide demand.

2023

- Woking Borough Council issues **Section 114** notice, abruptly halting VCSE funding and destabilising voluntary sector provision within the borough.
- **Energy price shock** hits VCSE providers, threatening continuity of care for critical services, including children's hospices and specialist support.
- **VCSE strategic influence** strengthens, with sector representatives embedded across health, wellbeing and integrated care partnership boards.

2024

- Your **Fund Surrey exceeds £21 million** invested, supporting over 50 community assets including hubs, sports facilities and shared spaces.
- **National funding pressures** persist, leaving councils and VCSEs managing rising demand, reduced certainty and heightened financial risk.
- **English Devolution White Paper** announced in December by the UK government

2025

- Late **SCC funding change** impacts Crossroads Care Surrey, highlighting cash-flow fragility, transition risk and reliance on emergency mitigation.
- **Change of Scene governance failure** emerges, illustrating consequences of limited trustee capacity, property due-diligence gaps and organisational risk exposure.
- **Pride in Surrey scandal** prompts SCC withdrawal, raising governance, safeguarding, reputational and partnership trust challenges across the sector.
- **Surrey Youth Focus** announces closure, exposing vulnerability of VCSE infrastructure bodies and loss of youth-voice coordination capacity.
- In October, the Secretary of State, The Rt Hon Steve Reed OBE MP, announced Surrey will replace 12 councils with **two new unitary authorities** (East & West Surrey) by April 2027

In 2018, Surrey County Council launched **Community Vision for Surrey 2030**, a partnership effort to ensure no one is left behind, i.e. children have a great start, people live healthy, fulfilling lives, and everyone can reach their potential and contribute to supportive communities. It pairs these people-focused aims with a strong, green, well-connected economy and infrastructure, clean and safe places, sustainable growth, easier journeys, and homes for all, delivered collaboratively by the council, partners and residents. Within this framework was the explicit recognition that "the council cannot deliver the Vision alone" and required partners, including the voluntary, community and faith sector, working collaboratively to achieve core ambitions, including "no one is left behind" and "empowered and thriving communities".

This need for effective partnership was reiterated in **Surrey's 2019–2023 Organisation Strategy,** which highlighted the importance of joining up with civic and community groups and "innovating in new ways… [with] a place-based approach to leadership."

Subsequently, **Your Fund Surrey** was launched by Surrey County Council in 2020 under the Community Projects Fund as a participatory grant program. Your Fund Surrey apportioned a substantial capital budget for community-led projects. Unlike traditional small grants, Your Fund Surrey – Large Projects supports substantial proposals requiring over £10,000, including the building of community centres, sports facilities, collaborative workspaces, or other infrastructure directly benefiting communities. Local groups propose projects, often leveraging match funding, and bids are evaluated with community input. As of 2025, Your Fund Surrey has underwritten 54 projects with over £21 million in funding, demonstrating the Council's commitment to investing in community assets across the county. Examples include new playgrounds, a community farm, and upgrades to village halls as multi-use hubs. A parallel Councillor Community Fund (2021) encourages individual county councillors to award smaller grants to grassroots initiatives.

Within the Surrey VCSE ecosystem, Your Fund Surrey is notable for its significant infusion of capital into the community sector – enabling local charities and resident groups to bring to fruition projects that might otherwise be unattainable, as well as representing a policy shift towards participatory budgeting and localism, by giving residents a say in which community improvements to finance.

Surrey County Council's most recent plans, including its 2025 Digital Strategy, appear to align well with the goals of Surrey's VCSE sector in supporting the residents of Surrey by striving to tackle inequalities and enabling better health and social care.

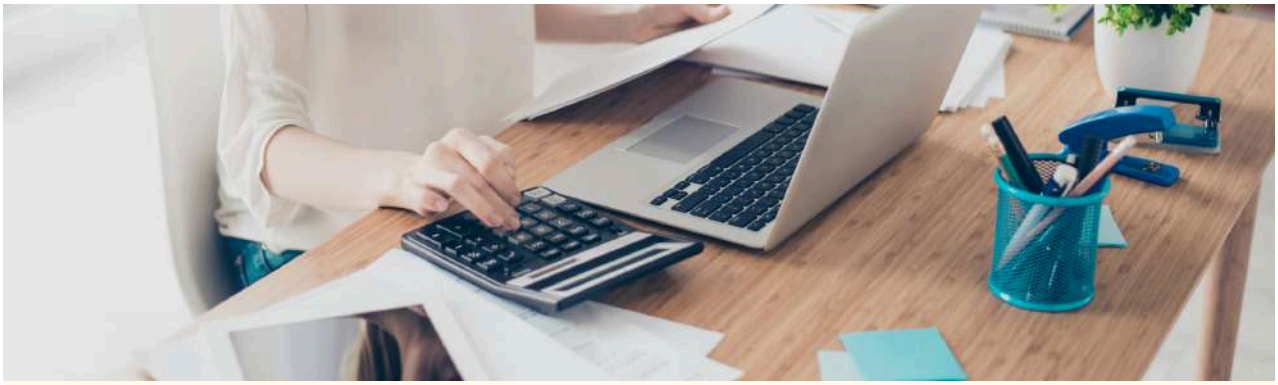
Surrey County Council's Digital Strategy 2025

According to Surrey County Council's digital strategy 2025 — a 5-year plan initiated in 2020 with a 2030 Community Vision for Surrey. The strategy (2025, p.3), which has a clear digital journey — with identified transitions and success measures — claims that the aim aligns with their Organisation Strategy 2025, which is rooted in:

- Being proactive in tackling the climate emergency and leading by example through a practical and proactive response.
- Supporting residents' independence and helping them to help themselves and each other within their communities.
- Making the most of digital technology to change how we work and innovate and improve our services to help Surrey and its residents thrive.
- Working with residents in every area of Surrey to identify and address causes of inequality, especially in life expectancy.
- Focusing on stronger partnerships with residents, businesses, partners and communities to collectively meet challenges and take opportunities.
- Accelerate plans with partners to integrate health and social care services, providing residents with more effective, efficient, and seamless care.
- Supporting the local economy to be strong and resilient, by investing in the infrastructure Surrey needs.
- Embracing diversity in Surrey to ensure the county is a place full of opportunity for everyone by recognising the benefits of a diverse population.

The research team found no formal, published VCSE position paper evaluating SCC's Digital Strategy 2025. SCC's documents emphasise "Living Digital", and a parallel Digital Inclusion Strategy ("no one left behind"), and the health system's VCSE Alliance/participation networks indicate ongoing partnership on inclusion. However, there is no consolidated VCSE assessment of alignment or impact.

However, the reality is more complex. Alongside programme design and oversight issues, Surrey's choices sit within a national funding environment shaped by a decade of austerity, including the reductions in central grant. Even with recent uplifts, councils' core funding remains lower than in 2010, with greater reliance on council tax and business rates and intensifying demand in care services. These constraints help explain why some decisions have been late or difficult—without negating the need for clearer objectives, proportionate risk-sharing, and timely engagement with VCSE partners. (IFS, 2024; NAO, 2025).



County Council Funding Inconsistency

In August 2025, a late change in county funding left Crossroads Care Surrey facing the prospect of supporting 274 unpaid carers without the expected council contribution. The charity moved quickly to maintain continuity of care through public donations and short-term reserves, allowing services to continue for existing clients until 30 November 2025 while longer-term arrangements were explored. The episode illustrates the cash-flow sensitivity and transition risks faced by frontline VCSE providers, and the wider system impact if contingency planning and communications are not aligned (BBC, 2025a).

The Woking Crisis

In mid-2023, Woking Borough Council, one of Surrey's larger borough councils, was issued a Section 114 notice (bankruptcy declaration) due to an extraordinary £1.8billion debt from past investments. This fiscal collapse had immediate fallout for the voluntary sector: Woking's approximate £1 million annual VCSE spending was halted completely. Grants and contracts to community groups in that borough were frozen or cut, creating uncertainty for organisations reliant on that funding.

While Woking's Section 114 is exceptional, several Surrey districts have reported significant financial pressures in recent years. In 2025, Surrey incurred the largest debt nationally in one financial year, and some borough and district councils have been flagged with serious budget risks—though not all are at immediate risk of issuing a Section 114 notice (BBC, 2025c).

From the national government perspective, ministers argue they have increased Core Spending Power in cash terms and introduced stabilisers (e.g., the Funding Guarantee) so every council sees an annual uplift while reforms bed in. Policy has also pushed procurement changes intended to open markets to VCSEs/SMEs—via the Social Value Model and the Procurement Act 2023 discussed earlier—and to improve prompt payment across supply chains (with tighter payment-term checks rolling out in 2025). Alongside devolution and levelling-up programmes, the government launched the VCSE Business Hub to centralise guidance and departmental action plans for charities and social enterprises. The official line is that these moves open access, reward social value, and improve cash-flow reliability, while giving places more tools (and accountability) to deliver local priorities (UK Government, 2024).

Overall, Surrey County Council's mix of grants, commissioned services and routed national programmes shows a commendable and indeed consistent intent to work with community providers, and initiatives like Your Fund Surrey signal a truly positive shift toward participatory, place-based investment. Yet recent shocks, most visibly Woking's Section 114, last-minute funding changes, as well as a steady decline in other areas of support, together underline the fragility of providers that operate on thin margins and rely on predictable cash flow.

If Surrey County Council's ambitions around prevention, early intervention and community resilience are to be realised, to say nothing of the more ambitious goals of 'no one left behind', its next phase requires genuine transformation. From a practical perspective, this means multi-year, prompt-payment funding models; proportionate, transparent commissioning (including lots/consortia); support for VCSE infrastructure and data capability; and systematic co-production with lived experience. From a collaborative perspective, this means returning to humble origins and conceding that SCC cannot deliver its own Vision independent of partners, and requires explicit embedded cooperation with VCSEs in achieving core ambitions to genuinely build "empowered and thriving communities."

Framed through the Civil Society Covenant, this is a practical agenda: align funding with outcomes, reduce friction for frontline organisations, and use shared data to target need. The recommendations that follow set out how to operationalise this in Surrey.

SURREY'S VCSE ORGANISATIONS: A WORKING SAMPLE

Surrey's VCSE sector is broad and deeply embedded in local systems, from neighbourhood groups and faith organisations to county-wide charities. The Surrey VCSE Alliance convenes that ecosystem as an equal partner with statutory bodies, acting as a single, structured channel between the sector and Surrey County Council, borough and district councils, the two Integrated Care Systems (Surrey Heartlands and Frimley), and the police. Through the Surrey VCSE Alliance forum, the sector has an established voice in strategy, co-production and commissioning, particularly around prevention, early help and community resilience.

Funding is a mixed economy. Alongside council and NHS commissioning (and periodic pass-through of national programmes), the VCSE Surrey sector relies on independent and philanthropic sources, most visibly the Community Foundation for Surrey, plus corporate partnerships and community giving. Since the Covid-19 pandemic and the subsequent cost-of-living squeeze, demand has shifted toward essentials (including poverty relief, health and well-being), creating pressure on core capacity and squeezing "nice-to-have" projects. Infrastructure bodies such as Surrey Community Action and local Community/Volunteer Service (CVS) networks help organisations navigate this environment—offering coordination, forums and practical support—so VCSE partners can keep services responsive while collaborating at a county scale.

Surrey Community Action

Surrey Community Action serves as the sector's invisible backbone, convening the **Surrey Charities Forum** — a popular, informal monthly networking meeting for charities and social enterprises with over 200 member organisations. The forum also hosts a bi-monthly cross-sector meeting co-chaired by Surrey Community Action and focusing on sharing understanding and fostering collaboration between VCSEs and councils/NHS. It also hosts and co-chairs the Surrey Charities Chief Executives Group and represents the VCSE in an advocacy and representation role across sectors independently and as part of the Surrey VCSE Alliance. It focuses on VCSE issues, rural communities, VCSE resilience and providing business support services to the sector.

They carry out a number of targeted projects to support vulnerable communities and residents, such as:

- Warmth Matters, providing in-depth energy advice at Warm Welcome sessions.
- Supporting 80 voluntary car schemes driving over 500,000 miles per year, taking elderly and vulnerable people without access to transport to appointments.
- Facilitating the creation of affordable rural housing for local people in perpetuity.
- Advising and supporting Surrey's village halls and community buildings.
- Providing support to Gypsy, Roma and Traveller (GRT) communities and stakeholders wishing to engage with them effectively.

Surrey Community Action turns fragmented need into joined-up help—making Surrey's VCSE, councils and NHS work like one system for people who'd otherwise fall through the gaps.

Community Foundation for Surrey

Alongside government funding, the role of independent and philanthropic funding has grown. The Community Foundation for Surrey has seen a significant uptick in both donations and grant-making over the decade. By 2023/24, the Foundation was awarding over £2 million a year in grants, yet demand still far outstripped supply (in that year it received eligible funding requests totalling over £7.25 million). Trends in grant themes reflected emerging social issues: nearly 40% of CFS grant funding in 2023 went to health and wellbeing projects, followed by poverty relief and community development – a clear shift as more groups seek funds to address the cost-of-living crisis and poverty, which had been rising on the agenda.

Indeed, since around 2020, Surrey charities have reported spikes in demand related to poverty (food banks, debt advice, fuel poverty support) even in this traditionally affluent county. This has put pressure on funding for other causes ("some valuable work gets squeezed out" because scarce funds are redirected to basic needs). In response, funders are trying to diversify sources, including corporate partnerships, social investment, crowd-funding campaigns, and broader funds (e.g. National Lottery Community Fund programs targeting ongoing COVID recovery and entrenched inequalities) have all been drawn upon by Surrey VCSE groups. A noteworthy development is that local businesses and residents have been encouraged to engage in philanthropy more systematically – the County Council and CFS, for example, have jointly promoted giving to the Surrey Community Fund and other local trusts, emphasising community solidarity. Some notable projects include:

Mental Health Scale-Up Fund (county-wide, multi-year): Raised ~£2.05m (with SCC match) to scale proven early-help support for children and young people, seen in the delivery of Surrey Care Trust "Nurture Through Nature" (allotments/boat-based activities), awarded £249,921 over 5 years. Impact focus: earlier access, prevention, resilience

Winter Poverty Campaign: Rapid-response pot (incl. SCC contribution) targeting crisis needs (energy, essentials). Case: Stripey Stork received £10,000 to add volunteer capacity at the baby bank—91 new volunteers and 8,499 individuals supported—illustrating fast, high-leverage local philanthropy (CFS, 2024).

Community/Volunteer Service

Surrey has a network of local Community/Volunteer Service (CVS) bodies that support voluntary groups, like Voluntary Action South West Surrey (VASWS) covering Guildford & Waverley, acting as a central hub for volunteers and groups, with similar local infrastructure organisations operating across Surrey's different boroughs, offering support, training, and connecting people with opportunities. These CVS organisations are vital for connecting volunteers, offering resources, training, and funding advice to the local voluntary and community sector, helping strengthen community resilience.

Surrey VCSE Alliance

The Surrey VCSE Alliance is a relatively new, NHS-encouraged collaboration of VCSE organisations, still developing its role and ways of working. It brings together the VCSE and public sectors in Surrey as equal partners to better support residents and communities. Rather than claiming to be the voice of the sector, the Alliance aims to work alongside and support Surrey's diverse VCSE organisations, helping to amplify existing voices and perspectives so that the experiences of local people and charities can more consistently inform decision-making. It provides a developing conduit through which statutory services can engage more effectively with the third sector, making collaboration easier, more coordinated, and more impactful.

The intention is to enable high levels of collaboration across the Alliance, potentially operating as a Community of Practice, by prioritising the needs of local residents over individual organisational interests to maximise collective influence. Key public partners are engaged in this emerging partnership, including Surrey County Council, all Borough and District Councils, Surrey's two Integrated Care Systems (Surrey Heartlands and Frimley Health partnerships), and Surrey Police.

Strategic and Integrated Policy-Making

On the policy side, there has been a concerted push to integrate the VCSE sector into strategic decision-making. At the county level, Surrey's move to a "no one left behind" agenda and its community partnership approach (discussed above) elevated the status of voluntary sector partners.

VCSE representatives are now routinely included on partnership boards. For instance, the Surrey Health and Wellbeing Board (which sets health strategy) includes leaders from charities and faith groups alongside NHS and council officials. When Surrey Heartlands became one of the first wave Integrated Care Systems (ICS) in the NHS (2018–19), it formalised voluntary sector involvement: a VCSE Leadership Group was established, and projects like the 2019 workforce report were commissioned to better integrate community services into health pathways.

By 2023, the creation of the VCSE Alliance (discussed earlier) capped off this trend by giving the sector a unified voice in high-level forums. Local borough councils, too, have maintained engagement through forums and Compacts. Many districts (e.g. Elmbridge, Woking, Reigate & Banstead) have Voluntary Sector Liaison Groups or annual conferences where councillors, officers and charity representatives discuss local needs and plans. In short, the policy climate has shifted from viewing VCSE groups as mere service providers to valuing them as partners in providing genuine, community-based solutions. This is evident in areas like public health (where, for example, faith groups were enlisted to help with COVID vaccine outreach and health messaging in minority communities), and community safety (police consulting charities working with youth, etc.).

While the VCSE sector is a core partner in Surrey's public services, the picture is not without risk. Rapid demand shifts, funding volatility and governance pressures can expose weaknesses in safeguarding, financial control, and leadership—especially for small organisations carrying complex workloads. Recent incidents show how a single failure can reverberate through partnerships and damage public confidence in a given project or the sector's overall efficacy. The following case studies illustrate where things have gone wrong, what that meant for residents and commissioners, and how partners adapted.

VCSEs On the Backfoot

Change of Scene (Farnham)

In January 2025, the charity disclosed it had spent ~£20k progressing a new site only to learn the land was legally subject to game shooting rights, jeopardising avital relocation and pushing the organisation to the brink. Sector press and follow-ups frame it as a governance/oversight lesson on property checks, contracts and trustee risk appetite (Telegraph, 2025). Equally, however, such due diligence failures within the VCSE sector illustrate the material consequences of poor quality in-house capacity for standard research, information gathering and engagement with appropriate local stakeholders. Change of Scene's last-minute reprieve may have resuscitated the charity, but at the expense of a lack of trust in trustee capability and professionalism. Commissioners should not have to assume that small providers are only ever one poor decision away from financial collapse. The emphasis instead should be on enhanced knowledge provision for trustees and more robust contingency measures into service pathways.

Shooting Star Children's Hospice (Surrey/SW London)

As energy costs skyrocketed in 2023 as a result of the knock-on effect, the Shooting Star Children's Hospice warned that energy bills would more than double, from approximately £90k to £230k, highlighting the material connection between volatile utility costs and the continuity of paediatric palliative care. The issue surfaced again in Parliamentary debates on children's hospice funding, highlighting the system-level fragility in which essential VCSE providers can face sudden affordability gaps that commissioning alone does not cushion (The Standard, 2023).

Children's hospices serving Surrey (e.g., Shooting Star) also highlight similar cost shocks and short-term funding as structural risks. Energy bills more than doubling in2023 put bed capacity at risk. While the crisis had the benefit of bringing the precarious, patchwork nature of children's-hospice funding to the national level via Parliamentary debates, lessons drawn by local partners are now to regard some VCSEs as critical infrastructure. This means more effectively planned multi-year support, smooth cash flow, and a reduced reliance on emergency fundraising to keep core capacities operating.

Pride in Surrey

In 2025, the founder of Pride in Surrey, a community organisation established to unite and advocate for LGBTQ+ people across Surrey, pleaded guilty to the rape of a child and was sentenced to prison (BBC, 2025b). The revelation sent shockwaves through the community, tarnishing the reputation of the organisation and straining relationships between Pride in Surrey, the local LGBTQ+ community, and its allies. Since its inaugural event in 2019, Pride in Surrey has enjoyed strong backing from Surrey County Council (SCC), with council teams, local services, and Surrey Fire and Rescue participating annually. However, in 2025, SCC announced it would withdraw official support, instructing staff not to take part in the event. The council cited concerns that Pride in Surrey no longer represented the wider LGBTQ+ community in the county [3], and raised questions about the organisation's governance and credibility (Dale, 2025; Original statement appears removed from SCC Website).

While SCC's decision was seen by some as a shock, others noted that confidence in the organisation had already been damaged by the founder's crimes. Yet, SCC has also reiterated its continued recognition of the need for LGBTQ+ visibility and inclusion, as highlighted in a Surrey Youth Voice blog earlier in the year (Surrey County Council, 2025g). This situation reflects a broader national trend: over the past five years, businesses and public bodies across the UK have struggled with how to position themselves in relation to LGBTQ+ causes. Concerns about reputational risk and political backlash have prompted many to adopt a lower-profile stance or withdraw from pride-related partnerships entirely (Young, 2025). While intended as a safeguard, such disengagement can fuel uncertainty, weaken public understanding of LGBTQ+ issues, and risk reinforcing prejudice.

Surrey Youth Focus' Closure

Surrey Youth Focus (SYF) is a county-wide infrastructure charity that connects youth charities, public bodies and systems partners in Surrey (e.g., Surrey Heartlands, SCC, schools), convening networks and youth-voice projects like In Our Own Words. In late 2025, trustees announced the charity would close due to an unsustainable future funding position (reported publicly and noted in Parliament via an Early Day Motion).

SYF functioned as a network hub for the children & young people (CYP) VCSE, brokering collaboration and insight across councils, NHS and charities. These are capacities that are hard to replace quickly. Its closure spotlights the fragility of infrastructure charities: funding often short-term, with benefits that are systemic and hard to attribute directly to outcomes, making them vulnerable in budget squeezes. Projects mid-flight such as youth-research and practice networks, risk knowledge loss and momentum drop unless actively re-homed.

Funding volatility has been the most prominent issue within VCSEs in Surrey, and organisations such as SYF have been immensely impacted by uncertainty, which has been exacerbated by Surrey's devolution exercise and public-sector financial pressures.

As a result, youth-voice pipelines (consultations, co-design forums) may thin without a specialist convener. And the question remains — who holds and continues SYF's learning assets and relationships?

Overall, reputational harm can spill over to the wider sector if responses aren't swift, transparent and proportionate; conversely, steady, evidence-based action protects both residents and the many VCSEs doing good work. Meanwhile, small and mid-sized organisations can be one shock away from disruption, such as a leadership failure, a bad property decision, or a cost spike. Treating some VCSEs as critical infrastructure is warranted.

RESPONSE OF THE SURREY CHARITY SECTOR TO THE WAR IN UKRAINE

The previous pages have detailed both impressive and regrettable examples of VCSE operations in terms of civil society, local government and service provision. Given the impact that the illegal invasion of Ukraine by Russia in February 2022 had upon Ukraine, governments, energy prices, and the overall cost of living, as well as the profoundly supportive response by VCSEs and individuals in Surrey, the report details the critical role that VCSEs can play in both urgent and longer-term civilian support. The charity sector in Surrey responded swiftly and collaboratively to provide both humanitarian aid abroad and vital support to Ukrainian nationals arriving in the UK. The response was characterised by a strong partnership between grassroots initiatives, established voluntary organisations, and local government bodies.

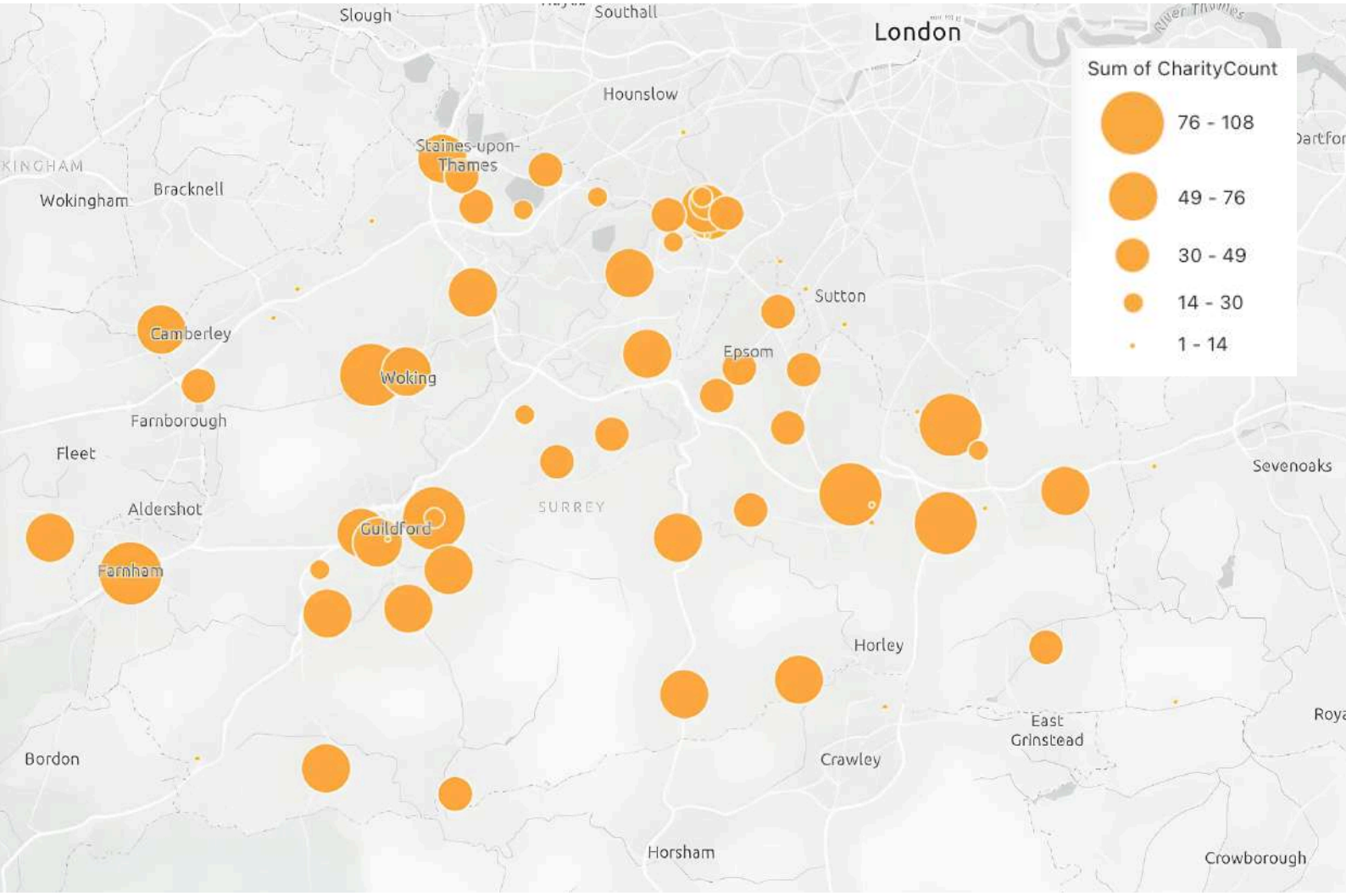
- A key initiative, **Surrey Stands with Ukraine**, based at the Ashley Centre in Epsom, played a central role in delivering humanitarian assistance directly to Ukraine. The organisation collected, funded, and distributed over £4 million worth of aid, prioritising supplies based on up-to-date needs on the ground.
- Locally, significant focus was placed on refugee integration. **Central Surrey Voluntary Action (CSVA)** launched its Refugee Support and Integration Project, offering one-to-one tailored guidance to help Ukrainian individuals access healthcare, education, volunteering, and employment opportunities.
- **Surrey County Council,** alongside its district and borough partners, provided further structural support. This included a free bus ticket scheme, guidance for host families, and comprehensive signposting to local and national support services through dedicated online platforms.
- Additional assistance was offered by organisations such as **Citizens Advice**, **Voluntary Support North Surrey**, **Barnardo's Ukrainian Support Helpline**, and the **British Red Cross National Support Line**. These services collectively addressed critical needs, including housing, financial support, legal advice, mental health, and translation.
- In Guildford and Woking, local hubs such as **GUkraine** and the **Ukraine Hub at The Lighthouse** established extensive community networks. These initiatives provided legal and careers advice, trauma counselling, social activities, English lessons, and cultural programming, including children's classes and Ukrainian Saturday School.
- Similarly, the **Westway Centre** in Caterham supported Ukrainians with emergency assistance, transport coordination, and donation collections. In Epsom, the **Epsom and Ewell Refugee Network** facilitated cultural events such as Ukrainian music concerts and food festivals, while the **STEP Ukraine** programme delivered intensive language and employment training in collaboration with World Jewish Relief and the British Council.

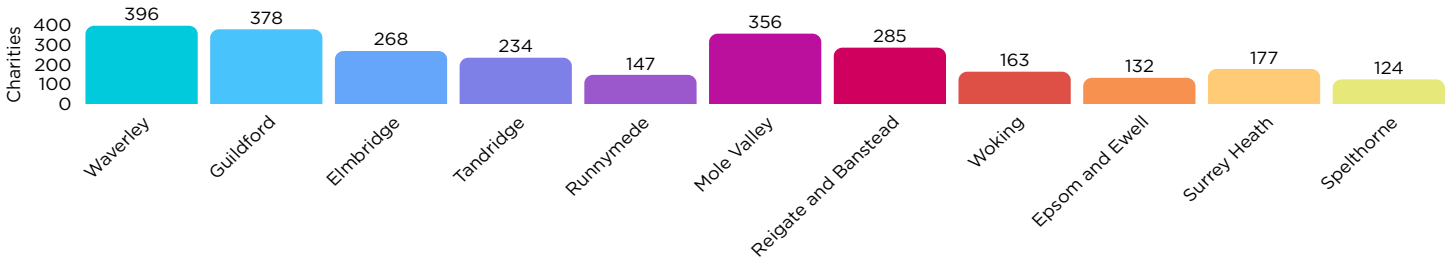
Taken together, these coordinated efforts demonstrate Surrey's charity sector's responsiveness and adaptability to a new layer of service demand in local communities. The region's community-led approach ensured that both immediate humanitarian needs and longer-term integration challenges were met with compassion, practical support, and sustained collaboration.

PART VI

MAPPING THE VCSE SECTOR IN SURREY

Figure 3: Location and Number of Surrey-based Charities





Source: Geomapped by CBE with data from Charity Commission (2025), ONS (2021). n=2,685
**These borough/district figures are indicative. Because outward postcode districts (e.g., GU/KT/RH/TW) can cross borough boundaries and some records lack complete postcode/address fields, a small proportion of organisations may be assigned to a neighbouring authority.*

NUMBERS AND TYPE OF ORGANISATIONS

Quantifying the exact number and type of VCSE organisations in Surrey is a challenge, largely due to the lack of data for small and often unregistered not-for-profit organisations; the latter are not legally required to register with the Charity Commission if they have an annual income of below £5,000.

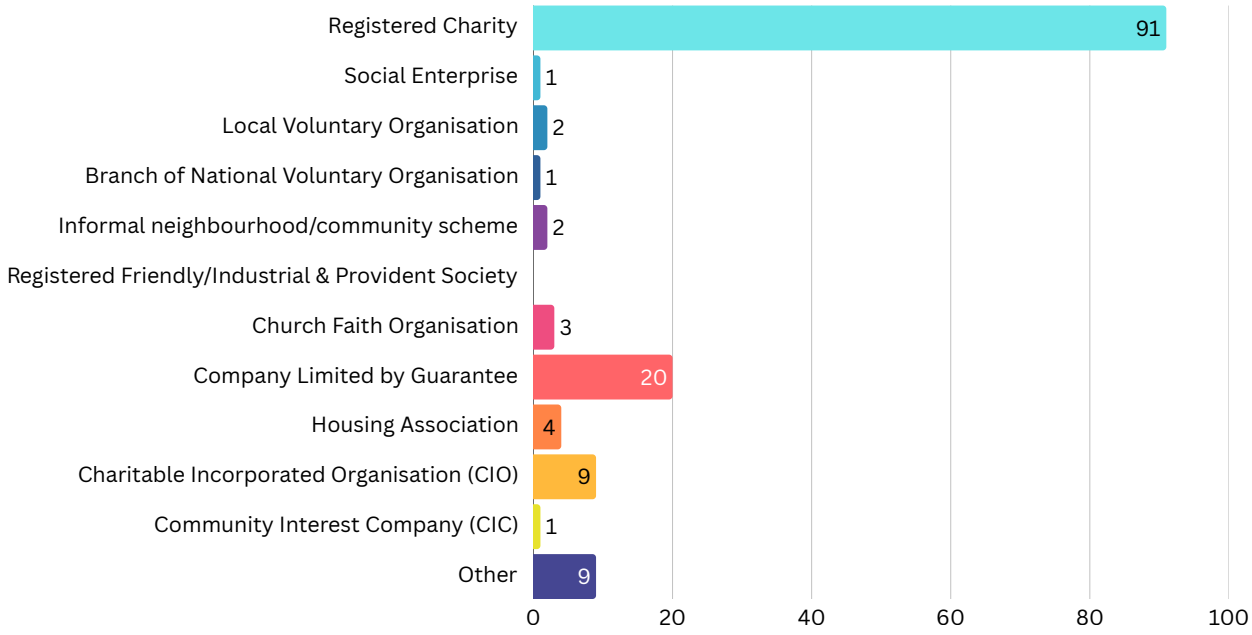
Where smaller organisations that might technically qualify as a registered VCSE organisation, others might fall short of this definition due to the ephemeral nature of the social goals that they focus on. This in turn highlights the range of differences as to what qualifies as a public benefit under UK law, as opposed to the definition of the Charity Commission, or indeed operating with a level of income lower than the eligibility requirements set by the Charity Commission. Therefore, there is a sizeable number of 'below the radar' VCSE organisations that are currently unregistered, yet whose individual and cumulative services contribute to strengthening society beneficially. With these caveats in mind, based on the analysis of the data collected, Surrey currently has a high count of registered charities.

HOW MANY VCSE ORGANISATIONS ARE OUT THERE?

We estimate a total of between **7,000** and **14,000** VCSEs in Surrey based on several metrics:

- As established by the Charity Commission (2025) database, there are about 4,383 registered VCSEs that operate in Surrey, with locations outside of Surrey, while 2,685 are Surrey-based charities [4].
- The estimated unregistered VCSEs or "below-the-radar" organisations are extrapolated using the multiplier of 3.66 per 1,000 local population (Mohan et al., 2010), i.e. 1.248 million Surrey population x 3.66 = 4,567 on the lower end. On the higher end, NAVCA (n.d.) suggests a 2.56 multiplier per registered charity, multiplied by 4,383, which equals 11,220.
- As of 14 September 2025, there are 208 CICs registered in Surrey (Companies House, 2025)

Chart 1: Type of organisations (2025)



Source: CBE, n=113 (certain organisations cover more than one category)

The profile is dominated by Registered Charities (80.5%), with a sizeable secondary cluster of Companies Limited by Guarantee (17.6%) and a smaller but notable group of Charitable Incorporated Organisations (7.9%). A long tail includes faith-based bodies (2.6%), local voluntary or informal community schemes (1.7% each), housing associations (3.5%) and very few CICs/social enterprises (0.8% each). Some respondents chose "Other" (7.9%), reminding us that unincorporated or hybrid arrangements remain part of Surrey's VCSE mix. Responses are multi-select for some organisations that span various forms.

Compared with earlier surveys, the continued rise in registered charity status points to a preference for structures that maximise grant eligibility, public trust, Gift Aid, and charitable reliefs, while giving commissioners confidence around governance and safeguarding. The modest use of CIOs suggests gradual adoption of a form that offers limited liability without a separate company, though legacy company limited by guarantee plus charity models remain common. The tiny share for CICs/social enterprise implies many Surrey organisations still rely primarily on grants, donations, and contracts rather than profit-reinvestment models.

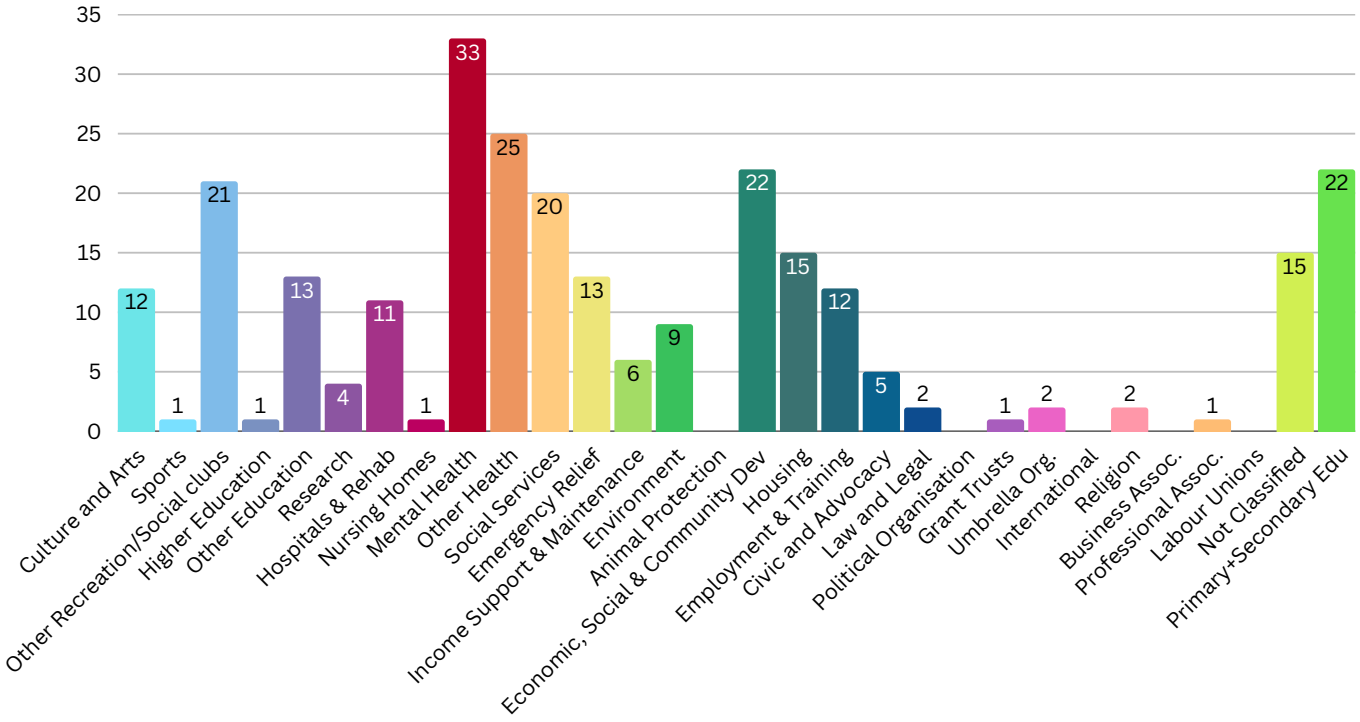
Respondents' patterns indicate organisations weigh governance, liability, fundraising access, and administrative burden against mission needs. In a tougher funding climate, forms that open doors to charitable grants and tax advantages are attractive; equally, some community groups prioritise speed and flexibility over incorporation, hence the persistence of "Other" and informal schemes.

"I think we were one of the first in this area to get CIO status, but it's now really increasingly common amongst village halls to have CIO status. It gives the trustees certain protections."
David Airey, The Winn Memorial Parish Hall [5]

"The general structure of charities like village halls these days is being encouraged… that they're run as charities by committees"
Dr Ian Robert Funnell, Fetcham Village Hall [6]

SOCIAL AND CHARITABLE PURPOSES

Chart 2: Charitable Purposes (2025)



Source: CBE. n=104 (organisations have more than one charitable purpose)

The Charity Commission, in alignment with the Charities Act, sets out 13 descriptions of public benefit; an organisation must meet one or more to register as a charity. According to survey responses and interviews, organisations are not limited to a single purpose. Many are primarily registered for one heading but branch across multiple purposes, acting as an interface between social goals and charitable endeavour. In Surrey, that activity spans essential services—health, education, housing, culture, sport, and the environment. As Mark Nuti of Surrey County Council observes, **"The volunteer sector is no longer the volunteer sector. It's now the third sector. It's the third arm of our community service system."** Drawing on survey responses, social services, health and mental health are particularly prominent.

The ethos of VCSEs in Surrey is clearly people-focused care and support. The most cited purposes are mental health (33 organisations), general (other) health (25) and social services (20), with strong adjacent activity in primary/secondary education (22), economic, social & community development (22), housing (15), and employment and training (12). Together, these paint a picture of charities acting across the prevention of those who are not in education, employment or training (NEET) through early help, crisis response, and recovery pathway.

A second tier of provision includes income support and maintenance (6), emergency relief (13), and other education (13), which are consistent with cost-of-living pressures. Smaller but present fields are environment (9), while specialist areas such as research (~4), Law and legal advice (2), and civic and advocacy (5) are lightly represented. A noticeable "Not classified" (15) bar suggests some groups identify with local, cross-cutting missions that do not map neatly to the Charity Commission categorical grouping. Such a profile implies ongoing reliance on VCSEs to buttress statutory health and social care, especially around mental health and broader wellbeing.

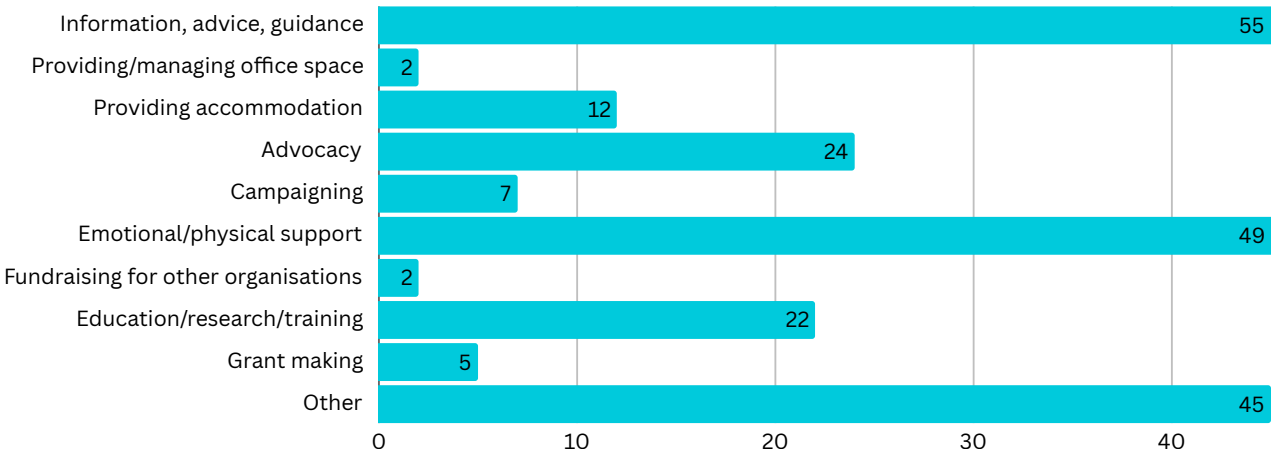
ACTIVITIES UNDERTAKEN

Organisations' responses show that they deliver on the goals of their registered charitable purposes, for both planned and unplanned activities. Chart 3 shows the range of activities undertaken by Surrey VCSEs

It is important to note that many organisations self-identify on the basis of their ability to manage external factors, for example, how badly they or the organisation they are closely working with have been impacted by a crisis, or how stretched and understaffed their partners are, or what their funding status is. This is clear from the following responses of the organisations:

> **"As well as being a last resort, we are also having to assist people that run out of universal credit before the month ends because it is reflective of the cost of living crisis or have to prioritise other costs over food."**
> *Katy Harris, Dorking Area Foodbank* [7]

Chart 3: Type of Service (2025)



Source: CBE. n=105 (organisations have more than one charitable purpose)

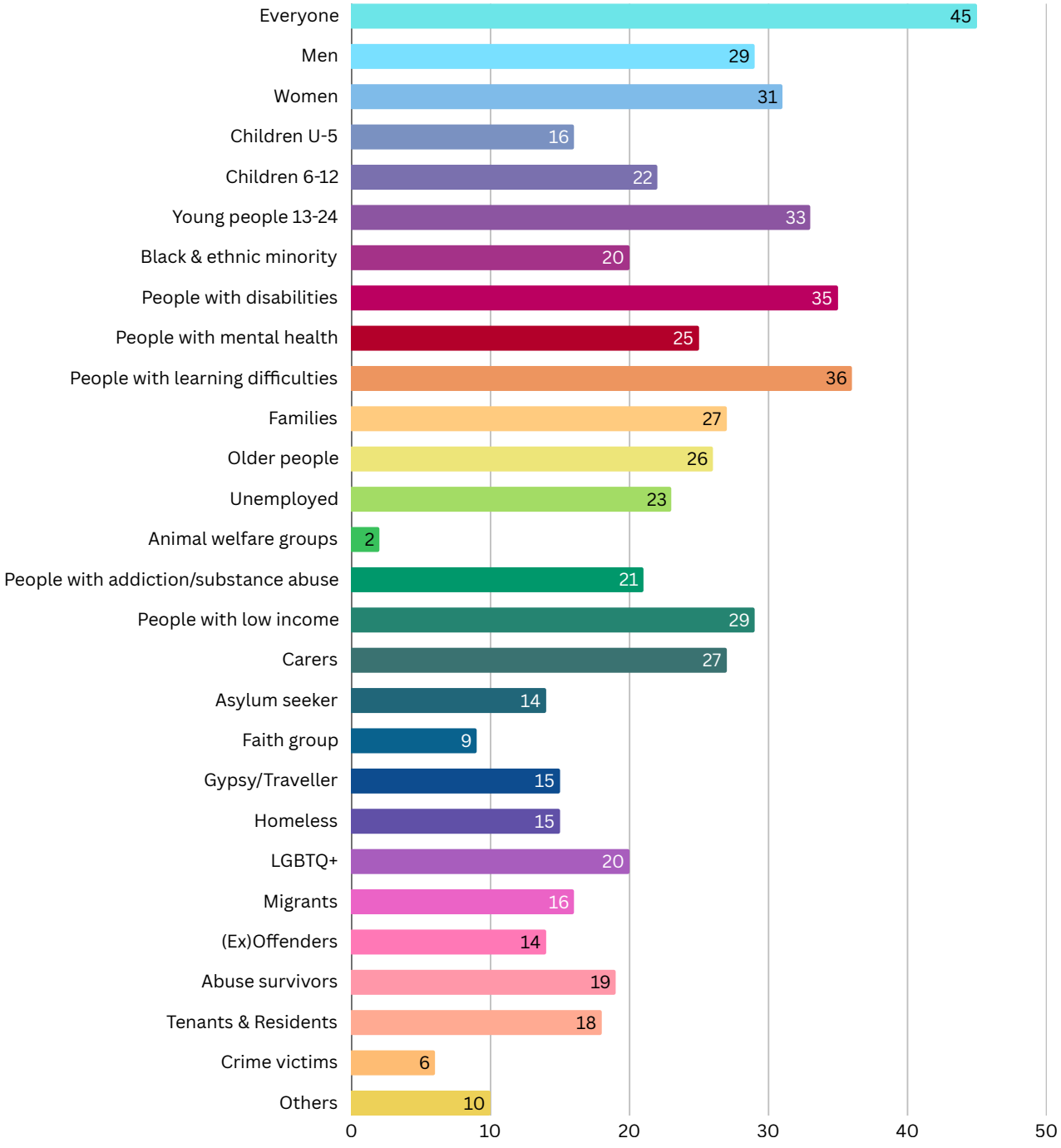
“Obviously we need to respond to external factors as they arise, and so while we've had strategic plans, they've always been in response to what's happening in the world out there, so obviously COVID was one, the cost of living crisis has been really significant... so for us, it's definitely about developing a strategy but also be mindful of the partners around us and what they're facing.”
Nicola Dawes, Stripey Stork [8]

“COVID was obviously a big issue... having to stop services for quite a number of months and then restart them. We were fortunate that many of our volunteers wanted to come back and restart.”
Rodney Bates, Farnham Assist [9]

The pattern matches what many organisations say about operating in a volatile environment. Increase in demand is driven by external shocks: cost-of-living pressures, stretched statutory services, and COVID aftershocks. VCSE providers emphasise responsiveness over rigid plans. Typical VCSE accounts describe stepping in as the final institutional help when benefits run out, pausing and restarting services during the pandemic, and adapting strategy to mitigate partners’ constraints. In practice, that means casework-heavy support, triage and referral, and persistent advocacy to unlock statutory support, including funding, often leaving little time for long-term strategic planning.

BENEFICIARIES

Chart 4: Beneficiaries (2025)



Source: CBE, n=107 (organisations serve more than one client group)

Chart 4 shows a sector that is broad by design. Survey data shows that 113 organisations were able to tick multiple options, as most VCSEs report serving several population groups rather than a single, rigid cohort. This reflects how services are organised locally: they are needs-led and open-door where possible. Fittingly, the most common selection is “Everyone,” indicating a universal intent that sits alongside targeted missions.

Within that universal stance, clear concentrations emerge. Organisations frequently cite work with people with learning difficulties and people with disabilities, followed by young people (13–24) and women. These areas align with long-standing pressures in Surrey around inclusion, access to support, transitions to adulthood, and gendered risks. A second band of activity spans low-income households, carers, older people, and residents with mental health or addiction/substance-use needs: groups where vulnerabilities often coexist and compound. The data also capture meaningful, if smaller, coverage of asylum seekers and migrants, LGBTQ+ communities, (ex)-offenders, homeless residents, Gypsy/Traveller communities, and abuse survivors; these cases typically require higher-intensity, trauma-informed support. Early-help pipelines are visible too, with provision for children (Under 5 and 6–12) and families, which dovetails with the larger youth and disability categories.

Some emerging patterns to consider include:

- **Universal + specialist mix:** Although "Everyone" is the top category, specialist cohorts (learning difficulties, disability, young people, women) anchor much delivery. This signals a two-door model: universal front doors with targeted expertise behind them.
- **Intersecting need:** Mid-band groups such as low income, carers, older people, mental health, and addiction frequently overlap. Casework is rarely single-issue, so navigation and multi-agency planning matter as much as single services.
- **High-intensity cohorts:** Smaller bars (e.g., asylum seekers, migrants, LGBTQ+, (ex)-offenders, homeless, GRT, abuse survivors) often entail higher complexity per case (safeguarding, language/immigration, trauma). Lower organisation counts do not equal low need.

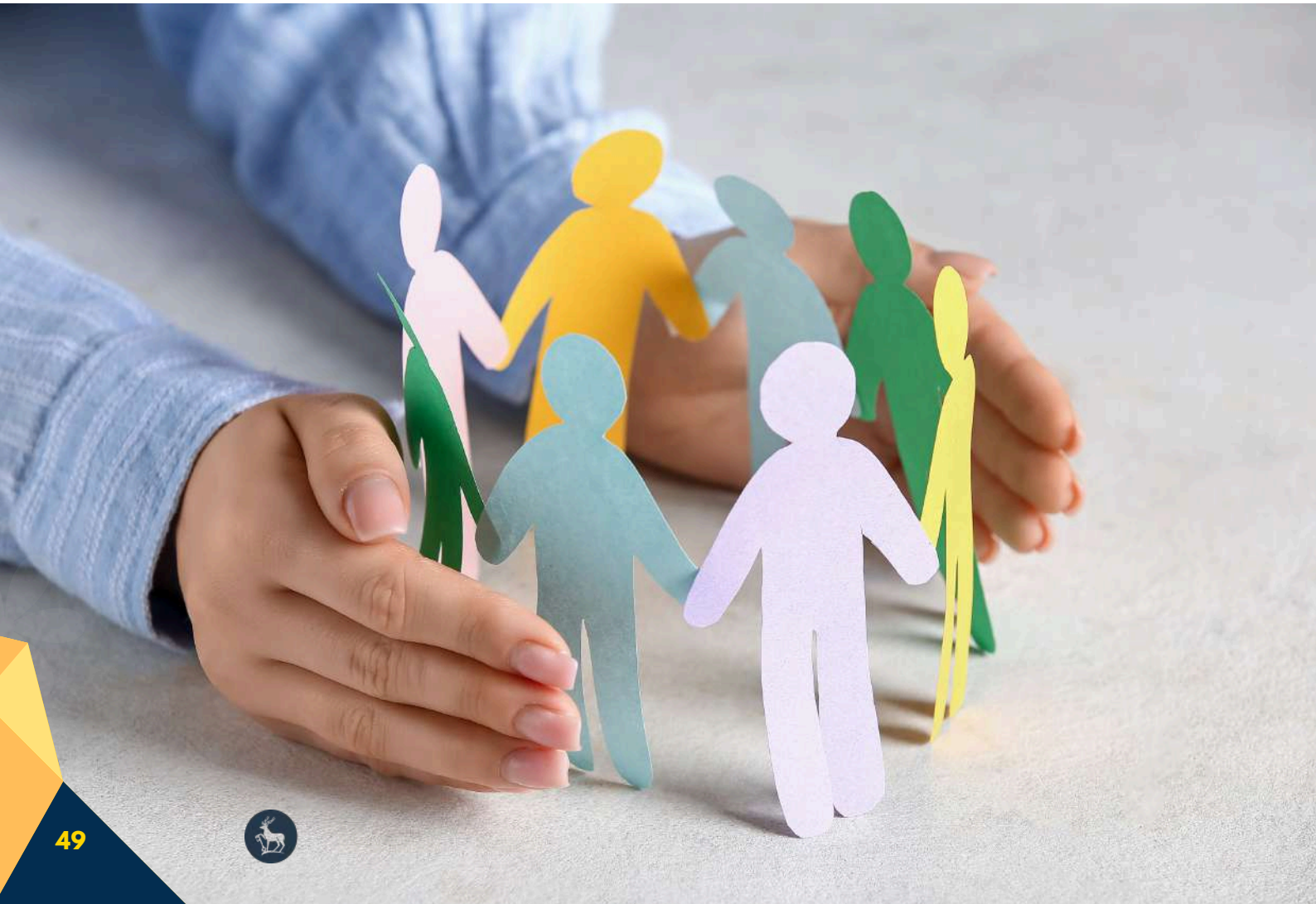
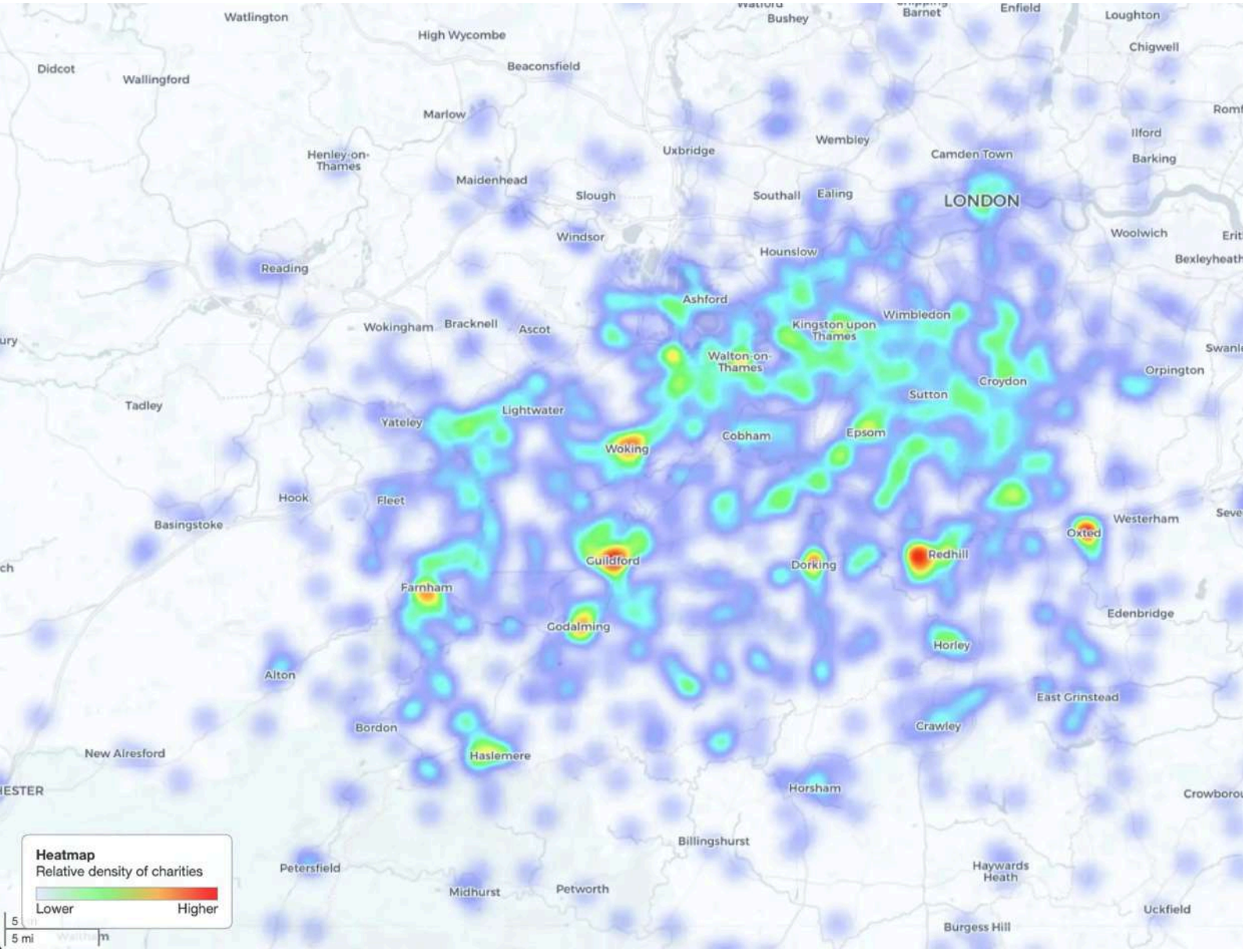


Figure 4: Heatmap of Charities Operating in Surrey



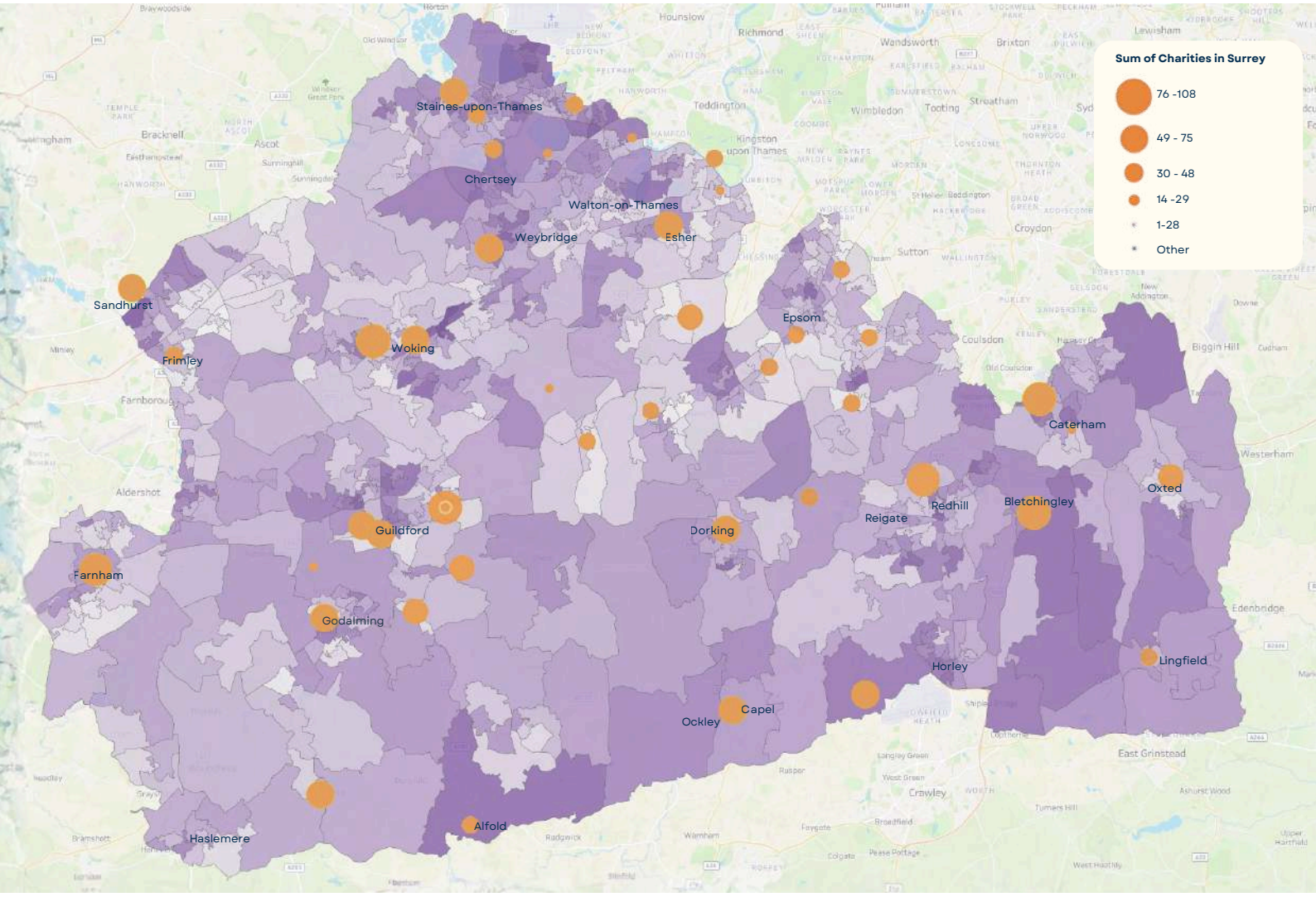
Source: Geospatially mapped by CBE based on data from Charity Commission (2025), n = 4,290
**93 charities were excluded due to the lack of location data*
***While these organisations operate in Surrey, a large number are based outside of Surrey. This heatmap provides an indication rather than an accurate depiction of charities operating in Surrey due to (i) complex nature of operations of bigger national organisations, that may be based elsewhere and serve Surrey, and vice versa (ii) dynamic environment of VCSEs, i.e. they may change area of operation at any given time, (iii) under the radar organisations that may be remotely run.*

The map in Figure 4 represents a wholly original use of data, clearly illustrating the geographic location and distribution of VCSEs across the county of Surrey. It highlights the density of charities geographically relative to the local population: clusters are around the main towns, i.e. Guildford, Woking, Redhill/Reigate, Dorking, Farnham, Haslemere, Oxted, with thinner coverage across rural belts (North Downs, Weald, borders with Hants/West Sussex). Organisations typically follow population, transport nodes, and estate affordability. The brighter band along the north-east reflects spill over with Greater London, i.e. daytime population flows, and cross-border delivery means some "Surrey need" is met by groups based just over the boundary.

Patches of low intensity do not imply low need; they often reflect distance to services, poor public transport, digital exclusion, and lack of affordable premises. Figure 5 (next page) further outlines this – while Surrey is predominantly an affluent county, there are still many areas afflicted by significant forms and levels of deprivation. Based on already reduced provisions, consecutive crises and disruptive global and political events have combined to increase levels of poverty, unemployment and homelessness. This, in turn, has led VCSEs based in the more developed areas of the county to work closely with organisations based in more challenging communities, expanding their services to those areas based on the demand for their services, and the location and circumstances of their beneficiaries.

Surrey's VCSE footprint is strongest where people and transport converge, and the map shows a need to bridge the last mile, i.e. supporting outreach and shared infrastructure so residents in rural and deprived pockets can access the same mix of universal and specialist help.

Figure 5: Location and Number of Surrey-based Charities in relation to Deprived Areas (2025)



Total Overall Needs score

(Lighter shade = lower overall deprivation, darker shade = higher overall deprivation)

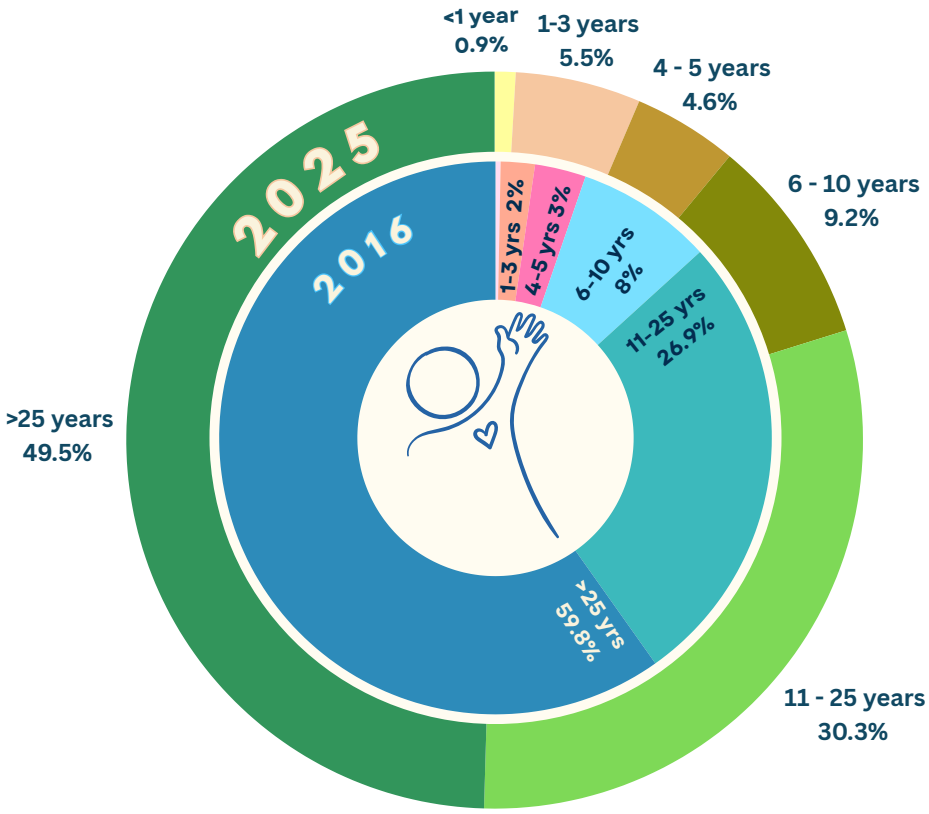
0 — 100

Source: Geomapped by CBE with data from Charity Commission (2025), Community Foundation for Surrey (CFS) (2025), n=2,685 (postcode specific)

** The 2025 Community Foundation for Surrey Overall Needs map shows the overlapping deprivation: poverty, barriers to transport, access to arts and education, digital exclusion, gaps in employment and skills, environment risks, housing instability and homelessness, physical health and wellbeing, and mental health challenges. The overall needs score is aggregated by CFS at Lower Super Output Area (LSOA) Level.*

AGE OF THE ORGANISATIONS

Chart 5: Organisation Age (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=109

Chart 5 shows a mature but slowly renewing sector. In 2025, almost half (49.5%) of responding organisations are over 25 years old, split roughly into 25–50 years (30%) and 50+ years (~20%). A further 30.3% fall in the 11–25 years bracket. Only around 19% are under 11 years old (1–3: 5.5%, 4–5: 4.6%, 6–10: 9.2%), indicating modest new entry.

Since 2016, the share of older organisations has fallen (from about 59.8% over 25 years in 2016 to 49.5% in 2025), while the 1–10 year cohort has grown (roughly from 13% to 19%). The 11–25 year band is broadly stable (26.9% to 30.3%). The profile suggests renewal at the margins rather than a wholesale reshaping of the sector.

Among the older half of the sector, deep institutional memory, long-standing community trust, and established governance and structure are among the strengths of these organisations. Additionally, they often anchor partnerships and estates. As some chief executives state:

"Community Foundation is forever because it's based on an endowment model [...] The funds are invested and then the return on the investment is used for grant."
Rebecca Bowden, Community Foundation for Surrey [10]

"Our operating model is as a business with purpose, in a way that we didn't used to be, because we have to be resilient to financial shocks of that nature. So, if we're going to survive long term as a charitable sector, we have to figure out how to be resilient against external policy shocks."
Sarah Jane Chimbwandira, Surrey Wildlife Trust [11]

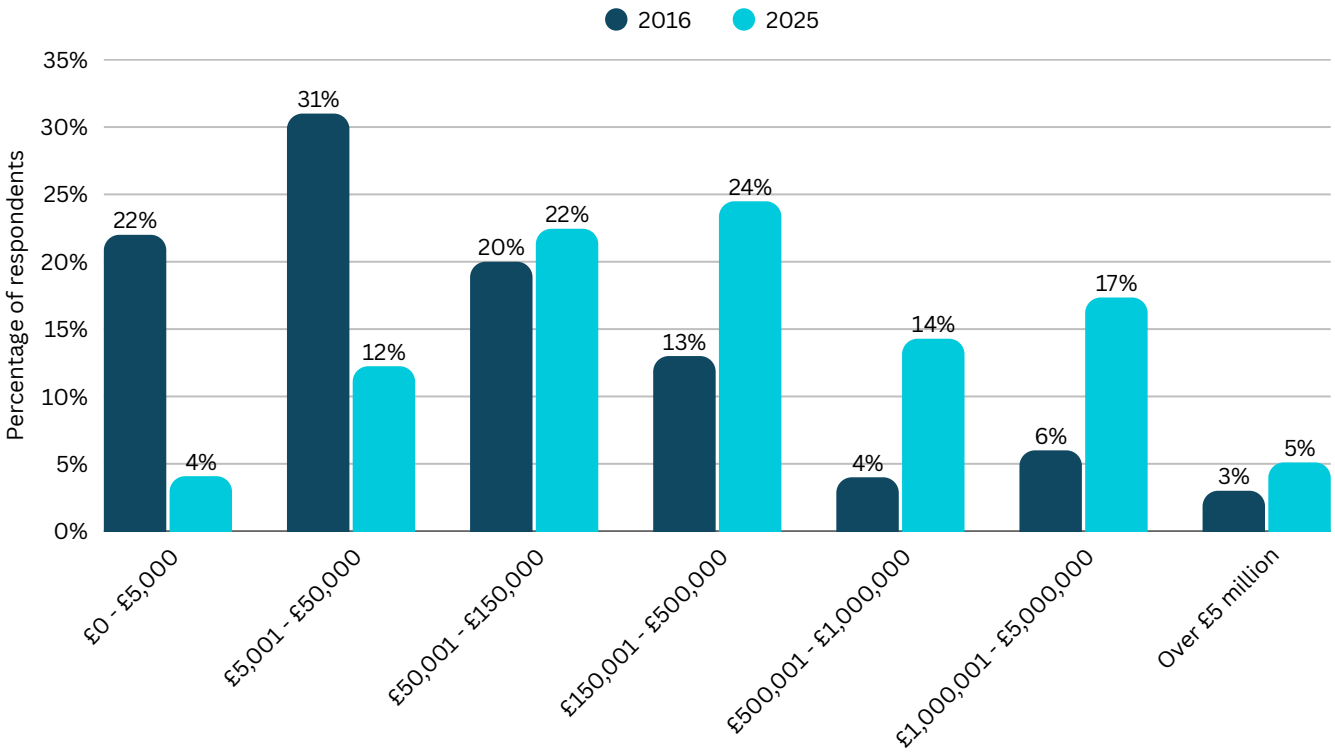
INCOME AND SOURCES

Chart 6 illustrates the distribution of Surrey's VCSE organisations by income bracket and highlights the sector's underlying financial vulnerabilities. While nearly half of respondents are clustered in the mid-range income bands (£50,001–£150,000 and £150,001–£500,000, accounting for 22% and 24% of respondents, respectively), these organisations often operate with limited reserves and constrained capacity to absorb funding shocks.

At the lower end of the scale, 16.3% of organisations report annual incomes below £50,000, indicating heightened vulnerability to financial instability and service disruption. Larger organisations are comparatively few, with 17% reporting incomes between £1 million and £5 million and only 5% exceeding £5 million. Overall, the median organisational income falls within the £50,001–£150,000 range, highlighting that much of Surrey's VCSE sector operates with modest financial margins.

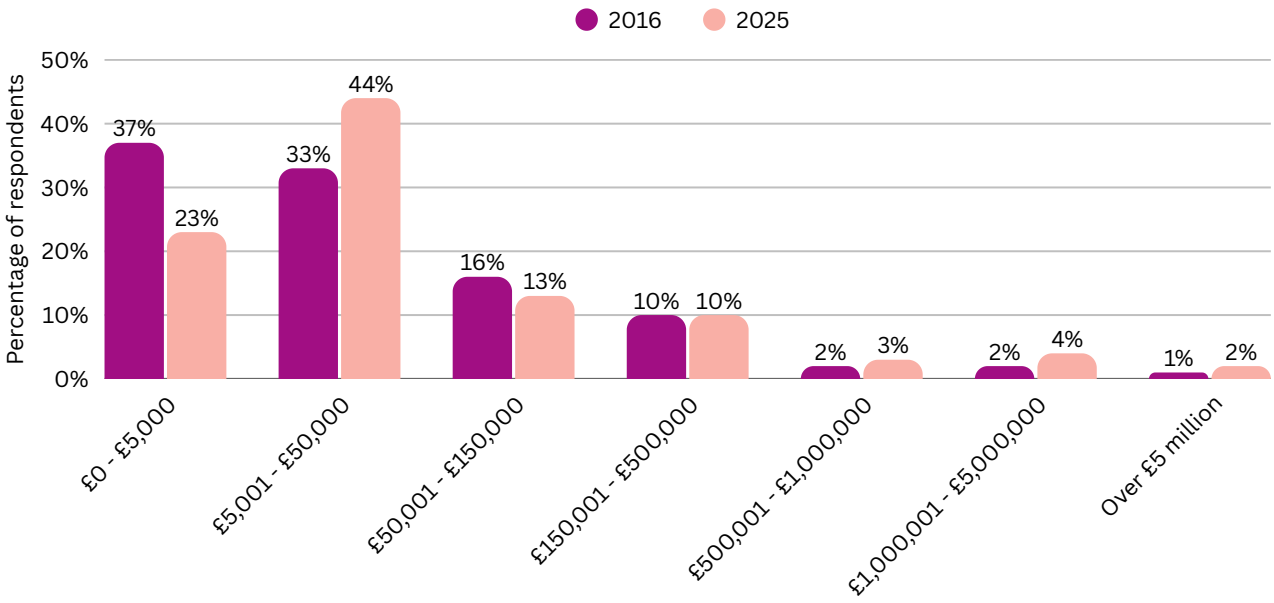
Comparing the data with the 2016 State of the Sector Report, it emerges that there has been an overall increase in the incomes of VCSE organisations in Surrey, and a shift towards a more even distribution across income brackets. However, it should be noted that, while the reported survey sample across both waves of the State of the Sector evaluation uniquely enables a deep dive into the structural opportunities and vulnerabilities facing Surrey's VCSE ecosystem, it is not a representative sample. Cross-validating the conclusions with Charities Commission data for Surrey, comparing the 2016 and 2025 incomes of organisations reporting Surrey as their principal area of operation, points to more modest income increases, concentrated in the lower income brackets.

Chart 6: VCSE Organisations Income bracket (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=98

Chart 7: VCSE 2016 v. 2025 Real Income (Adjusted for inflation) across England and Wales



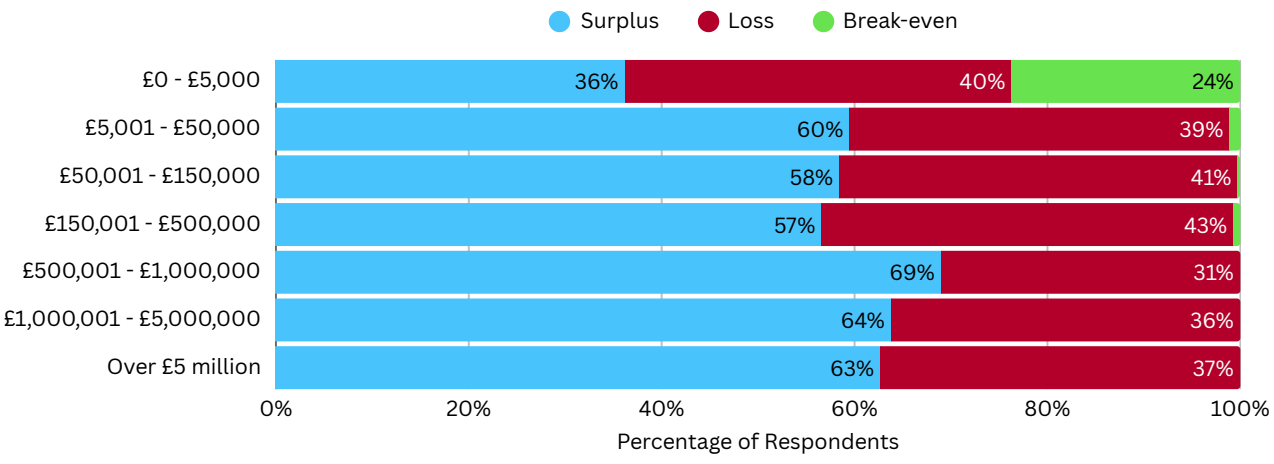
Source: Charities Commission (2016 n=10734, 2025 n=35514)

Specifically, the key shift observed between 2016 and 2025 is a smaller concentration of organisations in the lowest income band (£0–£5k) and a higher concentration of charities in the second lowest, £5k–£50k band. As such, movement is primarily observed within the lowest income categories, where the vast majority of organisations, more than two-thirds, are concentrated. Marginal growth is also observed in the high-income categories (£500k–£1m, £1m- £5m, over £5m); however, the proportion of Surrey charities within these bands remains below 10%.

As such, while the sector is experiencing growth in both real and nominal terms, organisations remain concentrated in highly vulnerable income categories.

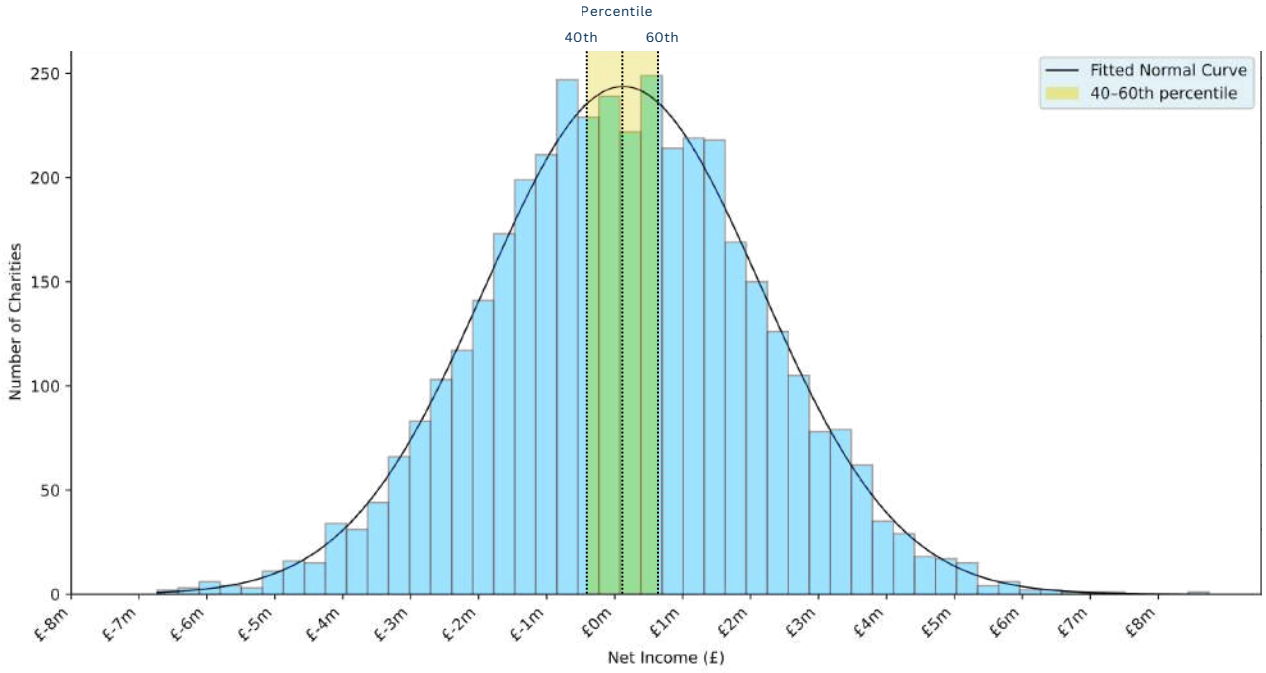
At the same time, the stable and only marginally rising incomes are matched by considerable expenditure demands. The 2025 Charity Commission data points to considerable financial struggles for the lowest-income charities in Surrey. Specifically, in the £0-£5,000 range, only 36% of charities report income that exceeds expenditure, while across income bands below £500k, four in ten charities report a similar negative balance.

Chart 8: Surrey VCSE Income Status (2025)



Source: Charities Commission, n=2685

Chart 9: Surrey VCSE Net Income Distribution (2025)



Source: Charities Commission data (2025), Surrey n=2,685

The distribution is centred almost on £0, with a tight 40–60th percentile band around break-even. In plain terms, about half of charities finish the year with no meaningful surplus (i.e., they break even or are only a little above/below zero). The bell shape with long, thin tails shows that large surpluses or large deficits do happen, but they are uncommon, as most organisations operate very close to the line.

This aligns with the underlying figures earlier, where roughly 4 in 10 Surrey-based charities reported a net deficit in their last year, with the rest in small surplus—confirming that the median sits near zero and that headroom is minimal. The implication here is that the sector is structurally running at break-even, leaving little capacity to absorb shocks, invest, or build reserves without multi-year, full-cost-recovery funding.

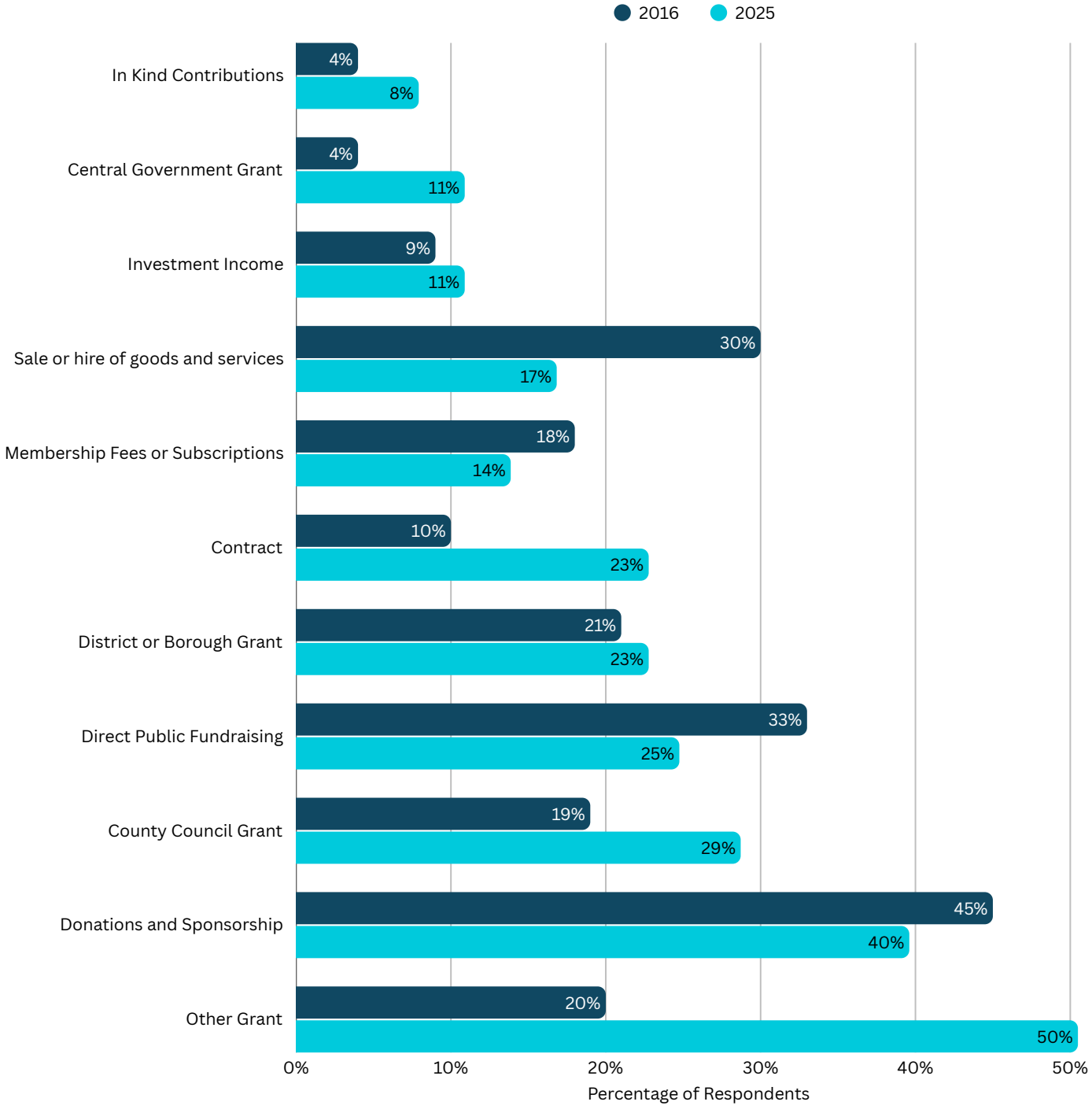
Ultimately, sizeable minorities at every income level—especially in the lowest bands—are spending more than they raise, operating on the margins as fixed and rising costs outpace uncertain, slower-growing income. This makes the sector highly shock-prone, particularly for micro and lower-mid-tier organisations where a single lost grant or delayed payment can flip the position from break-even to deficit. As interviewees put it:

"The biggest issue for us is financial. Costs will go up, inflationary costs, salaries, office rentals, utilities, the cost of food we buy for our events, whereas the income that we have is static." [9]

"Household Support Fund administration moved from district/borough to Surrey County Council—delays mean promised subsidies (e.g., hot lunches) are hard to deploy in-year."
Claire Robertson, Age Concern Banstead [12]

Chart 10 shows the main sources of income reported by organisations. Half of the organisations in our sample state that they do not rely on grants from central or local government, while 29% report grants from Surrey County Council and 23% from District/Borough Councils as their primary income sources. Donations and sponsorships are listed as key income sources for two in five organisations (40%), and public fundraising for around one in four (25%). However, reliance on both of these income sources is lower than it was a decade ago, in 2016.

Chart 10: Income Sources into VCSE Organisations (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=101

By contrast, only 23% of respondents reported contracts as a major source of income. While this is comparatively higher than in 2016 (10%), it aligns with the national picture, where both demand and supply-side barriers have been identified in the ability of VCSE organisations to secure contracts, including the capacity to bid, deliver contracts and form meaningful relationships with the sector and local commissioners (DCMS, 2022). Equally, a marked increase is seen in Other grants (from 20% to 51%). As highlighted by interviewees, the sector has experienced a shift towards "a state of constant competition for grants, between lots of good people for lots of good causes:

"Commissions from Surrey County Council or Surrey Heartlands that were supporting a very substantial chunk of our [i.e., the organisation's] income came to an end, so now this must be replaced by grants to continue."
Sarah Black, Home-Start Guildford [13]

"A lot of funders shut their doors or were pausing. There has been a steady downward trajectory of funding availability, and we have been turned down for more funds this year than ever before. We were told there had been a 42% increase in applications… nothing wrong with our bid, just too many applying... Including the first year and COVID, I would say this has been the toughest year."
Alix Lewer, The Include Project [14]

"Over the years, the amount of grant schemes is slowly reducing or being discontinued, leaving us with a small number of options for funding... Funding is the thing that keeps me up at night."
Maria Zealey, Surrey Welfare Rights Unit [15]

Additionally, national funders deprioritise Surrey, while ward boundary changes and borough-level metrics mask pockets of deprivation, making eligibility harder despite local need. As exemplified by another respondent:

"When they redid the wards, there were a couple that would have were previously wards of deprivation, but they shifted up the boundaries. So, it brings up the [overall income level of the] whole ward. So, we have fewer wards of deprivation... It's very challenging to get national funding from national funders now."
Sarah Beasley, Home-Start Runnymede & Woking [16]

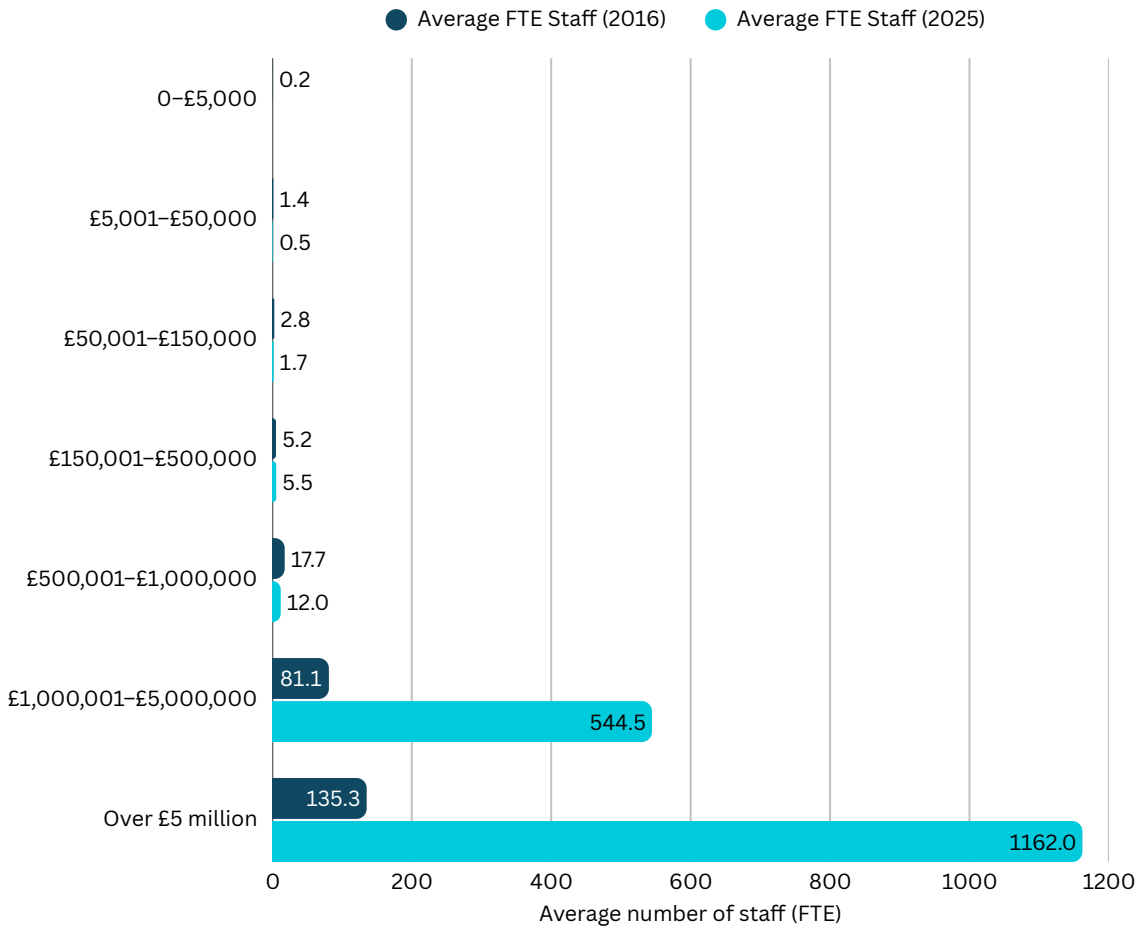
STAFF, VOLUNTEERS AND TRUSTEES

Staff

Chart 11 presents the average number of full-time equivalent (FTE) staff employed by VCSE organisations across different income brackets. As expected, staffing capacity increases with organisational income, underscoring the close relationship between financial resources and workforce size.

Organisations with annual incomes below £150,000 operate with very limited staffing, employing fewer than two FTE staff on average. This reflects a heavy reliance on volunteers and indicates constrained organisational capacity. Those in the £150,001–£500,000 income band employ an average of around five FTE staff, while organisations with incomes between £500,001 and £1 million report an average of approximately 12 FTE.

Chart 11: VCSE Organisations and Full-Time Equivalent Staffing by Income Bracket (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=92

Mid-sized and small organisations continue to be affected by financial pressures and uncertainty as some note:

"Borough grant fell from ~£20k to £0 over ~5 years (with some "in-kind" rent offset), adding monitoring/admin load as it tapered. Wider squeeze means doing the same with less." [12]

"We are responsible for providing the facility, not for supervising any of the activities… the organisations run their own events. We don't have any staff at all. There's a key safe outside the hall, and we just tell them the number. They turn up, unlock the hall, and let us know if the heating's gone wrong." [6]

"We are relatively small as a charity. So, we have three members of staff. Our turnover is around £70,000 a year. But what we're seeing is an increase in demand, which I think is fairly common across the charity sector." [9]

Additionally, Nathalie Antoinet, the Care Director of Whitmore Vale Housing Association, states that operating costs rose by about 7% (wages, National Insurance, utilities), while local-authority contract uplifts were about 3.5%. Workforce pressure from tighter overseas-worker policies (circa 25% of staff on visas) and uncertainty beyond 2027.

Meanwhile, a marked step-change occurs among higher-income organisations. In 2025, organisations with incomes between £1 million and £5 million report very high average staffing levels (544.5 FTE), while those with incomes over £5 million average 1,162 FTE staff. This is also significantly higher than the 2016 reported staffing levels (81 and 153 FTE, respectively), indicating very high professionalisation and likely varied models of operation among high-income organisations, e.g., funding from endowments and the monetisation of products/services. However, given the small portion of very high-income organisations in our sample, the data is highly sensitive to outliers and response biases.

Overall, the chart highlights a sector characterised by a large number of small organisations with minimal staffing capacity alongside a small number of very large employers, pointing to structural inequalities in workforce resources across Surrey's VCSE landscape.

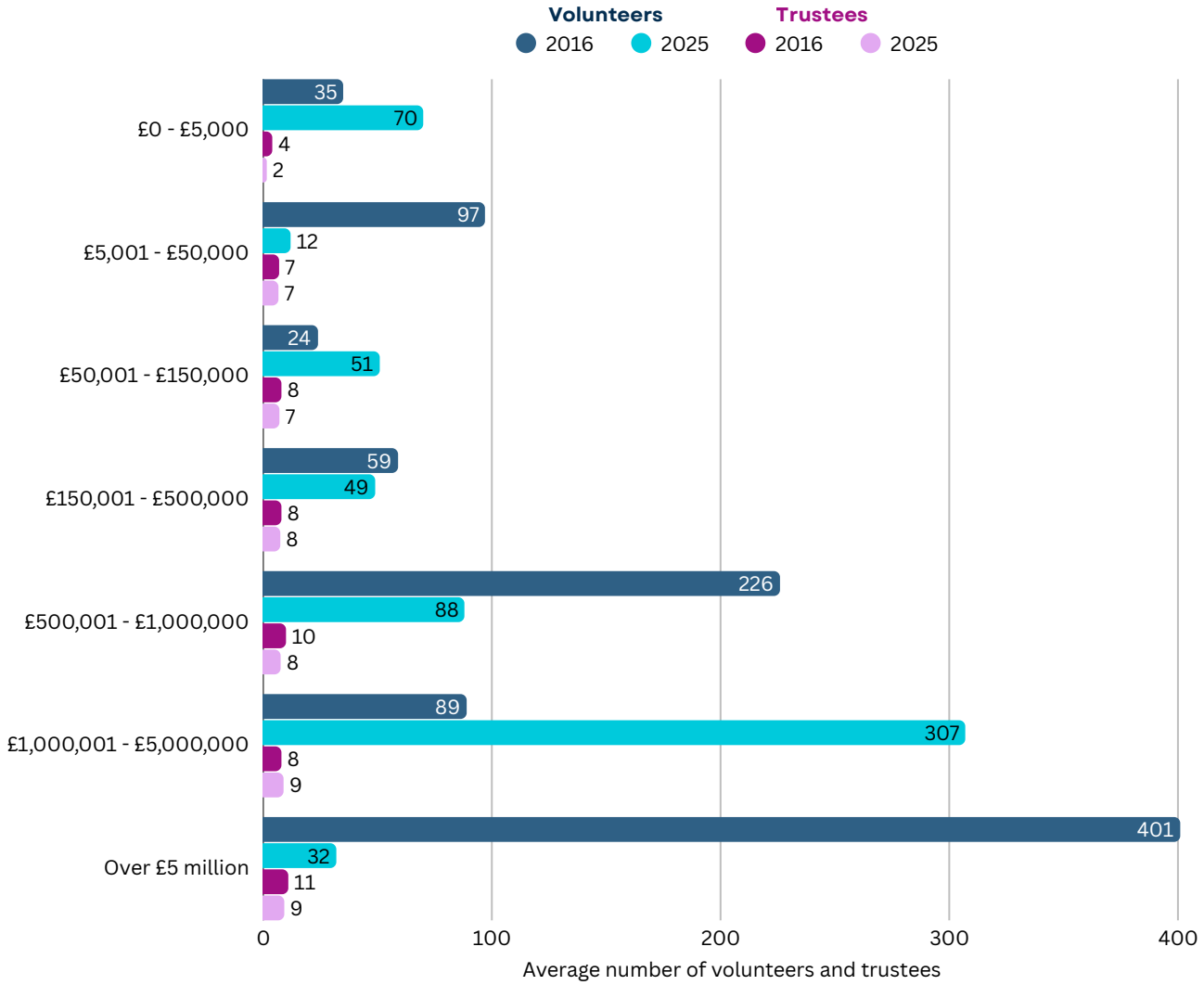
Volunteers and Trustees

Chart 12 presents the average number of volunteers and trustees supporting VCSE organisations across different income brackets. The data highlight the central role of volunteers within Surrey's VCSE sector, alongside the relatively stable contribution of trustee boards across organisational sizes.

Smaller organisations display varied patterns of volunteer and trustee engagement. Organisations with annual incomes below £5,000 report relatively high volunteer involvement (an average of 70 volunteers in 2025) but minimal trustee presence. In contrast, organisations in the £5,001–£50,000 income bracket report more modest volunteer numbers (around 12 on average), supported by an average of seven trustees.

Mid-sized organisations (£50,001–£500,000) report higher levels of volunteer engagement, averaging between 49 and 51 volunteers, while trustee numbers remain broadly consistent at around seven to eight per organisation. Volunteer numbers increase substantially among higher-income organisations: those with incomes between £500,001 and £1 million report an average of 88 volunteers, while organisations in the £1 million–£5 million bracket report the largest volunteer base, averaging 307 volunteers. Trustee boards in these larger organisations are also slightly larger, averaging between eight and ten members.

Chart 12: Volunteers and Trustees by Income Bracket (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=93

Interestingly, organisations with incomes over £5 million report comparatively lower average volunteer numbers (32), despite maintaining robust trustee boards averaging nine members. This may reflect a greater reliance on paid staff rather than volunteers within very large organisations and is partly determined by the operating model of charities. One prominent example states:

“I take the view that charity should be looked at as businesses. They're simply businesses that deliver missions. If we're not a business first and foremost, we’d run out of money and then we can't exist. That's quite unusual in the charity world but it is in my view, that's the shift that the charity third sector needs to be making so that it recognises more the role that it plays as an essential component within that public-private sector.”
[11]

At large, this shift towards VCSE-as-business is motivated by both supply and demand side factors. Mark Nuti, of Surrey County Council, highlighted that:

"I don't think it is the volunteer sector anymore. Most of the people that I deal with in that sector are professionals within their fields"

At the same time, funding bodies, such as Surrey County Council, have expectations that VCSE organisations evidence the added value and/or cost-saving to public services they bring through their work. This further requires professional infrastructure.

“In the past when funding was granted , the service was provided but there was little in the way of monitoring [or] scrutiny on the benefits of that work [or] funding. Now the ‘value’ of the service needs to be justified, we now ask, for every £1 spent how much will be that be worth to the system... for example for every £1 spent the system benefits to the value of £4 etc…"

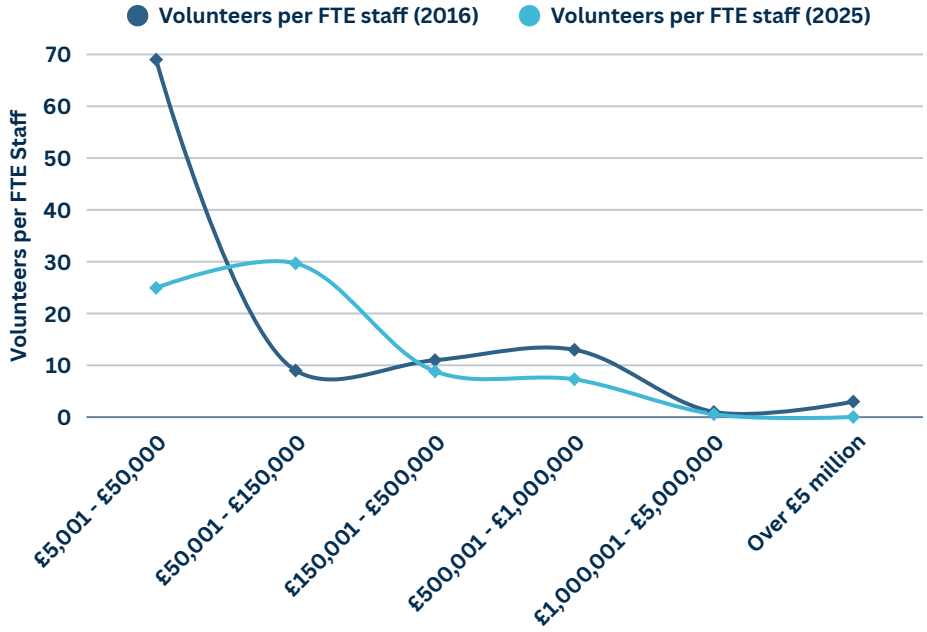
Compared with Surrey Community Action’s 2016 State of the Sector Report, the data show mixed trends. Notable increases in average volunteer numbers are observed among smaller organisations (£5,001–£50,000) and those in the £500,001–£1 million income bracket, suggesting a growing reliance on volunteer labour in the context of ongoing financial and capacity pressures.

Volunteers per FTE Staff

Chart 13 shows the ratio of volunteers to paid staff (measured in FTEs) across organisations of different income sizes. The results highlight the extent to which smaller organisations depend on volunteer contributions relative to their paid workforce.

Among organisations with incomes between £30,001-£50,000, the volunteer-to-staff ratio is particularly high, averaging 33.3 volunteers per FTE. Organisations in the £50,001-£150,000 band also rely heavily on volunteers, with an average ratio of 25.1. By contrast, larger organisations show much lower ratios. Those with incomes between £150,001 and £1m average between 7 and 9 volunteers per FTE, while the ratio falls to just 7 in the £1m-£5m band. For the largest organisations (over £5m), the ratio is close to zero, reflecting their much greater reliance on professional staff.

Chart 13: Volunteers to Staff Ratio by Income at VCSE Organisations (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=93

While the volunteer-to-staff ratio varies by income bracket, the increase observed in the £50,001–£150,000 band should not be read as evidence of volunteer growth. Rather, it likely reflects a shift in capacity mix: organisations reporting fewer paid staff (FTE) relative to their volunteer base, meaning a greater share of delivery is carried by volunteers. Interview evidence supports this interpretation, pointing to volunteer attrition and recruitment challenges alongside funding pressures that constrain staffing stability—together intensifying reliance on a shrinking pool of people. As interviewees noted:

""We lost about 25% of our volunteers… largely due to the cost of living." [16]

"There is difficulty recruiting new (younger) volunteers; many committee members are ~80, with few replacements coming forward." [5]

"The difference about here, I think, is that we're a family. People don't work here for the money because they'd find somewhere else. They work here because they enjoy it and they love it. Ironically, we were probably better off with the furlough (i.e., during COVID-19) financially."
Janet McCarten, Age Concern Merstham, Redhill, & Reigate [17]

Recruitment and Retention

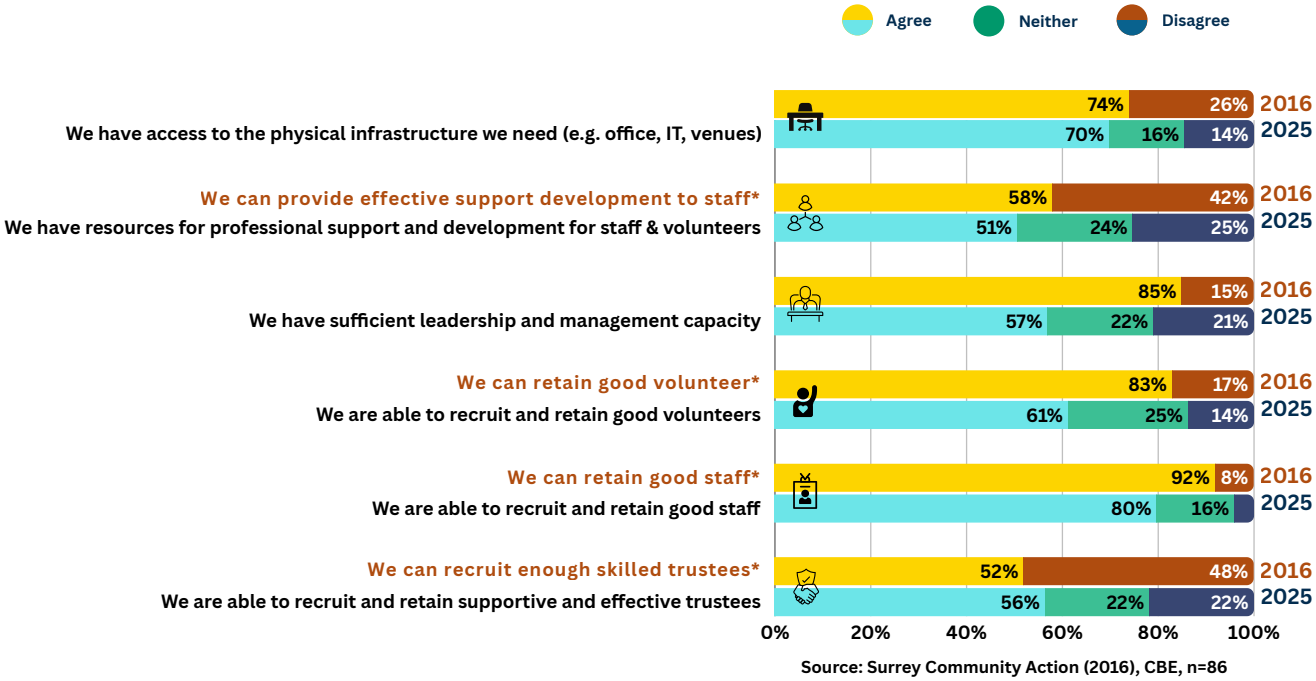
Overall, responses suggest moderate rather than uniformly strong confidence, with notable variation across different aspects of organisational capacity. In 2025, just about four-fifths of respondents (80%) agree that they can recruit and retain good staff, while 61% report being able to recruit and retain good volunteers. Confidence is lower in relation to trustees: 56% agree that they can recruit and retain supportive and effective trustees, while a sizeable minority (22%) disagree, indicating ongoing governance challenges for a significant proportion of organisations.

Perceptions of leadership and management capacity are mixed. While 57% of organisations agree that they have sufficient leadership and management capacity, over two-fifths either disagree (21%) or feel neutral (22%), suggesting capacity pressures beneath headline confidence levels. Access to physical infrastructure is relatively secure but not universal: 70% agree they have the physical infrastructure they need (such as office space, IT, and venues), while 14% report a lack of adequate infrastructure.

The weakest area identified is professional development and support. Only half of respondents (51%) agree that they have sufficient resources to support the professional development of staff and volunteers, while nearly one quarter (25%) disagree, and a further 24% neither agree nor disagree. This points to a significant skills and sustainability risk, particularly given increasing reliance on volunteers and small paid teams.

Compared with the 2016 State of the Sector Report, there are signs of improvement in some areas, most notably staff retention, yet the 2025 data suggest that these gains are uneven and remain fragile, particularly in relation to leadership capacity, trustee recruitment, and workforce development.

Chart 14: Staff Recruitment and Support (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=86

*Although this report attempts to compare 2016 and 2025 data, the 2016 questions may not be directly comparable between both years.

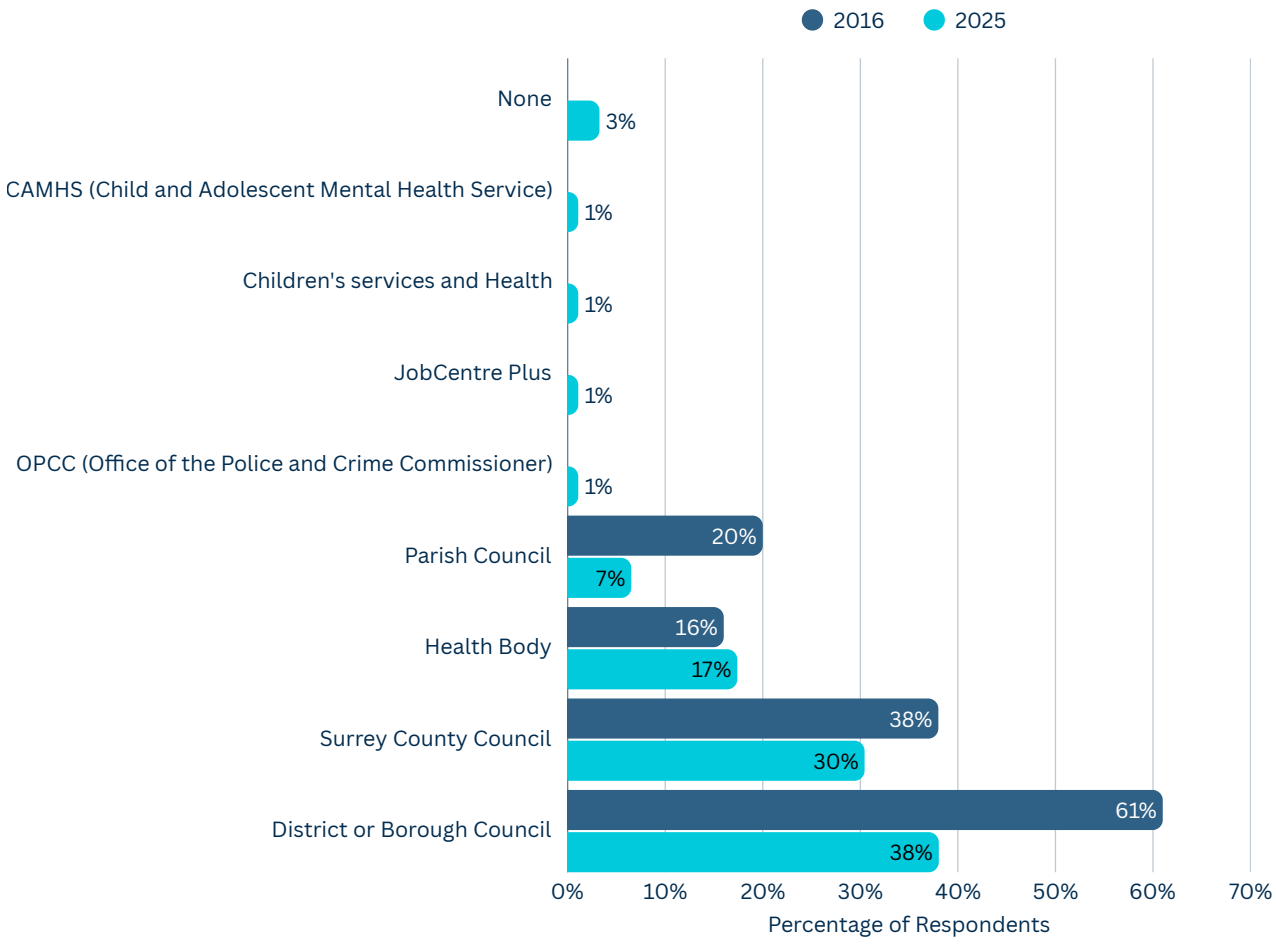
RELATIONSHIP OUTSIDE OF THE SECTOR

Public Bodies

Public Bodies Chart 15 illustrates the public bodies with which Surrey VCSE organisations most frequently work. In 2025, engagement is most concentrated at the local authority level. Over one-third of respondents (38%) identify District or Borough Councils as their primary public sector partner, while a further 30% cite Surrey County Council. Health bodies also feature prominently, with 17% of organisations reporting them as a key partner.

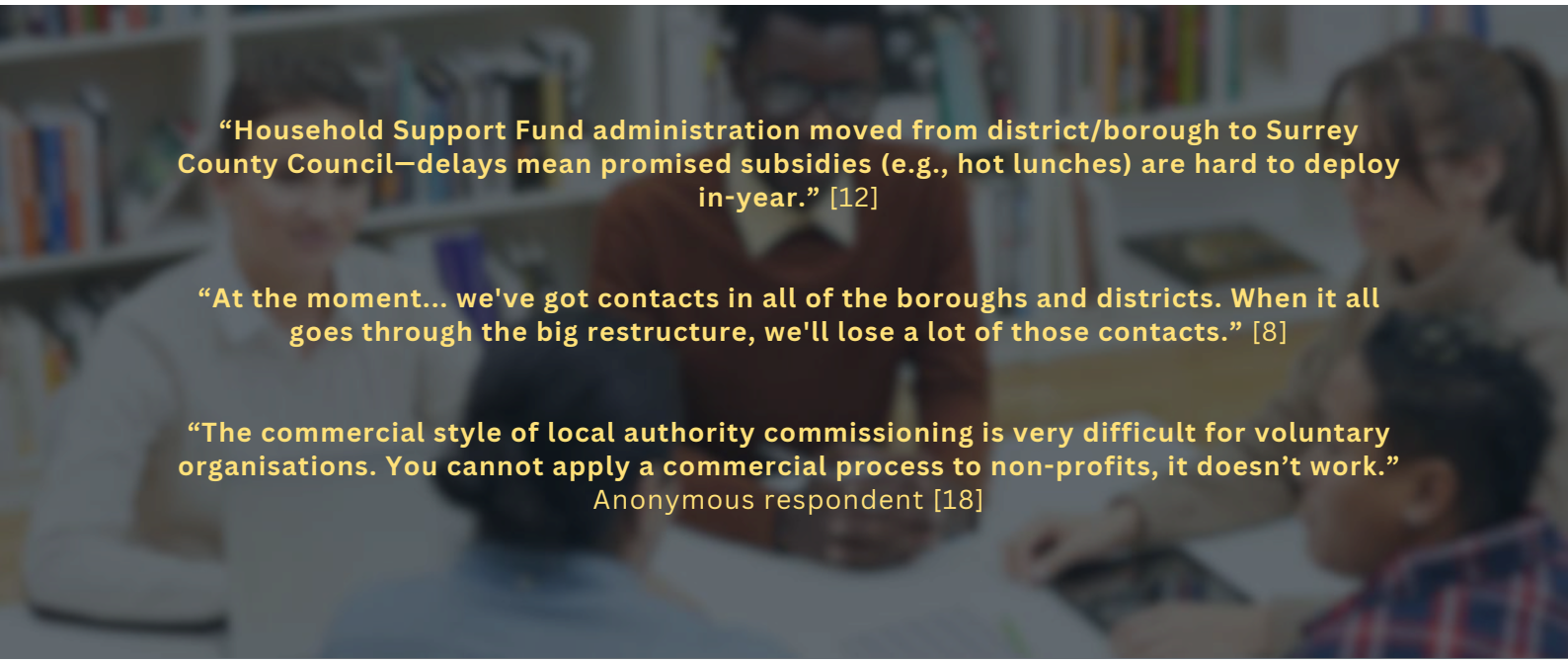
Engagement with other public bodies is far more limited. Only 7% of organisations identify Parish Councils as their main public sector partner, marking a substantial decline compared with 2016, when Parish Councils played a more prominent role. Specialist statutory services—such as CAMHS, Children's Services, Jobcentre Plus, and the Office of the Police and Crime Commissioner—are each cited by around 1% of respondents, indicating minimal direct engagement. A small proportion of organisations (3%) report having no significant public sector partners.

Chart 15: Public Bodies Worked With Most (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=92

While direct comparison with the 2016 State of the Sector Report is constrained by differences in question design, the data suggest a clear shift over the past decade towards District and Borough Councils as the principal statutory interface for VCSE organisations. Interview evidence reinforces this trend, with several organisations describing District Councils as their most accessible and responsive public-sector partners.



"Household Support Fund administration moved from district/borough to Surrey County Council—delays mean promised subsidies (e.g., hot lunches) are hard to deploy in-year." [12]

"At the moment... we've got contacts in all of the boroughs and districts. When it all goes through the big restructure, we'll lose a lot of those contacts." [8]

"The commercial style of local authority commissioning is very difficult for voluntary organisations. You cannot apply a commercial process to non-profits, it doesn't work."
Anonymous respondent [18]

During Surrey Community Action's 2025 Charity Mashup conference, several organisations spoke with the research team about the increased complexity and bureaucracy from the borough/district level to the county council, especially with grant applications. With the latter, an increased amount of paperwork for small grant applications led to increase resources utilisation for minute financial relief. This shift raises important concerns in the context of impending devolution and local government reorganisation. As District Councils are likely to be most affected by structural reform, VCSE organisations that rely heavily on these relationships may face heightened uncertainty, disruption to funding and commissioning pathways, and reduced local accessibility. Concerns over confidence around SCC's preparedness for devolution and expectation of parish councils to pick up more duties without resources or capacity are also notable:

"There's an unwritten expectation of a parish council. They're going to have to take on more, winnowing away the decently small parish. My parish council has three vacancies and no one to fill them. And then [local government] suddenly turned around and said, "by the way, you've got all these additional responsibilities, and we can't give any money for it, but you've got a bunch of volunteers and a couple of clerks." It's quite high level in terms of technocratic changes to be made."
Jason Gaskell, Surrey Community Action [19]

However, the weakening role of Parish Councils further narrows the range of statutory partners available to the sector, potentially increasing concentration risk and reducing resilience within Surrey's VCSE ecosystem.

Communication with the Public Sector

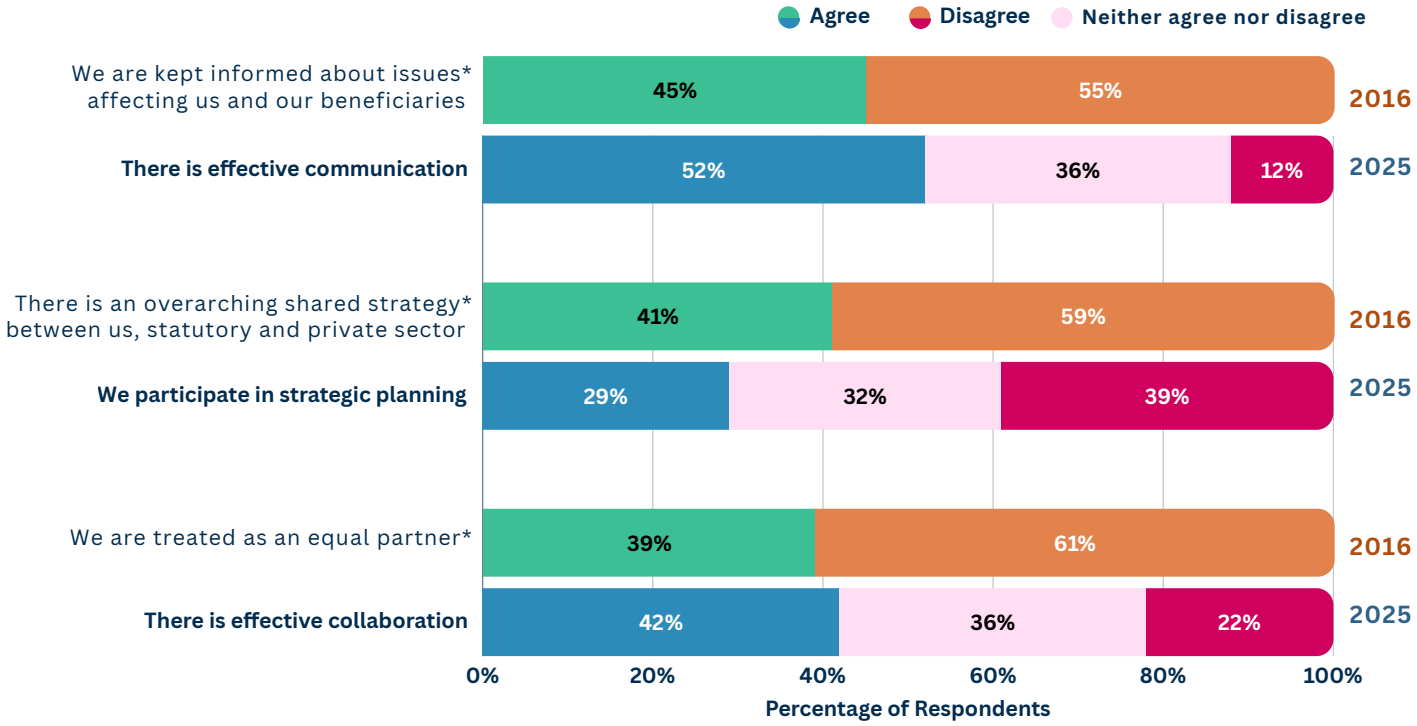
Perceptions of effective communication are relatively mixed but lean positive. Just over half of respondents (52%) agree that there is effective communication with the public sector, while a substantial proportion (36%) neither agree nor disagree. A smaller minority (12%) disagree, suggesting that although communication channels exist, their effectiveness is not consistently experienced across the sector.

Views on collaboration are more divided. While 42% of organisations agree that there is effective collaboration, an equal share (36%) expresses neutrality, and 22% disagree. This distribution indicates uneven experiences of partnership working, with collaboration functioning well for some organisations but remaining limited or inconsistent for others.

Participation in strategic planning emerges as the weakest area. Fewer than one-third of respondents (29%) report being involved in strategic planning with public-sector partners. In contrast, 39% disagree that they are involved, and 32% are neutral, pointing to a significant perception of exclusion from longer-term decision-making processes.

Overall, the findings suggest that while routine communication between the VCSE sector and public bodies is relatively established, deeper forms of engagement, particularly collaborative working and strategic influence, remain limited. This pattern reinforces concerns that many VCSE organisations continue to operate as delivery partners rather than as equal contributors to shaping policy and strategy.

Chart 16: Communication with Public Sector (2016 v. 2025)



Source: Surrey Community Action (2016), CBE, n=89

*Questions from Surrey Community Action's 2016 survey were simplified to only elicit key areas of communication, strategic planning involvement and effective collaboration

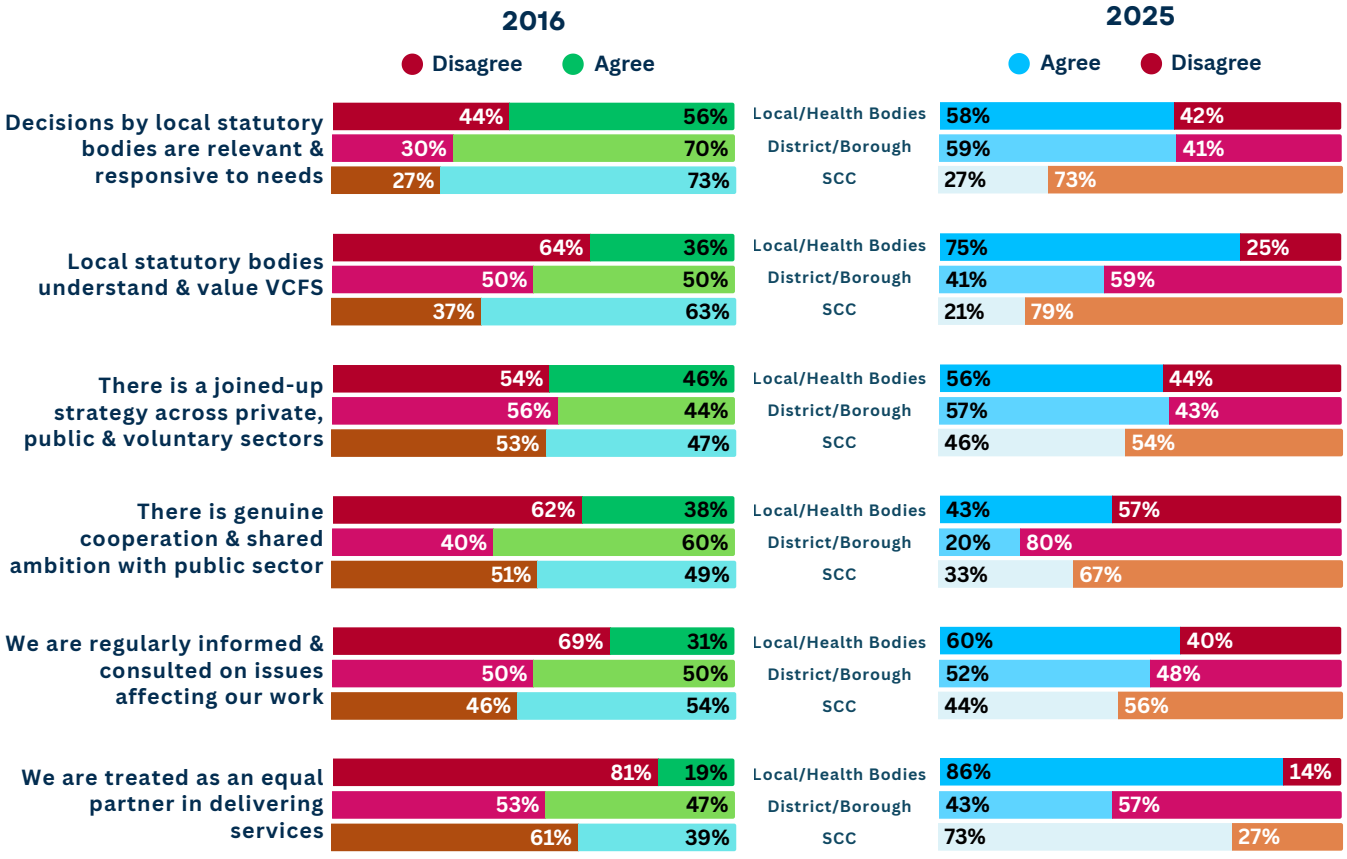
Relationships with Public Sector Partners

Chart 17 examines how VCSE organisations perceive their relationships with statutory bodies, primarily with Surrey County Council (SCC), District or Borough Councils, and Health Bodies.

> **"The county council is seen as the big bad brother as most communication with the volunteer sector is around lack of funding. Rightly or wrongly, we never have enough to give them."**
> *Mark Nuti, Surrey County Council [21]*

Respondents who primarily work with Surrey County Council **report mixed, and often weaker, perceptions** of partnership. While a majority agree they are treated as equal partners in service delivery (73%) and less than half feel regularly informed and consulted (44%), confidence is markedly lower in broader system working. Only 27% agree that SCC decisions are relevant and responsive to local needs, and just 33% report genuine cooperation and shared ambition. Fewer than half (46%) perceive a joined-up strategy across sectors. These findings suggest that while SCC may engage VCSEs in delivery, it is less effective at fostering strategic alignment, responsiveness, and collaborative decision-making.

Chart 17: VCSE Organisation Relationship with Statutory Bodies (2016 v. 2025)



Source: Surrey Community Action 2016; CBE, n=103

Perceptions of District and Borough Councils are more balanced and generally more positive than those of SCC, though still mixed. A majority of respondents agree that these councils understand and value the VCSE sector (41%) and report genuine cooperation (57%). However, confidence remains low regarding strategic coherence and responsiveness: only 27% agree that decisions are relevant and responsive to needs, and 57% disagree that they are treated as equal partners in service delivery. Experiences of consultation are evenly split, with 52% agreeing they are regularly informed and consulted, and 48% disagreeing. This points to partial collaboration, with progress in relationship-building but continued gaps in power-sharing and strategic influence.

Health Bodies are perceived most positively across nearly all dimensions. A majority of respondents agree that decisions are relevant and responsive (58%), that there is genuine cooperation and shared ambition (43%), and that they are treated as equal partners in service delivery (86%). Perceptions of being understood and valued are particularly strong, with 75% agreeing. However, fewer than half (56%) perceive a joined-up strategy across sectors, indicating that even within comparatively strong partnerships, strategic integration remains a challenge.

Findings suggest that Health Bodies are currently regarded as the most collaborative and responsive statutory partners, followed by District and Borough Councils, with Surrey County Council perceived least favourably, particularly in relation to responsiveness, cooperation, and strategic alignment. More broadly, the data indicate that perceptions of partnership improve as the level of government becomes more local and operationally proximate.

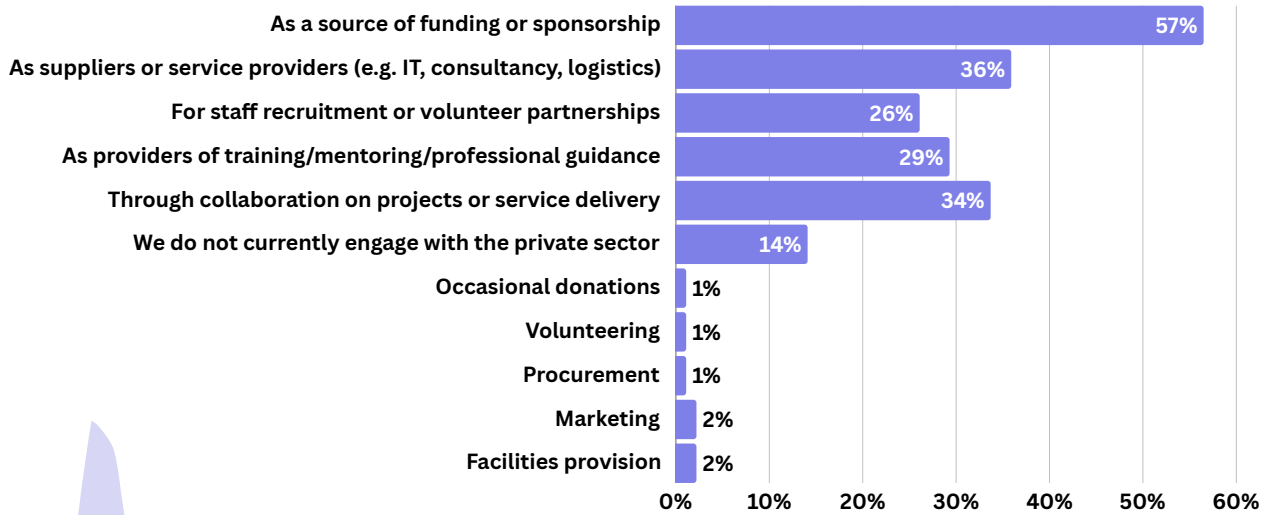
This pattern corroborates findings from the 2016 State of the Sector Report and is reinforced by interview evidence. Across interviews, VCSE representatives highlighted the instrumental role of District Councils and Health Bodies in facilitating connections to funding bodies, statutory teams, and other organisations. In contrast, several small- and medium-sized VCSE organisations reported having little to no direct engagement with Surrey County Council, reinforcing concerns about distance, accessibility, and uneven partnership dynamics at the county level.

Engagement with Private Sector Partners

Chart 18 shows how Surrey's VCSE organisations engage with the private sector in 2025. The most common form of engagement is as a source of funding or sponsorship, reported by over half of respondents (57%). A significant proportion of organisations also work with private companies as suppliers or service providers—such as IT support, consultancy, or logistics—with 36% identifying this form of engagement.

Collaboration beyond transactional relationships is also evident. Around one-third of organisations (34%) engage with the private sector through joint projects or service delivery, while 29% report partnerships focused on training, mentoring, or professional guidance. Just over a quarter (26%) work with private-sector partners for staff recruitment or volunteer partnerships. For organisations that provide material essentials to their beneficiaries, strategic relation with private sector can be crucial.

Chart 18: VCSE Organisation Relationship with Private Sector (2025)



Source: CBE, n=92

"On a national level, the Trussel Trust work with Tesco and Waitrose. Locally, we go into Waitrose in Dorking, twice a year to fundraise and accept donations. Nationally Waitrose gives money to Food Banks, including schemes whereby every kg that gets donated they give a certain amount of money to the organisation." [7]

Despite this range of activity, 14% of organisations report no current engagement with the private sector, suggesting uneven access or opportunities. Other forms of engagement—such as volunteering, procurement, occasional donations, marketing, or facilities provision—are relatively rare, each cited by only a small minority of respondents (between 1% and 2%).

Overall, the findings suggest that while private-sector engagement is widespread within Surrey's VCSE sector, it is primarily focused on funding and service support, with fewer organisations engaged in deeper, more strategic partnerships.

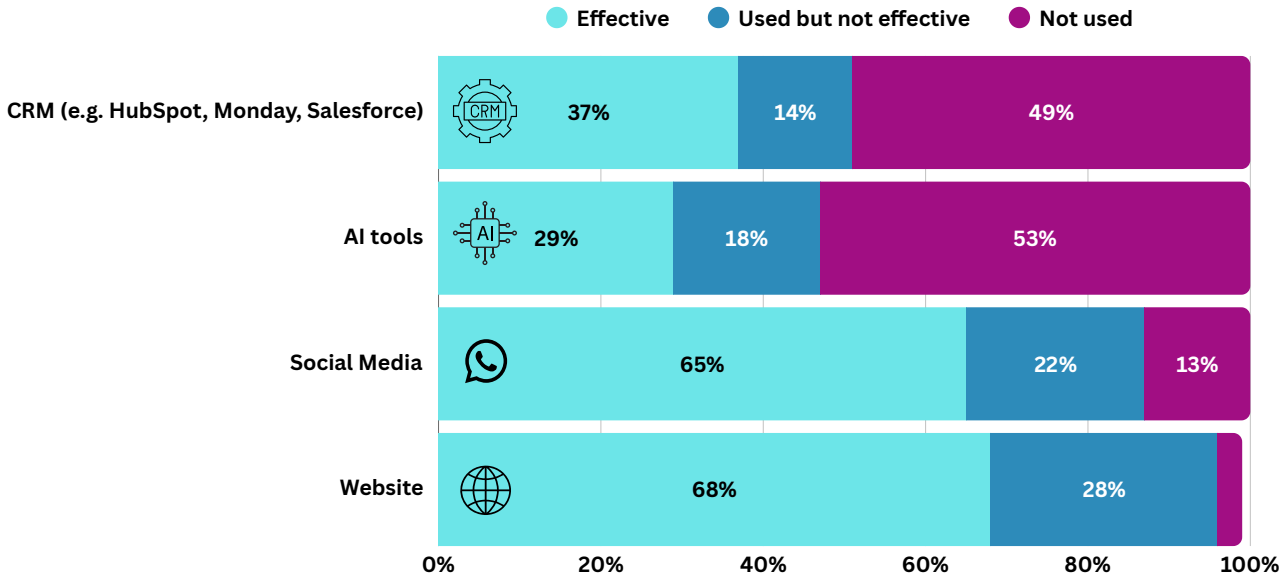
INFORMATION, COMMUNICATION AND TECHNOLOGY

Digital Tools

Chart 19 shows how organisations in Surrey's VCSE perceive the effectiveness of different digital tools in supporting their work. Websites and social media emerge as the most widely used and effective tools. Nearly three-quarters of respondents (68%) reported that their website is working effectively, while 65% said the same about social media. Around one in four, however, indicated that their website is used but not effective (28%), and a similar number highlighted challenges with social media (22% not effective, 13% not used).

By contrast, more advanced tools show lower levels of adoption and effectiveness. A little over half of respondents, for example, reported not using AI tools, while a further 18% said they used them but found them ineffective. Only 29% considered AI tools effective for their organisation. Similarly, 49% reported not using Customer Relationship Management (CRM) systems such as HubSpot, Monday, or Salesforce. Just over a third (37%) found these tools effective, while 14% said they used them but without success.

Chart 19: Use of Digital Tools by VCSE Organisations (2025)



Source: CBE, n=92

One of the research respondents brought up a salient point regarding digital connectivity where it is not only an infrastructure consideration but how it is embedded in how organisations reach out to their beneficiaries:

> **"What organisations aren't necessarily thinking about is the take on digital behaviour rather than digital infrastructure. I've been doing a lot of work with children and families within the social work workspace, child protection and risk assessments. [These digital changes] fundamentally change the way we behave, the way people access services."**
> *Ben Collins, VCSE Alliance* [20]

In contrast, some organisations had to rely on more traditional infrastructures owing to the demographic that they serve who have limited digital literacy:

> **“The glossy presentation… doesn’t necessarily mean it’s a better service. I’m 71, I don’t know how PowerPoint works properly, but I know we can deliver that service.”**
> [12]

Echoing the above, another interviewee’s statement was particularly typical of VCSE responses in this area: “When I came here, there was not a single Excel spreadsheet, but these people had been doing life-changing work for so long.” [17]

Overall, these findings suggest that while websites and social media are well embedded and valued within Surrey’s VCSE, the uptake and effectiveness of newer digital tools such as AI and CRM systems, as well as overall training, remain limited. This points to both capacity constraints and potential opportunities for digital development across the sector. VCSE organisations are grappling with the demands of the modern digital society and the need to adopt a more “corporate” approach on the one hand, and the willingness and commitment to retain a “people-based” approach on the other, especially those with limited digital access.

> **"The transformation of our digital systems took place during the COVID-19 pandemic. Despite the challenges posed, we remained committed to seeing this transformation through, recognising its central role in ensuring effective and sustainable ways of working."**
> *Lawrence Santcross, Transform Housing and Support* [22]

KEY TAKEAWAYS

- **The decline in funding** from central government, combined with a drop-off in public service delivery for several sectors, has resulted in a clear acknowledgement by local government of the value of the VCSE sector. Paradoxically, despite the diminution of resources, VCSE stakeholders feel more involved, valued, trusted and relied upon than a decade ago.
    - These observations raise several interesting points regarding the continued impact of austerity, the risk of continued cuts by government, both national and local and changes driven by devolution.
- **Self-sufficiency**: the number one aim for most organisations remains self-sufficiency, rather than strategic goals of expansion, growth, or modernisation. Instead, the pressing concern is to balance the books, retain valuable staff and continue delivering core services.
    - These responses have real implications for the sector's survival, as well as related issues of professionalism, sustainability, changing volunteer demographies, and corporate vs people-based approaches.
- Respondents also observed a growing number of social needs, both locally and nationally, that need urgent attention. However, when combined with an increased reliance on grants from local government or independent fundraising, many stakeholders remain concerned about vying for ever smaller and smaller pieces of the same pie.
- Feedback also illustrated a wariness of the post-Covid switch from emergency pandemic responses to 'business as usual', with a sense that government focus, and government funding, are no longer as exclusively focused on key social challenges or using VCSEs to deliver effective social solutions: e.g. "during the pandemic, it was evident that the government cared about old people and now it doesn't really".
- Many organisations operate as branches of larger umbrella organisations, while managing their own finances independently. Financial viability is not always clear in these cases, nor is the ability of the central VCSE entity to support its smaller constituent parts in terms of reliable local provision of services.

PART VII

THE VCSE SECTOR OF TOMORROW

OPERATIONAL CHANGES

Over the past decade, voluntary and community organisations in Surrey have undergone significant change. Their work has expanded in scale and complexity, while rising levels of demand have created mounting pressure on already stretched resources.

Rising Service Demand

Many organisations report substantial growth, both in the number of people they support and in the geographic areas they cover, while others have transformed from small, informal initiatives into large-scale services. However, this growth has not only addressed local needs but also contributed to national sector development – as exemplified below:

"We've expanded the area that we cover… families coming to [referral partners] who traditionally wouldn't have needed help [are now] seeking support. But our capacity has grown… we've gone out to more partners, more areas where we feel that they need our help."

"It started 12 years ago from my dining room… and now we are operating at scale… in that period of time, we've grown significantly. We've also done a lot to help support other baby banks set up across the UK… during the COVID years, that significantly changed… we've been able to provide advice and guidance… now there are over 300 baby banks."

[8]

Financial Strain and Funding Gaps

Despite growing demand, many charities report stagnant or declining income. In particular, statutory contracts for community services have not kept pace with need:

> **"The funding for our accommodation-based services has increased over the past three years, so that side of our organisation we've been able to build and expand. But the community side, which actually supports many more local people, has had no increase in funding for 15 years."**
>
> **"Even in this last quarter, we've seen a 25% increase in referrals, but we haven't had a 25% increase in funding."**
> [18]

Across the sector, rising inflation, higher utility bills, and increased food costs are hitting hard:

> **"I suppose the biggest issue for us is financial. Costs will go up… whereas the income that we have is static. Where people have kindly set up a monthly direct debit, they tend to keep it at the same amount. It doesn't tend to go up with inflation."**
> [9]

Short-term funding cycles compound these pressures, forcing charities to divert capacity to fundraising rather than service delivery.

Workforce pressures and changing expectations

Staffing and volunteer capacity present further challenges. Many organisations struggle to recruit and retain skilled staff in a competitive labour market. Some notable factors include the commonality of burnout and emotional fatigue, and shifted expectations around flexibility post-pandemic:

> **"It's a very difficult environment to recruit into. We train people up, they become excellent, and then leave for better-paid jobs… Burnout is also a challenge, this is difficult work, emotionally and mentally."**
>
> **"Since COVID and lockdown, staff expectations around flexible working have changed hugely. Five years ago, nobody expected it; now most expect at least one or two days from home or flexible hours."**
> [18]

Volunteer trends are also mixed. While some organisations have retained strong volunteer bases, others encounter challenges in recruitment:

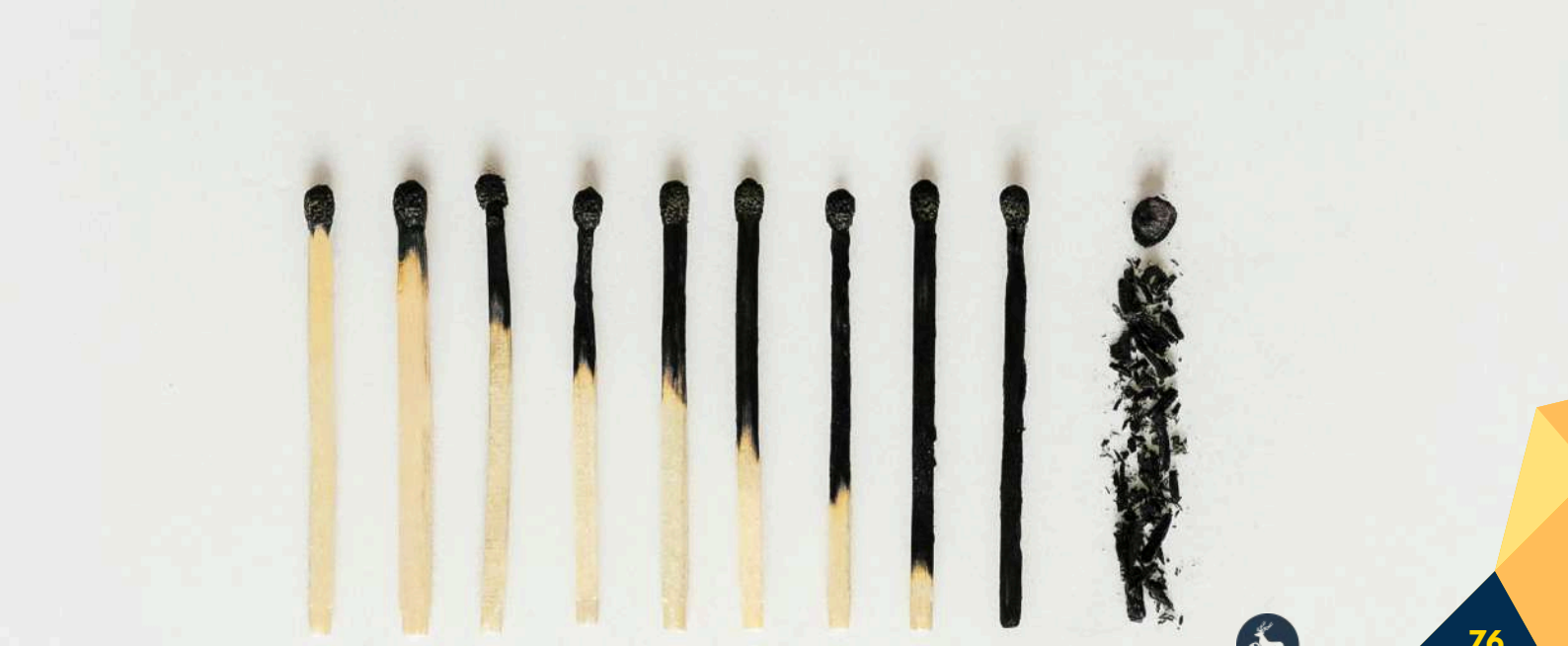
> **"We're struggling to recruit volunteers, older people are caring for grandchildren, childcare is expensive, and people don't have the time."**
> [18]

Professionalisation and adaptation

To meet these challenges, many charities have had to professionalise and modernise their operations. This includes upgrading IT systems, strengthening governance, and adapting to more formal commissioning processes:

> **"We've had to professionalise massively: how we deliver work, how we manage, how we lead, and the IT we use. You can't survive otherwise, especially if you want public sector funding."**
> [18]

Taken together, these accounts demonstrate a sector that has grown in scale and sophistication but faces increasing strain. Surrey's voluntary organisations are adapting to new realities: rising demand, static funding, inflationary pressures, workforce challenges, and a shift towards greater professionalisation. While they continue to play a vital role in supporting communities, their sustainability depends on addressing these underlying pressures through more stable funding, stronger partnerships, and investment in people and infrastructure.



EXTERNAL SHIFTS

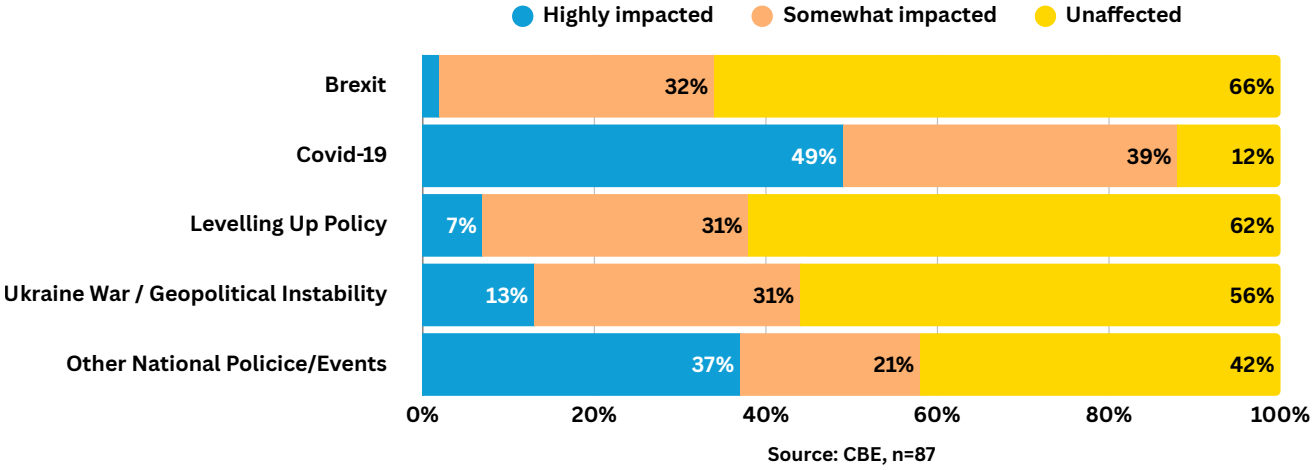
External Disruptions and the Sector's Vulnerabilities

The responses from Surrey's voluntary, community, and social enterprise (VCSE) organisations demonstrate that major political, social, and economic disruptions have significantly affected the sector in recent years. To understand which external pressures have the greatest impact, organisations were asked to identify the global and domestic events most influencing their operations.

Survey results show that the COVID-19 pandemic emerged as the single most disruptive factor, with a large majority of organisations stating that they were either highly or somewhat impacted. The Russian invasion of Ukraine in 2022 was also reported as having adverse effects, particularly through rising food and energy costs, though to a slightly lesser extent than the pandemic.

In contrast, domestic policy factors such as Brexit, or the Conservative Government's Levelling Up agenda, were perceived as having more mixed or limited influence. Overall, the findings highlight that while the pandemic continues to dominate as the greatest external shock, Surrey's voluntary sector remains vulnerable to a combination of wider social and political challenges, national policies, and local funding pressures.

Chart 20: Impact from External Circumstances (2025)



Source: CBE, n=87

Adapting to overlapping crises

Organisations consistently describe operating in a context of multiple, overlapping disruptions, requiring constant adjustment. As one put it:

> **"Obviously we need to respond to external factors as they arise… while we've had strategic plans, they've always been in response to what's happening in the world out there. Obviously, COVID was one, and the cost of living crisis has been really significant. It's also been the fact that the statutory services are more stretched now."**
> [8]

The pandemic created immediate operational challenges, forcing rapid digital adaptation and service redesign:

> **"We had to do a little bit of running the committee using Zoom, and the committee are not very familiar with computers. But anyway, we got over that hurdle, and actually everything is going well."**
> [6]

However, its longer-term legacy has been the surge in referrals, particularly for more complex cases:

> **"Lockdown was hugely impactful for survivors, they were locked in with abusers, and now we face higher referrals with more complex unmet needs, mental health, substance use, debt, housing."**
> [18]

Stretching to fill gaps in statutory provision

One of the most widely reported vulnerabilities is the strain on statutory services. With councils and health services under pressure, many responsibilities are being pushed onto the voluntary sector.

> **"Health professionals would come to our warehouse… but now we've had to get an electric van, and we're delivering out to their workplaces because they just don't have the time. That's a cost that we've had to take on as a charity and how we've had to adjust."**
> [8]

> **"Our work is less effective when survivors have huge unmet needs, but statutory agencies don't have the resources. Once someone has a domestic abuse worker, agencies step back."**
> [18]

Cuts to children's centres and mental health services have left particular gaps:

> **"The COVID actually masks a lot of the impact of the closure of the children's centres because, after COVID, you know, there was all this rise in demand."**
> [16]

> **"Children's mental health needs have gone off the scale, but what they often need is trauma support, and there isn't enough of it."**
> [18]

Cost-of-Living Pressures

The cost-of-living crisis is now the most pressing ongoing disruption, driving up demand while simultaneously reducing donations.

> **"The biggest challenge is the rising demand, which is coupled with a fall in donations of food… people can't afford to give as much as they used to, leaving us needing to use funding to purchase donations."**
> [7]

Low-income households are hit hardest by inflation and welfare reforms, which in turn increases pressure on frontline charities:

> **"Some government policies have had a negative impact on the people we support… Local Housing Allowance rates, the two-child limit, and the benefit cap are directly affecting poverty and people's ability to afford essentials. Inflation, particularly food inflation, impacts people on lower incomes far more than those on higher incomes."**
> *Rob Mills, Walton Charity* [23]

Housing and childcare costs exacerbate the challenge:

> **"Affordable housing is a critical issue in Surrey, both for staff and the people we support… high rents, anything above 50% of income, are unsustainable. There is a clear need for more housing."**
>
> **"Another local challenge is the cost of childcare, which can block people from work; although government changes are improving provision, affordable childcare remains a major issue."**
> [23]

Demographic and Volunteer Shifts

Social change has also reshaped participation in community life. Older people are retiring later, reducing the pool of available volunteers:

> **"The tendency to take part in voluntary activities has dropped. Many organisations are run by people who have retired because it gives them a way of contributing… but the cohort of people gets older, and it is more difficult to recruit younger people because they are starting to retire at a later age."**
> [6]
>
> **"What we do find is that people are retiring later because they need to earn more money for longer. Instead of volunteers being in their late 60s, many are now in their 70s and 80s."**
> [9]

Shifts in community participation are also evident in cultural groups and associations:

> **"If you're talking about people of older generations, inviting them to come along and hear people talk… the numbers have dropped by a third or so. Our local University of the Third Age used to be 550 people, and now it's about 350."** [6]

Local Government Reorganisation and Funding Uncertainty

The ongoing process of local government reorganisation (LGR) adds another layer of uncertainty. Many fear that mergers will disrupt established relationships and cut funding streams:

“When it all goes through a big restructure, we’ll lose a lot of those contacts… there’ll undoubtedly be a period of disruption. Our concern is that our referral numbers will drop, not because there’s a lack of need, but because the partners don’t have the capacity, as they will need time to settle into their new team structures.”
[8]

“Local government reorganisation is something that may impact on us. Waverley have been very generous with the support they give to community organisations. But other councils they may link with, such as Guildford or Woking, are not as generous due to their funding pressures… If councils merge, there will be less money available for community organisations because ultimately, funding for us is discretionary.”
[9]

“Governments’ funding of the council is, in real terms, going to reduce drastically over the next 3 years as a result of the fairer funding review. This could see as much as £50-£100 million being lost annually, nearly 10% of the existing annual budget."
[21]

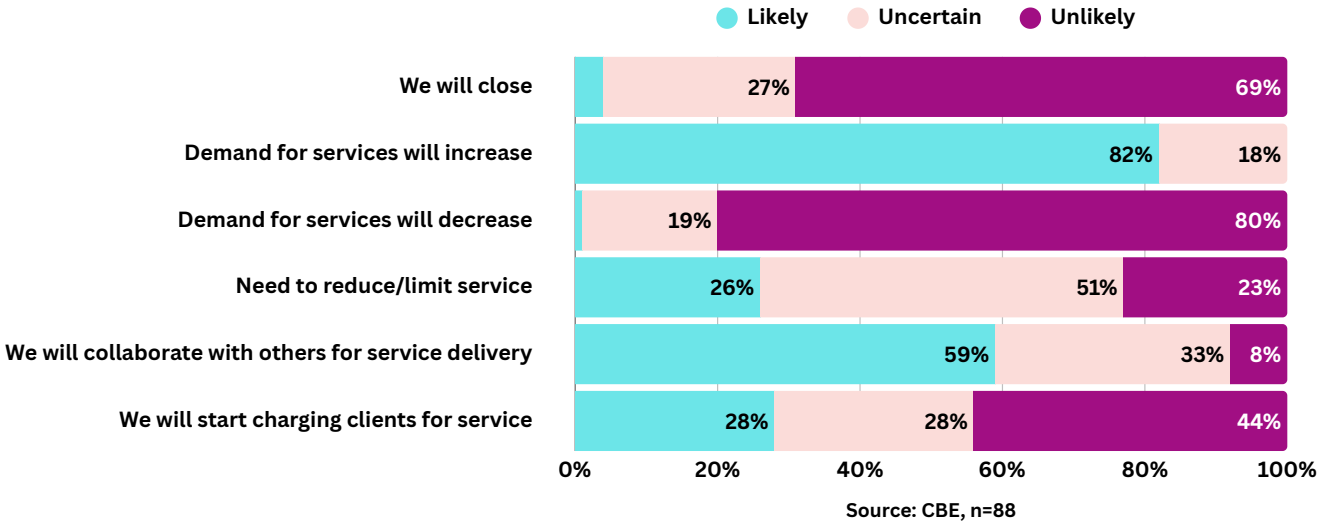
According to Surrey County Council’s Mark Nuti, the reduction of budget is imminent. Concurrently, he also points to a strong possibility that the two new councils could have distinctly different political orientations, and, by extension, distinctly different views on the welfare state. These developments exacerbate the financial precariousness of the VCSE sector and complicate long-term planning, which is essential to organisations' sustainability and growth

As evident from these responses, Surrey’s VCSE sector continues to navigate a decidedly volatile environment shaped by successive crises: COVID-19, the cost-of-living emergency, geopolitical instability, and ongoing local government reform. These shocks have interacted with longer-term vulnerabilities, including stretched statutory services, housing and childcare affordability, demographic changes in volunteering, and reliance on fragile funding streams. While voluntary organisations have shown resilience and adaptability, their accounts also reveal a sector operating under sustained pressure, increasingly vulnerable to both global uncertainties and local policy decisions.

Expectations of Change

One of the questions we asked the organisations was how they expect to see themselves in the next three years.

Chart 21: Likely Organisational Changes in the Next 3 Years (2025)



Source: CBE, n=88

Looking ahead to the next three years and beyond, organisations are overwhelmingly anticipating an increase in demand for their services, reflecting both rising community needs and the ongoing pressure on statutory provision. At the same time, many organisations expect they will need to significantly reduce or limit service delivery, revealing a troubling mismatch between a visibly growing demand and available resources. A significant proportion also predict the need for greater collaboration with other VCSE entities, suggesting that collaborative partnerships will by necessity continue to be a key survival strategy.

More pessimistically, some organisations acknowledge the possibility of closure or the need to introduce charges for services, both of which signal potential risks to accessibility and equity. These findings paint a picture of a sector bracing for intensified demand under conditions of financial constraint, with collaboration seen as both necessary and inevitable, but not sufficient to counterbalance the structural pressures.

Anticipated Demand and Service Pressures

Looking ahead, organisations in Surrey overwhelmingly expect demand for services to increase over the next three to five years. Rising community needs, coupled with ongoing pressures on statutory provision, suggest that organisations will be required to stretch capacity further. At the same time, many foresee the possibility of reducing or limiting services, highlighting a persistent tension between growing demand and constrained resources.

“Even if families didn’t need us from an income perspective… we would pivot to become a reuse organisation… it would be great to not be needed, and to shut down, but that’s unlikely to happen in the next three years. Realistically, what success looks like [is] being able to sustain the service.”
[8]

While the ideal scenario for some organisations would be a reduction in need to the point of closure, most anticipate sustaining services rather than exiting:

“I’d love if we didn’t have to exist… If you saw an article in the press saying that [we’re] closing down because nobody needed [us] anymore… that would mean we’d been successful.”
[8]

Continuity is therefore prioritised over expansion, with leadership succession and governance renewal emerging as key considerations, particularly for organisations with ageing committees:

“In the three to five years, I know that some of our committee members [are] in their 80s, so we need to find replacements… the buildings can last a long time, but I don’t see anything changing very rapidly apart from the ageing committee.”
[6]

Collaboration and multi-agency working

Many organisations anticipate increased collaboration as a central strategy for managing demand and maintaining service delivery. Partnership working is seen both as a necessary response to limited resources and as a way to amplify impact:

“I’d like to see genuine multi-agency working, lots of people talk about it, but we’re not really seeing it happen.”
[18]

“My worry is that the new unitaries could be too focused internally… restructuring teams and reviewing funding, rather than looking outward. Collaboration and working with the new unitary early on would be really positive, showing the benefits of the voluntary sector.”
[22]

Proactive approaches to shaping local services are also being pursued, for example, by engaging people with lived experience of poverty:

“I hope that by the end of it we’ve listened to people with lived experience of poverty and made meaningful change… in two or three years, the local structures may change, but the problems for people on the ground will remain. We need to stay focused on the people using our services.”
[23]

For service providers addressing food insecurity or children and young people, expansion is desirable but constrained by resource limits:

“If somebody gave us a lot of money, I would want to expand the activities we offer… for some of our men’s groups. If we had another member of staff who could liaise with other organisations, particularly around marketing, that would be a big help… with more capacity, instead of 200 people, I’d love to support 400 people, the need is there.”

“Age should not be a barrier. We want people to come out and enjoy life… people should be able to live in a fulfilling way for however long they can.”
[9]

Practical limitations on space and staffing are also noted:

“At the moment, we’re close to capacity with some activities. For example, our knitting group is full, and our community lunches are nearly at the limit of the biggest hall in Farnham. So the only way forward would be to add more venues, more events, and potentially more staff.”
[9]

In summary, the next three to five years are likely to be a period of sustained pressure and adaptation for Surrey’s voluntary and community sector. While some hope for a reduction in need over the long term, most plan to focus on sustaining existing services, strengthening governance, and expanding collaboration to maximise impact. Strategic innovation, proactive engagement with multi-agency partners, and responsiveness to lived experience are seen as essential for navigating these challenges. Ultimately, the sector's ability to meet growing demand will depend on balancing ambition with practical capacity, ensuring services remain accessible and responsive even in the face of resource limitations.

INTERNAL NEEDS

Funding Expectations and Confidence

Funding expectations are rather pessimistic. Survey data in Chart 22 suggest a sector under pressure, with a mismatch between rising expenditure and uncertain income growth:

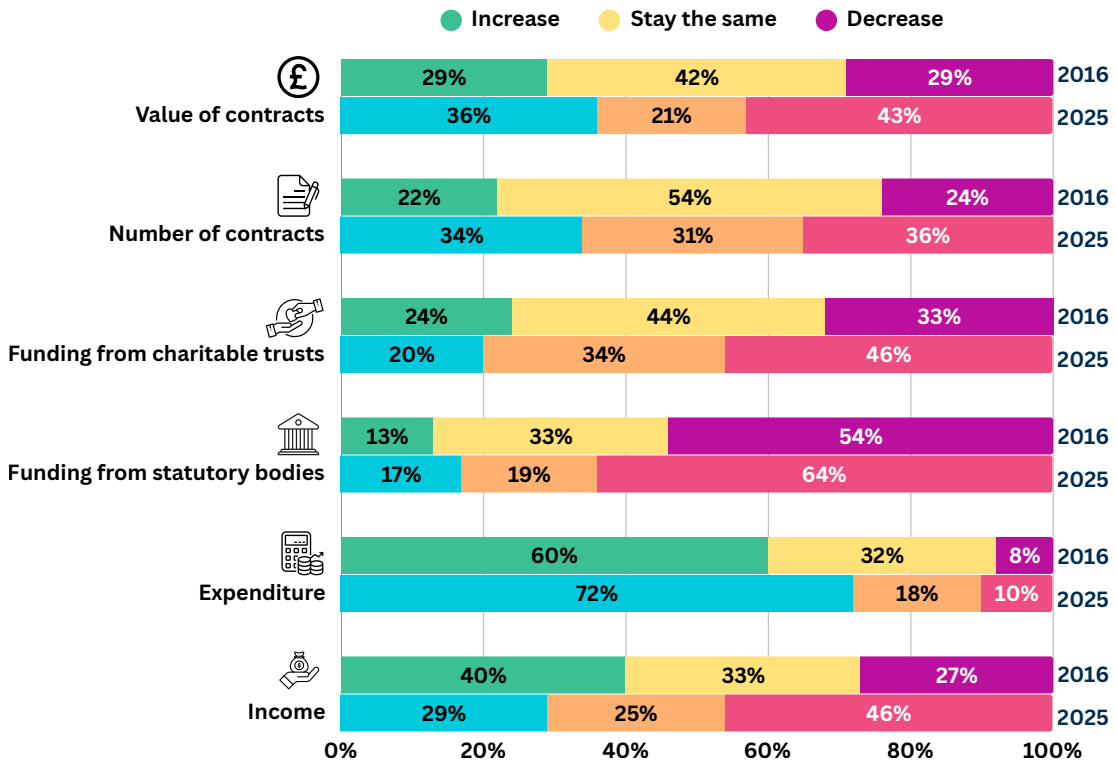
- 29% of organisations anticipate an increase in income
- 46% expect income to fall
- 25% expect income to remain stable

In contrast, 72% expect expenditure to rise, with 10% anticipating reductions. This points to a squeeze between rising costs and limited revenue growth. Expectations for specific funding streams reveal particular vulnerabilities:

- 64% anticipate decreased funding from statutory bodies, and only 17% expect increases
- 46% expect reduced funding from charitable trusts, 20% foresee increases, and 34% predict stability

Those obtaining a service-specific contract are offered a slightly more optimistic outlook, with 34% expecting an increase in the number of contracts they are able to obtain, and 36% in terms of contract value, set against roughly one-third anticipating a decline on both these issues. Compared to the Surrey Community Action's 2016 State of the Sector Report, there is a striking decline in expectations for future income and funding, including, notably, from statutory bodies.

Chart 22: Expected Income over the Next 3 Years



Source: Surrey Community Action (2016), CBE, n=100

Organisations continue to emphasise the ongoing structural pressures:

“For us and for many other charities, the main issues will remain finances, staffing, volunteers, and capacity. And then there’s always the uncertainty, because most contracts only last a year and grant funding rarely goes beyond 18 months.”
[9]

“We’d also like to strengthen volunteer recruitment, but at the moment people simply don’t have the time to give in the numbers they once did.”
[18]

“Funding hasn’t been much of an issue for us, but equally, I do realise that two or three years on from now, will that still be the case? Success will be being able to sustain… I’m not looking for the organisation to grow significantly.”
[8]

Strategic Priorities

Despite financial and operational pressures, organisations maintain a clear vision for the future. Key priorities include:

- Ensuring sustainable funding and resource allocation
- Expanding preventive services, particularly for children and young people
- Strengthening volunteer engagement and capacity
- Building multi-agency partnerships to address complex community needs

“I’d like to see us properly funded and resourced, with much more emphasis on prevention in schools and colleges.”

“We want to expand our children and young people’s service, supporting them directly, not just their families.”

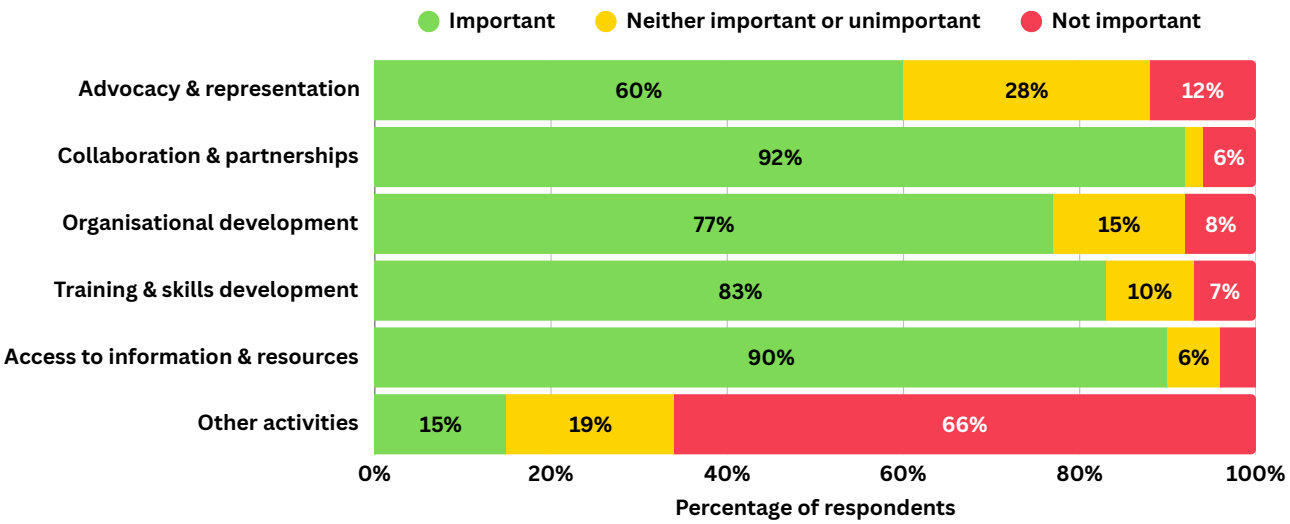
“We need a fairer, more transparent commissioning process that supports charities, not one designed for commercial businesses.”
[18]

Taken together, these insights depict a sector bracing for sustained or increasing demand, navigating financial constraints, and seeking to maximise impact through collaboration and strategic planning, while remaining committed to equitable and accessible service provision.

Support Needs: Working Together

When asked about the importance of different organisational activities, the majority of voluntary and community organisations in Surrey highlight collaboration and partnerships as central to their organisation, reflecting the sector's emphasis on working collectively to maximise resources and impact. Training and skills development, as well as access to information and resources, are seen as critical enablers of organisational effectiveness. Organisational development is valued somewhat less highly but remains significant for many. Advocacy and representation are also marked as essential by many [18][22], underlining the sector's commitment to ensuring the voices of communities are heard. Very few organisations describe any of these activities as unimportant, suggesting abroad recognition that these functions are interdependent and vital for sustainability.

Chart 23: Importance of Selected Organisational Activities (2025)



Source: CBE, n=87

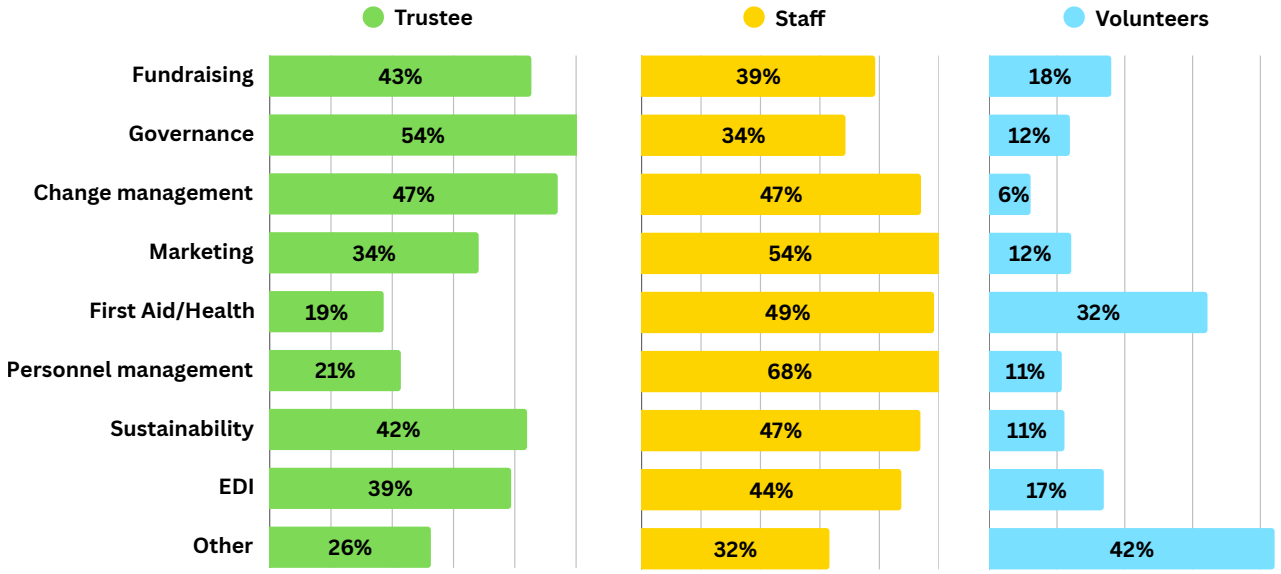
In summary, VCSEs in Surrey view advocacy, collaboration, training, and organisational development as mutually reinforcing priorities that are essential for sustaining services and responding to rising demand. There is a shared understanding that these activities collectively enable resilience, adaptability, and long-term impact. As the sector faces ongoing pressures from financial constraints, demographic changes, and increasing community needs, investing in these core functions will be crucial to ensuring that organisations can continue to support the people and communities who rely on them.

Additional Support Needs

Stakeholders identified a broad range of areas where additional support or training would prove beneficial. Fundraising stands out as the most commonly reported need across trustees, highlighting persistent challenges in securing sustainable income. Governance, change management, and sustainability also rank highly as priorities, particularly for trustees and staff, pointing to the increasing complexity of leadership responsibilities.

Staff placed greater emphasis on both the provision for, and training in marketing, personnel management, and equality, diversity and inclusion (EDI), while volunteers more often requested first aid and health-related training. Interestingly, sustainability provisions were consistently raised across all roles, signalling growing concern about the long-term viability of organisations in the face of financial but also growing environmental pressures. These findings illustrate not only the sector's shared challenges but also the distinct developmental needs of trustees, staff, and volunteers.

Chart 24: Areas with Support or Training Needs

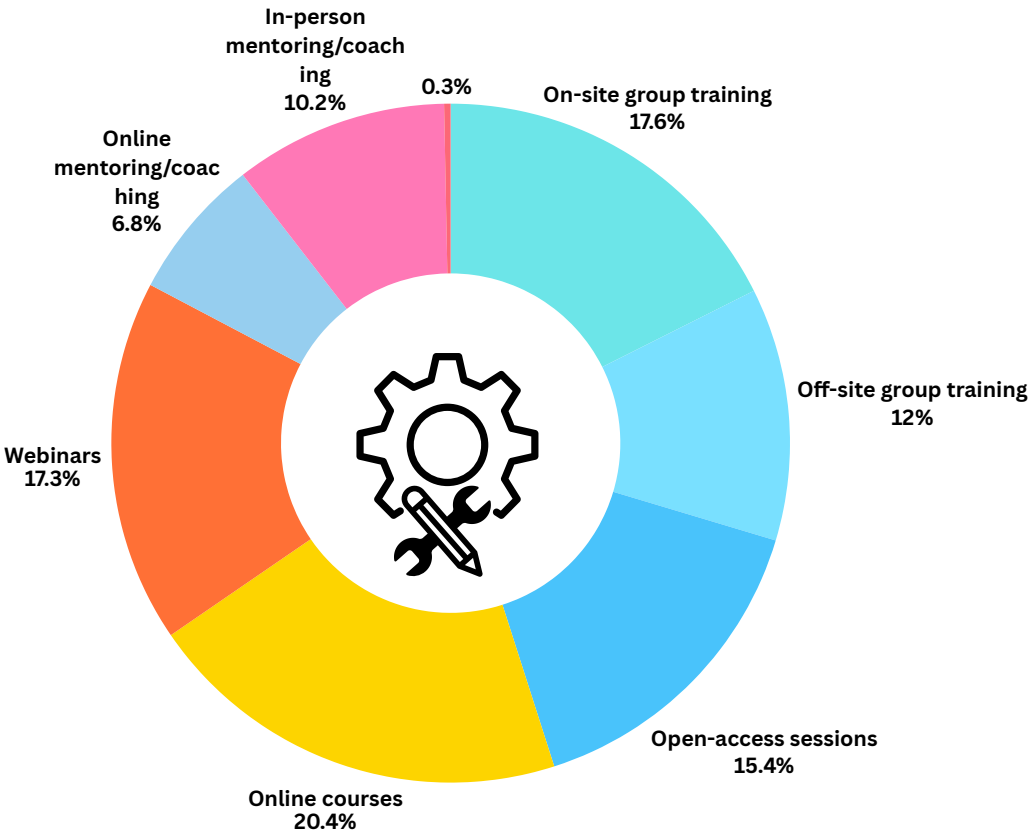


Source: CBE, n=76

Training Needs

In terms of training delivery, organisations express a preference for online formats, with self-paced or live online courses and webinars attracting the highest levels of interest. On-site group training also ranks highly, suggesting organisations value opportunities for practical, context-specific learning. Open-access sessions and off-site group training are somewhat less popular, indicating potential barriers such as travel, cost, or scheduling. Mentoring and coaching, whether online or in person, receive moderate support, reflecting demand for tailored guidance but perhaps limited capacity to engage in intensive one-to-one models. Overall, the results demonstrate a clear expectation for flexible, accessible, and cost-effective training solutions, with online provision now regarded as an integral part of professional development in the sector.

Chart 25: Training Preference



Source: CBE, n=81

Overall, voluntary and community organisations in Surrey are navigating a period of rising demand, financial uncertainty, and increasing organisational complexity. Across the sector, there is broad recognition of the importance of advocacy, collaboration, training, and organisational development as interdependent functions that enable resilience and long-term impact. Organisations report persistent challenges in securing sustainable funding, managing governance and leadership responsibilities, and maintaining staff and volunteer capacity, while adapting to external pressures such as demographic shifts, statutory service constraints, and economic volatility. Taken together, these findings illustrate a sector that is committed, adaptable, and collaborative, yet acutely aware of the structural pressures it faces, underlining the need for targeted support to sustain services, strengthen capacity, and safeguard long-term viability.

PART VIII

CONCLUSION

Surrey's VCSE sector is carrying heavier and more complex demand while operating on thin, often volatile funding. Need has increasingly shifted towards essentials, i.e. poverty relief, health, and wellbeing, leaving many small and medium organisations operating on razor-thin margins, where realistic pricing, fair risk allocation, and prompt payment are decisive for survival. Even within the span of 4 months since our interim report, updated data shows 17 charities in Surrey deregistered, signalling a sector that requires support. Collaboration is strongest where infrastructure support is in place, yet digital and data capability remains uneven: websites and social media are well embedded, while the adoption of AI and CRM systems is patchy. At the same time, co-production and lived-experience leadership are increasingly expected by funders and communities alike.

The local ecosystem is a mixed economy: Council and NHS commissioning route national programmes, and independent and philanthropic funding—particularly via the Community Foundation for Surrey—sit alongside corporate partnerships and community giving. Since COVID-19 and the cost-of-living crisis, discretionary or "nice-to-have" projects have been crowded out by core needs. Infrastructure bodies, including Surrey Community Action and local CVS networks, play a critical role as navigators and conveners, enabling organisations to remain locally responsive while collaborating at scale.

Relationships with statutory partners are nuanced: health bodies are viewed as relatively collaborative and responsive, yet cross-system strategy still feels disjointed. Ongoing research between the interim and final versions suggests that, at the same time, real-world shocks show system fragility. Woking's Section 114 crisis and a late-stage funding U-turn affecting unpaid carers illustrate how sudden decisions and cash-flow breaks can destabilise frontline capacity and push pressure back onto the NHS. One practical lesson observed is that the VCSE sector can only thrive by treating key VCSEs as critical infrastructure through multi-year models, proportionate commissioning, and prompt payment.

Some statutory stakeholders have expressed concern that Surrey has "too many" VCSE organisations. While a crowded landscape can create coordination and commissioning challenges, the number and diversity of organisations also reflect the reality of unmet and increasingly complex needs—particularly where statutory provision is constrained, eligibility thresholds have risen, or communities require culturally specific, place-based support. In this sense, plurality is not simply duplication; it is often a symptom of service gaps and a source of local responsiveness and trust.

Looking ahead, the sector's priorities are pragmatic rather than aspirational. Organisations are focused on sustaining core services, building capacity, particularly in governance, fundraising, and data, and making collaboration real rather than rhetorical. There is strong demand for flexible, accessible training, often delivered online, alongside recognition of the interdependence of advocacy, coordination, and professional development for long-term resilience. Ultimately, while policy reforms such as the Procurement Act and the VCSE Business Hub send positive signals, outcomes in Surrey will depend on local practice: market stewardship in partnership with infrastructure bodies, fair commissioning design and lotting, and sustained investment in digital and data capability so providers can evidence impact and address inequality.

PART IX

RECOMMENDATIONS

COMMISSIONING AND FUNDING

- Move core services to **multi-year funding** (3–5 years) where possible, with inflation-linked uplifts and clear break clauses, to stabilise staffing.
- Adopt **prompt payment as standard**: 30-day payment terms, optional advance payments/mobilisation grants for smaller VCSEs, and simplified invoicing to reduce cash-flow risk.
- **Price realistically and fund full cost recovery**, including core costs, management time, safeguarding, training, and volunteer coordination—not just delivery outputs.
- **VCSE-accessible procurements**: proportionate requirements, smaller lots, less burdensome evidencing, and reduced insurance/turnover thresholds where risk allows.
- **Rebalance risk allocation** so VCSEs are not carrying unmanageable delivery risk (late referrals, unrealistic KPIs, payment-by-results), particularly in prevention and wellbeing services for vulnerable populations.

PARTNERSHIP AND GOVERNANCE

- Create a **countywide VCSE–statutory partnership** compact with shared principles: early engagement, transparency on decisions, co-production standards, and dispute resolution.
- **Embed VCSE voices** in strategy: routine VCSE seats (including lived-experience representation) on key boards/partnerships, with paid time for participation.
- **Commission for collaboration:** specify and fund coordination and partnership-building as deliverables (not unpaid “extra” work).
- Encourage **income diversification** where feasible (trading, social enterprise, corporate partnerships), but do not treat it as a prerequisite for addressing statutory gaps.

DIGITAL AND DATA CAPABILITY

- Invest in a VCSE **digital uplift programme:** small grants + hands-on support for CRM adoption, data protection, website refreshes, and basic automation.
- Building upon Surrey Community Action's support for VCSEs, local government and alliances could **provide shared "sector infrastructure" tools**: low-cost or centrally negotiated licences (CRM, email tools, secure file-sharing) and a helpdesk model via infrastructure bodies.
- **Standardise outcome measures and reporting** templates across commissioners to cut duplicated data burdens and improve comparability.
- Enable and encourage small and **under-the-radar organisations** to access a common VCSE digital infrastructure

WORKFORCE AND VOLUNTEERING

- **Fund workforce development** explicitly: ring-fenced budgets for training, supervision, and leadership development (including trustee training).
- **Support volunteer sustainability**: fund volunteer manager roles, DBS/admin costs, and accessible training (online, modular) to reduce reliance on informal goodwill.

MARKET STEWARDSHIP AND INFRASTRUCTURE BODIES

- Treat organisations like Surrey Community Action, VCSE Alliance, CVS networks as **system enablers**: navigation, convening, shared training, digital support, partnership brokerage.
- **Diversify provision:** actively prevent over-concentration in a few large providers by supporting small/medium VCSEs into pipelines and frameworks that provide equally important grassroots services.

STABILITY DURING REFORM AND SHOCKS

- **Introduce a "no-cliff-edge" transition protocol** during devolution/reorganisation: early notice of changes, interim extensions, and continuity funding to avoid sudden service disruption.
- Build **rapid-response contingency mechanisms** (e.g., hardship/bridging funds) to prevent sudden statutory decisions from collapsing frontline provision and rebounding onto the NHS.

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ENDNOTES

[1] Members of the Civil Society Advisory Group: Lindsay Cordery-Bruce, CEO, Wales Council for Voluntary Action (WCVA); Maddy Desforges OBE, CEO, National Association for Voluntary and Community Action (NAVCA); Sarah Elliott, CEO, National Council for Voluntary Organisations (NCVO); Anna Fowlie, Chief Executive, Scottish Council for Voluntary Organisations (SCVO); Romilly Greenhill CEO, Bond; Peter Holbrook, CEO, Social Enterprise UK; Jane Ide OBE, CEO, ACEVO; Fadi Itani OBE, CEO, Muslim Charities Forum; Carol Mack OBE, Chief Executive, Association of Charitable Foundations (ACF); Rose Marley, CEO, Co-operatives UK (Co-op); Celine McStravick, Chief Executive, Northern Ireland Council for Voluntary Action (NICVA); Peter Nowak, Trades Union Congress; Kunle Olulode MBE, Director, Voice4Change England; Daniel Singleton, National Executive Director, Faith Action; Caroline Slocock, Director of Civil Exchange and Chair of the core group of the Better Way Network

[2] The Index of Multiple Deprivation (IMD) is a composite measure of relative deprivation for small areas (Lower-layer Super Output Areas, LSOAs) in England. It combines seven domains—Income, Employment, Education, Health & Disability, Crime, Barriers to Housing & Services, and Living Environment—into a single score, then ranks all LSOAs nationally (1 = most deprived). For reporting, ranks are often grouped into deciles (Decile 1 = most deprived 10%). IMD is designed for area comparison within the same release (latest for England is 2019) and LSOA geography (2011); use ranks/deciles rather than raw scores, avoid cross-country or cross-year comparisons, and note limitations (e.g., rural sparsity, ecological fallacy—area deprivation ≠ every resident's experience).

[3] The UK's wider sociopolitical climate adds to the challenge. Hate crimes targeting LGBTQ+ people have been on the rise, while political parties with anti-LGBTQ+ platforms, such as Nigel Farage's Reform UK, have gained visibility and influence. Internationally, the UK's position in the ILGA-Europe Rainbow Index has slipped significantly: once ranked first in Europe for LGBTQIA+ rights, the UK now stands at 22nd out of 45 countries, having fallen a further six places in 2025 (ILGA-Europe, 2025). This case underscores the complex relationship between community trust, allyship, and public representation. For advocacy groups, reputational crises can have far-reaching consequences, not only for their own survival but also for the broader movement they serve. For public bodies and businesses, the challenge is to navigate these crises without withdrawing essential visibility and support for marginalised communities.

[4] CBE researchers filtered the Charity Commission's 4,383 (Dec 2025) dataset by removing organisations that did not include postcode location, and postcodes that fall beyond Surrey's locality.

[5] David Airey, The Winn Memorial Parish Hall, interview with the authors, 11 September 2025 (online).

[6] Dr Ian Robert Funnell, Fetcham Village Hall, interview with the authors, 10 September 2025 (online).

[7] Katy Harris, Dorking Area Foodbank, interview with the authors, 5 September 2025 (online).

[8] Nicola Dawes, Stripey Storks, interview with the authors, 5 September 2025 (online).

[9] Rodney Bates, Farnham Assist, interview with the authors, 2 September 2025 (online).

[10] Rebecca Bowden, Community Foundation for Surrey, interview with the authors, 21 November 2025 (online).

[11] Sarah Jane Chimbwandira, Surrey Wildlife Trust, interview with the authors, 7 November 2025 (in-person interview, University of Surrey).

[12] Claire Robertson, Age Concern Banstead, interview with the authors, 12 September 2025 (online).

[13] Sarah Black, Home-Start Guildford, interview with the authors, 12 September 2025 (online).

[14] Alix Lewer, Include, interview with the authors, 10 November 2025 (online).

[15] Maria Zealey, Surrey Welfare Rights Unit, interview with the authors, 12 September 2025 (online).

[16] Sarah Beasley, Home-Start Runnymede and Woking, interview with the authors, 10 November 2025 (in-person interview, University of Surrey).

[17] Janet McCarten, Age Concern Merstham, Redhill, & Reigate, interview with the authors, 9 September 2025 (online).

[18] Anonymous respondent, interview with the authors, 12 September 2025 (online).

[19] Jason Gaskell, Surrey Community Action, interview with the authors, 10 November 2025 (in-person interview, University of Surrey).

[20] Ben Collins, VCSE Alliance, interview with the authors, 5 December 2025 (online).

[21] Mark Nuti, Surrey County Council, interview with the authors, 5 December 2025 (online).

[22] Lawrence Santcross, Transform Housing and Support, interview with the authors, 29 September 2025 (online).

[23] Rob Mills, Walton Charity, interview with the authors, 8 September 2025 (online).

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