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An Unstable Partnership

How the funding crisis is reducing access to vital counselling services and is a barrier to early-intervention and prevention.

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British Association for Counselling and Psychotherapy

BACP House
15 St John's Business Park
Lutterworth, Leicestershire
LE17 4HB

01455 883300
bacp@bacp.co.uk
@BACP

www.bacp.co.uk

Foreword

Dr Jessie Emilion
BACP Vice President

Mental health policy across the United Kingdom increasingly recognises that prevention and early intervention are essential to reduce demand on overstretched NHS services, improve population wellbeing and deliver sustainable public services. Across all four nations, governments have committed to strengthening community-based support, tackling health inequalities and working in partnership with the voluntary and community sector. Yet this report, detailing survey responses from 119 third sector services across the UK, reveals a widening gap between policy ambition and operational reality.

Third sector counselling services have become an indispensable part of the UK's mental health system. Every day they provide timely, culturally sensitive, evidence-based psychological support to thousands of people who might otherwise receive no help until their mental health has significantly deteriorated. They facilitate easy access, address barriers and stigma in mental health. They intervene early, prevent escalation into crisis, reduce the need for more intensive statutory services and offer support to many people who do not meet NHS thresholds or who face unacceptable waiting times.

The findings from BACP's survey show that the third sector is increasingly acting as the NHS's safety net – but without the funding, commissioning arrangements or long-term investment needed to sustain that role. Nearly four in five services receive referrals or signposting from NHS services, yet only a small minority believe they have sufficient funding to meet current demand. Many are operating beyond capacity, closing waiting lists, or considering service reductions despite having qualified counsellors ready to deliver more therapy if resources were available.

This is not simply a funding issue – it is a prevention issue.

As the report highlights, the vicious cycle is a systemic trap in the relationships between the NHS and the third sector. A tragedy waiting to happen if this is not systemically addressed as a matter of urgency.

Every person who receives timely counselling before their mental health deteriorates represents an opportunity to prevent crisis, reduce avoidable use of NHS services, improve employment and educational outcomes, strengthen families and communities, and reduce wider public expenditure. Conversely, when community counselling services are forced to restrict access, close waiting lists or cease operating altogether, the consequences do not disappear; they are displaced elsewhere across the health and care system, often at significantly greater human and financial cost.

This report presents policymakers with a clear choice. The current model relies on voluntary organisations to absorb growing statutory demand through fragile, short-term funding arrangements that neither reflect the scale of services delivered nor provide sufficient security to plan for the future. Short-term funding is surely short-sighted, and this approach is increasingly unsustainable.

The evidence presented in this report should be viewed not simply as a description of the challenges facing the third sector, but as an opportunity, an invitation to policy makers and commissioners to review how services are commissioned so the service users' needs take centre stage. Investing in community counselling is an investment in prevention, in healthier communities and in a more sustainable NHS. The question is no longer whether third sector counselling services are an essential partner in the UK's mental health system - the evidence shows that they already are.

Only when third sector services are truly seen as equal partners in mental health service provision, with adequate funding allocation that bridges the gaps and hierarchies between the statutory and community sectors, will we be on the right path to addressing the insights and challenges outlined in this report.

Dr Jessie Emilion is a counsellor, psychotherapist, trainer and supervisor with over 30 years' experience in the NHS, working across both primary and secondary care. Her practice also includes supporting refugee communities and partnering with third sector organisations.

Overview

Third Sector Counselling Services Survey

Third sector counselling services are increasingly acting as a safety net for gaps in statutory mental health provision across the UK nations, absorbing growing numbers of referrals from the NHS, taking on increasing complexity in client need, and doing so with fragile and often unsustainable funding.

These are the stark messages from a survey carried out by the British Association for Counselling and Psychotherapy (BACP) in May-June 2026, which received 119 responses from third sector services across the four nations of the UK. Collectively the responding services see over 13,000 clients each month and deliver 87,300 therapy sessions.

Whilst the recognition of the importance of the third sector in government strategies across the UK is welcome (see examples in the table below) and demonstrates the value of the sector's work, the responses to our survey indicate that the relationship is increasingly one-sided and unsustainable.

79% of services report receiving referral or signposting for counselling from the NHS

The voluntary sector is filling gaps in statutory provision

Third sector counselling services are experiencing increasing referral pressure from NHS and statutory services as one of the principal drivers of demand. A previous BACP report 'Bridging the Gaps' detailed how third sector services offer greater flexibility and choice for clients and are effective in making therapy more accessible by removing systemic barriers but increasingly receive referrals and signposting from NHS services.

Seventy-nine per cent of services in our survey reported receiving referrals or signposting from GPs or NHS services, highlighting the extent to which statutory services rely on the voluntary sector to respond to unmet mental health need, while only 17% of services report having sufficient funding to meet demand for counselling. Forty-three per cent of respondents reported that their service receives no statutory funding. Of the 57% that currently receive statutory funding, it accounts for less than half of total income in 65% of cases.

One service reports that around 45% NHS referrals for people who don't fit the criteria for talking therapies

33% report not having funding to maintain their current service provision

Services report increasing referrals from GPs, Community Mental Health Teams, CAMHS and other public services, often because clients do not meet eligibility criteria for the referring services or will face lengthy waiting times.

"There seems to be an exceptional number of referrals from the NHS... around 45%... for people who 'don't fit the criteria for talking therapies' or have a need for additional counselling due to complexity."

Of the services receiving regular referral and signposting from GPs, 33% report not having funding to maintain their current service provision over the next 12 months, and only 14% are confident that they can maintain provision in the longer term (next three years).

"Our service is widely known... many statutory health and education services refer clients to us. But we don't receive funding from them."

Many respondents expressed frustration that voluntary organisations are increasingly expected to absorb demand without any accompanying funding.

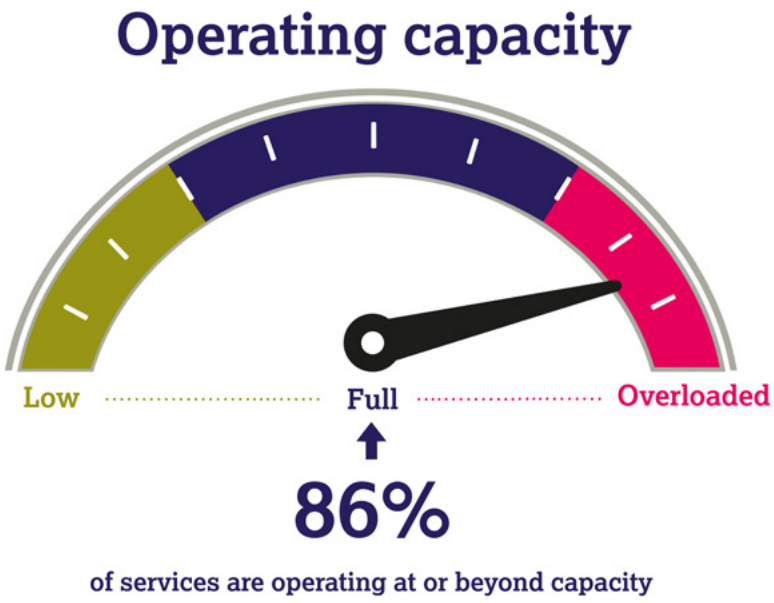
"We should not be expected to raise funds for a service that is evidence-based and works; the NHS MUST invest in our sector."

Despite acting as established referral pathways, relationships between third sector counselling services and statutory services lack formal commissioning arrangements.

86% of services reported operating at or beyond capacity

"We are one of the largest providers of counselling in Northern Ireland, with many statutory services using us as a referral pathway without the formalised agreement and remuneration."

Demand is outstripping capacity



Demand for counselling continues to grow while organisational capacity has reached its limits. Eighty-six per cent of services reported operating at or beyond capacity, with waiting lists now the norm. Some organisations reported average waits of 40–50 days, while others described waiting times of 20 weeks or longer. Fourteen per cent of services have had to close their waiting lists to manage demand, with several reporting repeated closures throughout the year. These measures reduce visible demand rather than addressing it, masking the true scale of unmet need.

Only 14% of services are confident that they can maintain provision in the longer term (next three years)

"Closed our waiting list... reopened it... received 14 weeks' worth of referrals in 14 days... so had to close it again."

Many organisations also report that whenever additional capacity becomes available it is immediately filled, demonstrating that demand continues to exceed current provision.

14% of services have had to close their waiting lists to manage demand

Funding has failed to keep pace with need

The overwhelming message from counselling services is that funding has not kept pace with rising demand. Seventy-nine per cent of services reported not having sufficient funding to meet current demand for counselling, forcing organisations to cap client numbers, reduce staffing, suspend recruitment, stop promoting services, all of which restrict access to therapy.

Several organisations highlighted the paradox that trained and qualified counsellors are available and have capacity to deliver therapy, but these therapists cannot be employed because funding is unavailable:

"If we had the funding we required, we would not have a waiting list. Currently we have [therapist] capacity for an additional 210 clients per week but no funding to facilitate this."

"We turn away approximately 20 self-referrals from our service every week."

Many third sector counselling services now rely on a patchwork of annual grants, charitable fundraising and short-term funding contracts that provide little security for workforce planning or service development. Organisations consistently report that funding has failed to keep pace with inflation, increasing demand and rising operating costs. Seventy-four per cent of services reported obtaining funding from grant-making trusts and foundations, with 34% relying on this uncertain funding stream for more than half of their income.

79% of services reported not having sufficient funding to meet current demand for counselling

"We have cut staffing levels by 30% and reduced numbers of low-cost sessions to try to balance the books. The survival of the service is in significant jeopardy."

Some organisations described using reserves, reducing affordable (no-cost and low-cost) counselling provision, restructuring services or even considering closure as a direct consequence of funding instability and increased competition for grants.

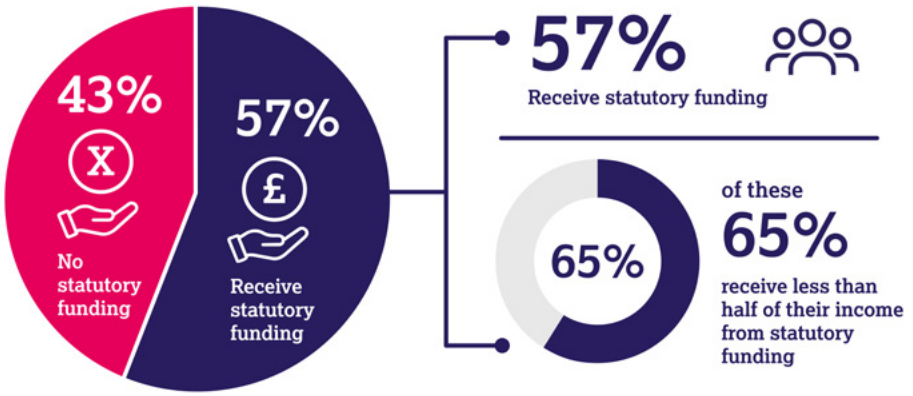
"We employed a Fundraiser last year and over £220,000 worth of applications were made, of which £4,000 was successful..."

The precarity of funding is forcing some counselling services to consider whether they continue to be viable.

"Due to the funding crisis, we are closing our service after 30 years of supporting women who have experienced domestic abuse."

"In spite of our best efforts, we are facing decisions about closure at the end of 2026."

Funding fragility



74% of services reported obtaining funding from grant-making trusts and foundations

Urgent action and funding are vital

Taken together, these findings demonstrate that third sector counselling services are providing an essential contribution to the UK's mental health system, while operating with increasingly precarious financial foundations.

Through their work, they are preventing deterioration in mental health, supporting people who cannot access statutory services and reducing pressure on the NHS, yet are doing so through unstable, short-term funding arrangements that undermine workforce stability and service planning.

The responses to our survey point to a clear and urgent need for increased long-term statutory investment in community-based counselling services. Multi-year funding arrangements, formal commissioning of referral pathways and investment in workforce capacity will enable organisations to reduce waiting times, respond to growing complexity and ensure that people can access timely, evidence-based mental health support, helping to realise a genuine partnership between the NHS and the sector across the UK nations.

34% of services rely on uncertain grant-funding for more than half their total income

BACP calls for:

- Increased recognition and long-term statutory investment in third sector counselling services.
- Multi-year funding settlements that provide financial stability and enable workforce planning.
- Formal and simplified commissioning of NHS referral pathways so organisations are funded for the services they provide.
- Investment to release workforce capacity to reduce waiting times, increase access to counselling and create a genuine partnership between statutory and voluntary sector mental health services.

One service reports that they cut staffing levels by 30%

Health Policy Recognition and Expectation of Third Sector/VCSE Services across the UK

- The Department for Health and Social Care call for evidence to inform a new Mental Health Strategy for England, published in May 2026 identifies the VCSE sector as a delivery partner to improve mental health support across statutory and community systems.

- The UK Government's Freedom from Violence and Abuse cross-departmental strategy includes direct reference to the role of specialist services; *"Violence against women and girls (VAWG) causes profound and lasting harm. Every victim and survivor must have access to tailored, holistic support – practical, emotional, and therapeutic. Delivered by services that understand their needs, including specialist 'by-and-for' organisations rooted in lived experience."*

- Scotland's current Mental Health and Wellbeing Strategy adopts a whole-system approach and repeatedly emphasises community-based support, partnership working and a broad health system involving non-statutory organisations. *"Essential to this [strategy] are the vital roles that local authorities, community planning partnerships, communities and third sector organisations (which include charities, social enterprises and voluntary groups) play in developing resilience, providing social infrastructure and supporting mental health and wellbeing nationally and in local communities."*

- In Wales the Mental Health and Wellbeing Strategy 2025–2035 explicitly positions mental health support as delivered through cross-sector partnerships, including direct reference to 'the voluntary sector' in its scope.

- Northern Ireland's Mental Health Strategy (2021-2031) commits to *"fully integrate the community and voluntary sector in mental health delivery"* and through "Action 17" of the strategy, the Department for Health has published a detailed scoping of the sector and recommendations that recognise funding challenges.

- Current Suicide Prevention strategies in each of the four UK nations explicitly recognise and embed third sector services in their delivery, with Scotland's 'Creating Hope Together' action plan prioritising *"high-quality, compassionate, appropriate and timely support for people affected by suicidal thoughts and behaviour, carers and people bereaved by suicide".*