

# Analysis Report: Budget Impact on Community Organisations in Essex

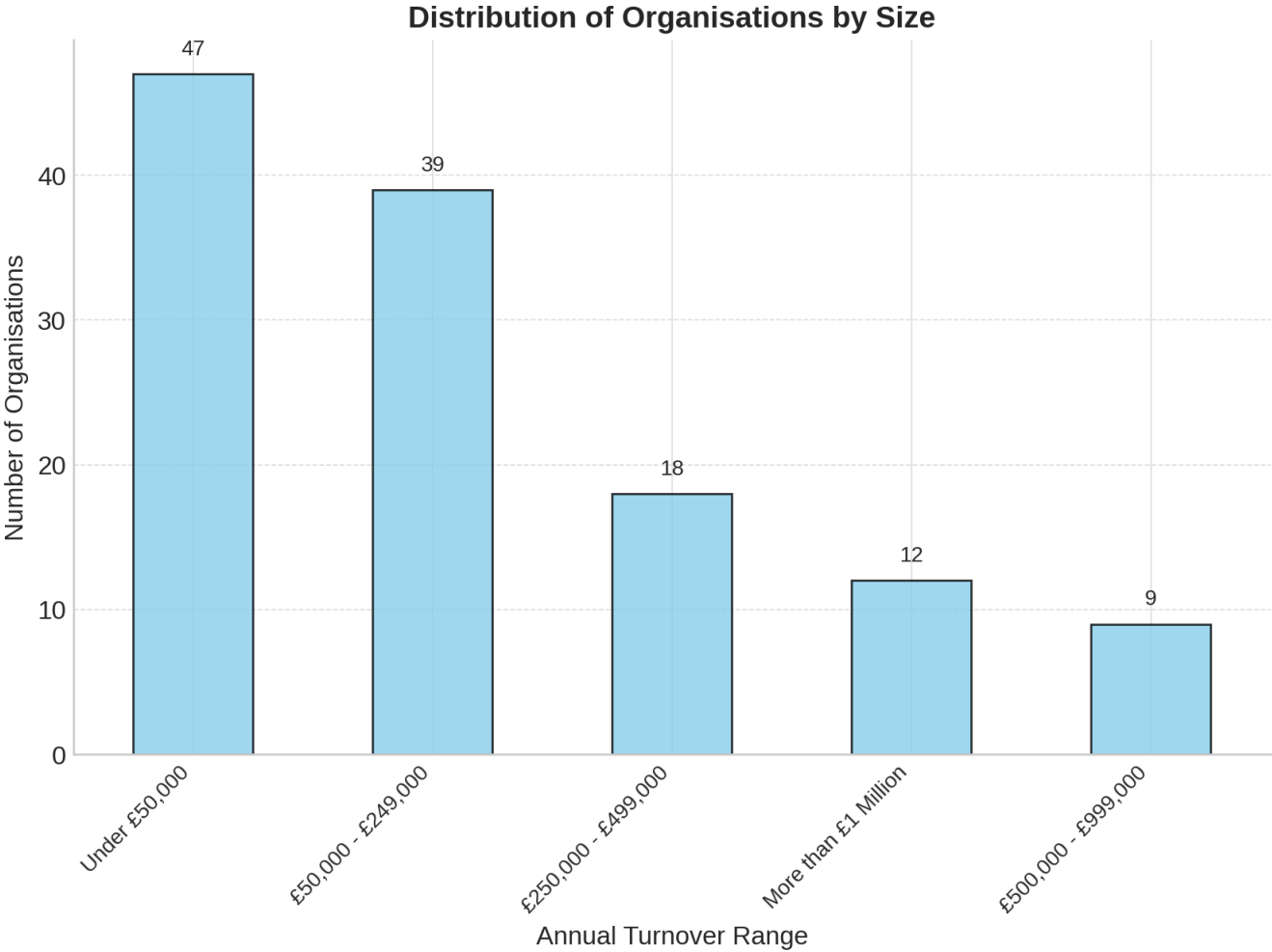
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Prepared by Essex Community Foundation

January 2025

# Executive Summary

This report presents a detailed analysis of the impact of recent budget changes on community organisations across Essex. Drawing on survey data from 125 respondents, the analysis highlights key challenges faced by both small and large organisations, including constraints on innovation, talent retention issues, and the need for additional financial and regulatory support. Despite these challenges, the civic sector remains resilient, demonstrating a continued commitment to serving local communities.



## Detailed Analysis

### 1. An Overview of Community Organisations in Essex

Across Essex, a diverse ecosystem of community organisations works tirelessly to improve lives and strengthen the social fabric. The surveyed organisations range from **registered charities** and **trusts** to **unincorporated associations**, each playing a vital role in meeting local needs.

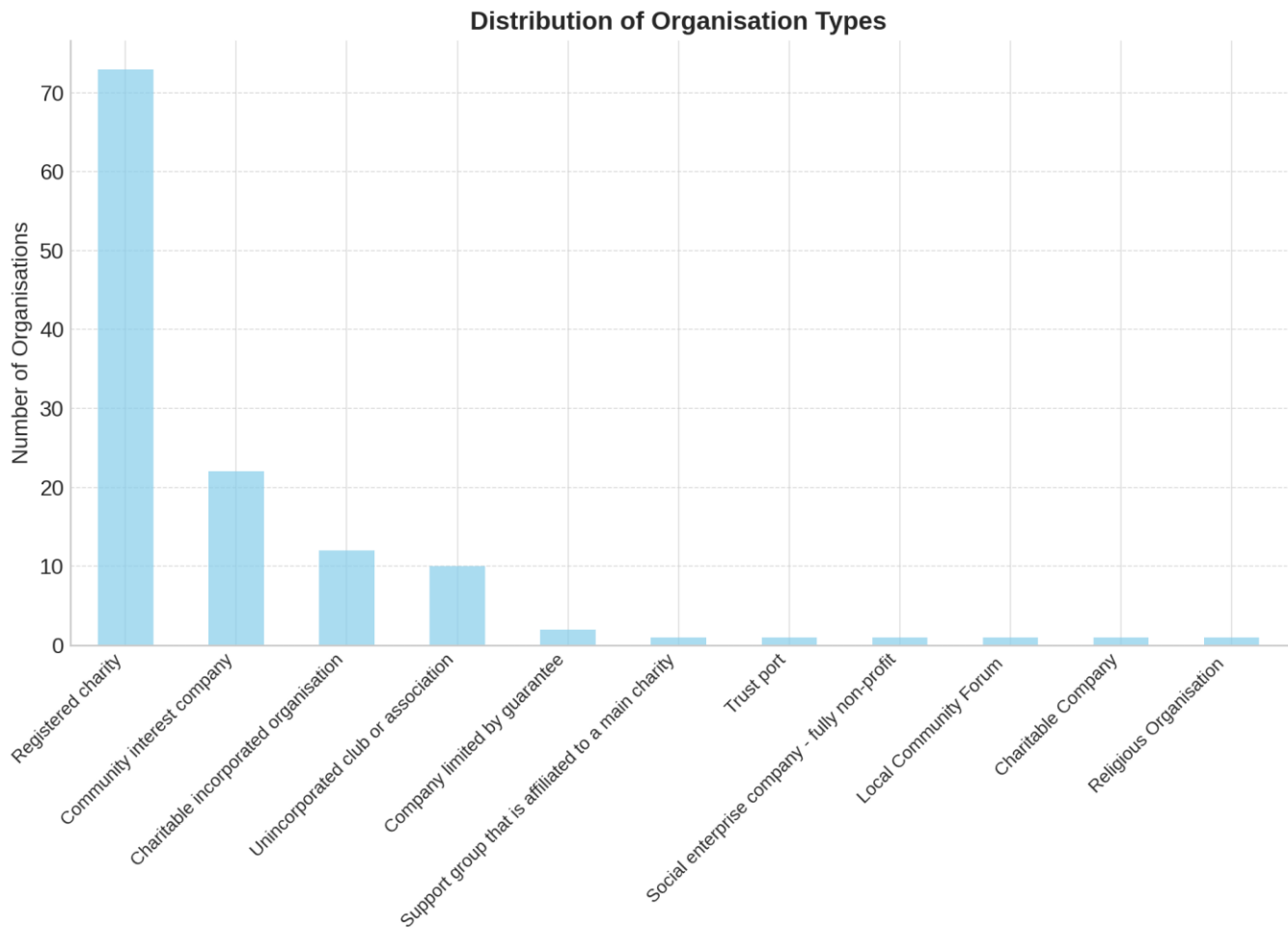
Geographically, the responding organisations are dispersed throughout the region, with notable clusters in **Tendring**, **Braintree**, and **Chelmsford**, reflecting the widespread nature of community challenges and initiatives. While many are small-scale, grassroots-led groups, others are larger, well-established institutions with significant reach.

***“We are deeply embedded in our local community, supporting those who often have nowhere else to turn.”***

Most of these organisations operate on modest budgets, with 47 organisations having turnovers under £50,000 and 39 within the £50,000 - £249,000 range. A smaller number, 18, report turnovers of £250,000 - £499,000, while 12 have turnovers exceeding £1 million.

Financially, most of these organisations operate on modest budgets, with **small turnovers under £249,000**. They rely heavily on **volunteers**, reflecting the generosity and civic spirit of local people. However, a smaller number of **larger organisations**, with turnovers exceeding **£250,000**, are grappling with greater operational pressures as they strive to sustain and expand their services.

***“Our volunteers are the lifeblood of our organisation. Without them, we simply couldn't continue.”***



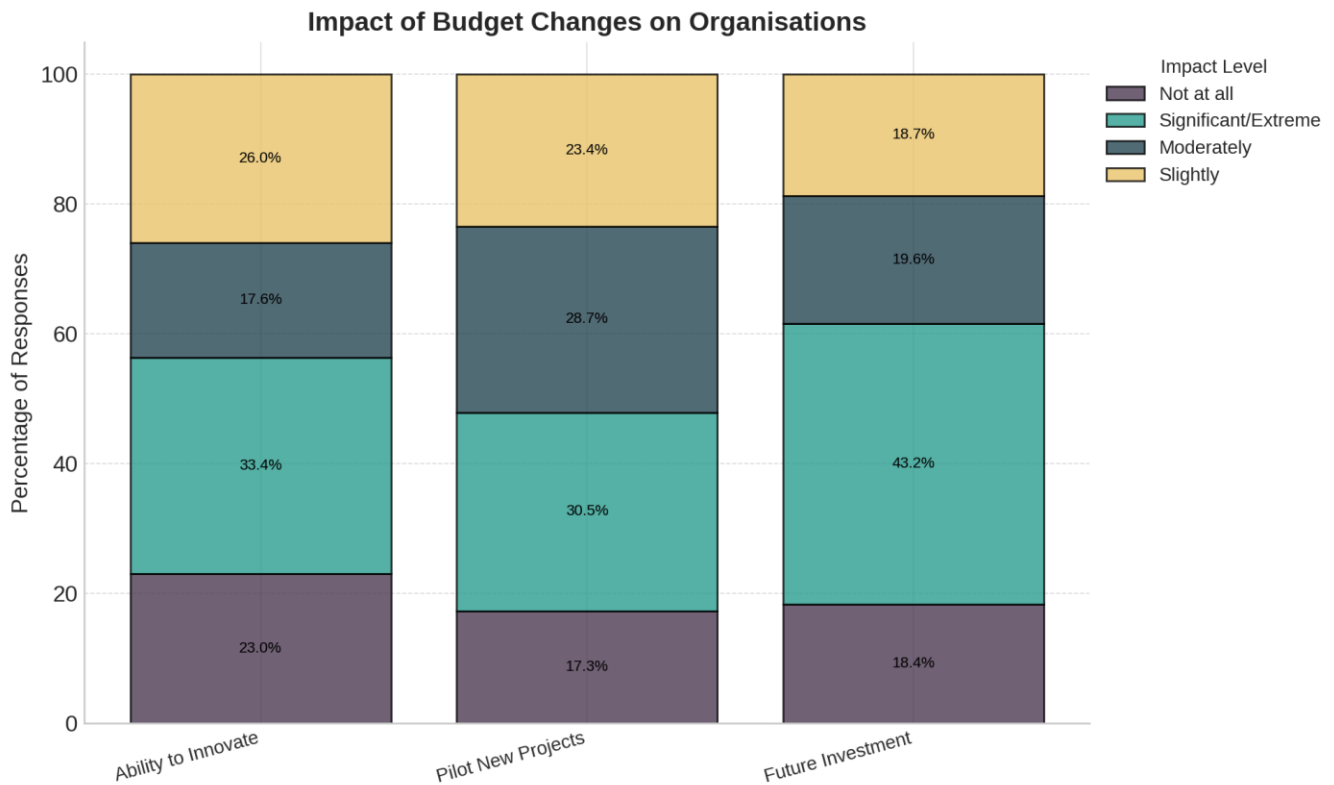
## 2. The Weight of Budget Constraints on Innovation and Growth

The recent budget changes have created a climate of uncertainty, with many organisations forced to reassess their priorities. Smaller organisations, in particular, have adopted a **survival-first mentality**, focusing on maintaining core activities rather than pursuing new initiatives.

***“We’ve had to put all our plans for expansion on hold—we simply don’t have the resources to take risks right now.”***

Larger organisations, though fewer in number, report a **heavier burden**. Nearly **50%** of those with a turnover over **£249,000** indicated that budget changes had significantly curtailed their capacity to innovate and invest in future opportunities. For these groups, the risk is not only stagnation but potential contraction.

***“We had ambitious plans for a new project that would have a lasting impact on the community, but we’ve had to shelve it indefinitely.”***



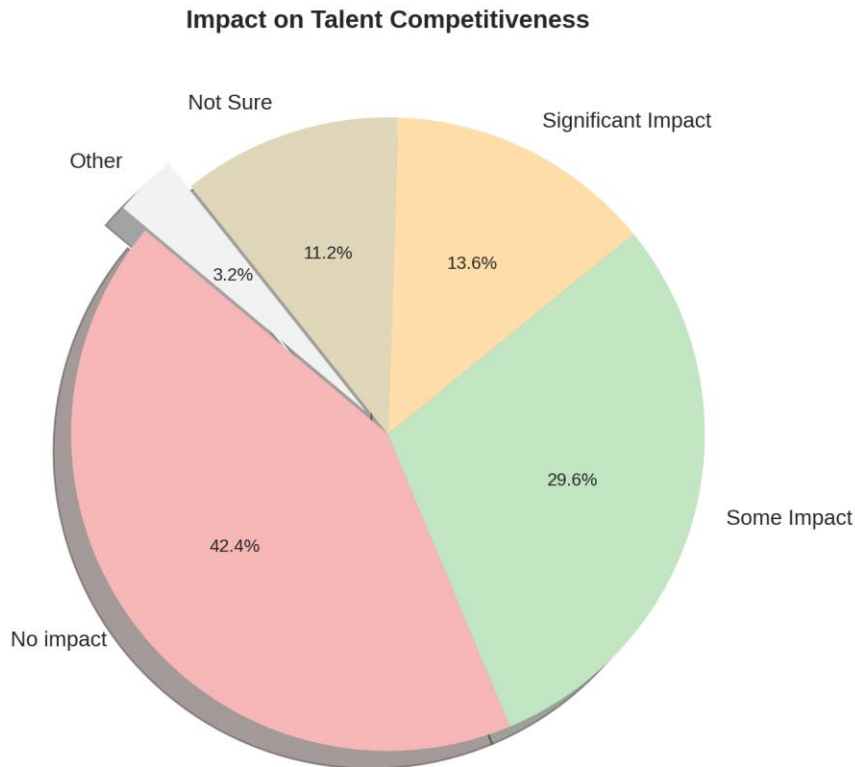
### 3. Holding Onto Talent in a Competitive Landscape

While 42% of organisation indicated no immediate impact, 43% did report either some or significant impact on talent retention. The rising cost of living, coupled with changes to the **National Insurance contributions** and **living wage**, has left many organisations struggling to retain talent. However, smaller organisations, which often rely on volunteers, are less immediately impacted, they face longer-term concerns about sustainability.

***“We’re entirely volunteer-run, but with everyone feeling the pinch, we worry that people won’t be able to keep giving their time.”***

For larger organisations, the challenge is more acute. Many report losing staff to sectors offering better pay and conditions, highlighting a growing need for support in maintaining competitive employment packages.

***“We can’t match the salaries offered by the private sector. It’s hard to keep talented staff when they have bills to pay.”***



#### 4. Reallocating Resources—A Difficult Balancing Act

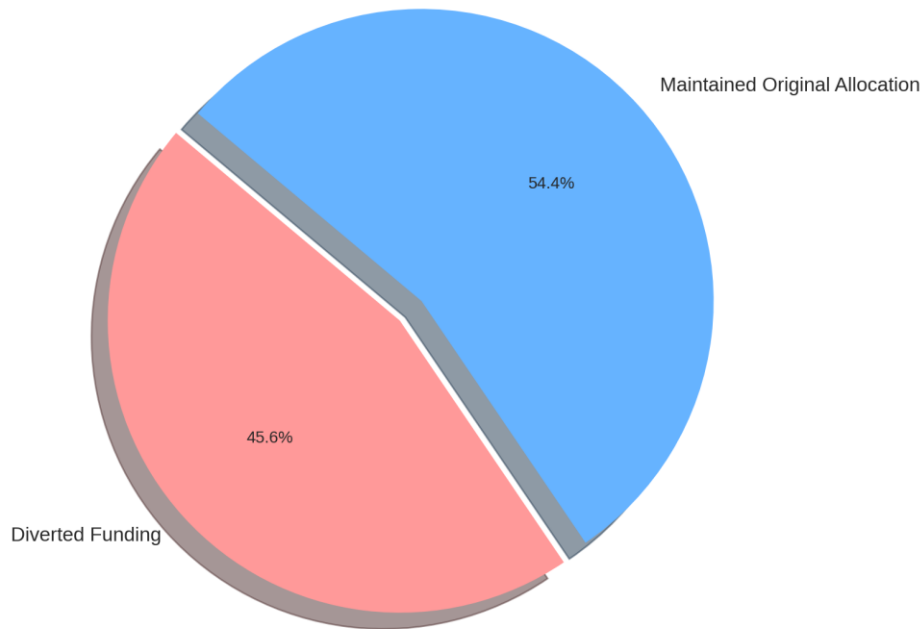
The survey analysis shows that nearly **46% of organisations** have had to divert funding away from non-essential activities, including staff training, technology upgrades and capacity building, while a significant portion have maintained their original allocations. These reallocations, though necessary in the short term, risk undermining long-term resilience and effectiveness.

***“We’ve had to pull back on training and development. While it helps us stay afloat now, we know it’s a risky move for the future.”***

Others report dipping into reserves—an unsustainable strategy that leaves them vulnerable to future shocks.

***“We’ve used up most of our reserves just to keep the lights on. If things don’t improve, we won’t last much longer.”***

Organisations Diverting Funding vs Maintaining Allocation



## 5. A Collective Call for Support

When asked about the kind of support they need, organisations painted a clear picture: **financial flexibility, simplified regulations, and advisory services** are critical to navigating the current crisis - with a growing request for more tailored workshops on financial planning and strategic growth.

- **Financial Support:** Many organisations called for unrestricted core and multi-year funding to cover essential costs and keep services running.

***“We don’t need fancy project-specific grants—we need flexible funding that allows us to keep going.”***

- **Tax support:** Several organisations emphasised the financial burden of the recent National Insurance rises, asking for not-for-profit organisations to be exempt.

***“Allowing charities to be exempt from the increase in employers’ NI would ease financial pressure.”***

- **Reporting support:** The administrative burden is weighing heavily on smaller organisations, with several requesting simpler reporting requirements and clearer guidance.

***“We spend so much time filling in forms and trying to understand new regulations. It’s time that could be better spent helping people.”***

- **Advisory Support:** There’s a pressing need for strategic advice on **fundraising, partnerships, and long-term planning.**

***“We need help figuring out how to diversify our income streams and build partnerships that last.”***

In addition, organisations emphasised the value of **collaborative networks** and **peer learning opportunities**, recognising that working together can create strength in numbers.

***“If we could collaborate more, share resources, and learn from each other’s experiences, we’d all be better off.”***

Please see appendix 1 for the top eight requests for support and the quotes with a detailed list of the requests for support from the survey responses

## **Conclusion and Recommendations**

This report underscores the resilience of community organisations in Essex despite significant financial and operational challenges. To ensure their continued success, we need to work with others to ensure there is.

- An increase in funding to the sector,
- highlight the impact of NI changes and identify options to mitigate their effect
- increase in core and multi-year funding, and
- capacity-building initiatives which are essential.

By fostering collaboration and providing strategic assistance, collectively we can help to ensure the sector and as a result civic society in Essex, not only survives but thrives.



# Top 8 Most Commonly Requested Forms of Support and list of responses

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The top 8 most commonly requested forms of support by community organisations. Each form of support is accompanied by a representative quote to provide further context.

## 1. Increased Funding and Grants (45 mentions)

Organisations widely requested increased access to funding, particularly core and operational grants, to sustain their essential services. They also highlighted the need for grants to increase at a rate consistent with inflation.

***“We are always seeking financial support. We rely very heavily on volunteers: this is great, but it also has limitations. We need to be able to have additional paid staff.”***

## 2. Exemptions from Tax and National Insurance (25 mentions)

Several organisations emphasised the financial burden caused by the recent increase in National Insurance contributions, suggesting that charities should be exempt from these costs to ease operational pressures.

***“Exempting charities from the NI increases would be a helpful start; however, there is a longer-term issue with the real lack of opportunities to achieve multi-year core cost funding.”***

## 3. Core Cost Coverage & Multi-Year Funding (20 mentions)

A frequent concern was the difficulty of covering core costs such as salaries, rent, and utilities. Organisations also strongly expressed the need for multi-year funding, which would provide stability and reduce the constant need to reapply for grants.

***“Being able to secure regular or longer-term funding instead of having to apply annually and come up with ‘new’ projects each time would help ensure the continuation of successful programmes.”***

## 4. Transport and Rural Support (12 mentions)

Organisations in rural areas noted the challenges posed by increased transport costs and the need for accessible community services, particularly for elderly and vulnerable populations.

***“We live in a rural area with a population who are older in years and rely on transport to get to doctors, shops, and village events.”***

## 5. Help with Staffing and Volunteer Retention (10 mentions)

The rising cost of living and increased wage pressures have made it difficult for organisations to retain staff and attract reliable volunteers.

***“To have the security of meeting the additional employment costs and security of employment for our staff would make a significant difference.”***

## 6. Advisory Support (9 mentions)

Many organisations asked for advisory services to help with strategic planning, partnership building, and capacity development, which are vital for long-term sustainability.

***“Help with fundraising and partnership building would be invaluable. Guidance on navigating policy changes would also help us stay afloat.”***

## 7. Cost of Living Support (7 mentions)

Some organisations highlighted the need for additional support to cope with the rising cost of living, which has increased operational expenses and affected the communities they serve.

***“Although the budgetary change hasn’t affected our group, the cost of living really has. We face challenges when it comes to core costs funding as prices have risen so dramatically in recent years.”***

## 8. Flexibility in Funding (5 mentions)

Organisations expressed a desire for flexible funding that allows them to allocate resources where they are needed most, rather than being tied to specific, restricted project grants.

***“Unrestricted funding to fill gaps between more heavily restricted projects would help us remain agile in a constantly changing financial landscape.”***