Essex Community Foundation

Community Listening Project:

VCSE Sector Audit

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October 2026











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Key Insights

Across the seven key insights, a consistent picture emerges of a sector making a substantial contribution to Essex while facing growing pressures on its capacity and resilience. Despite an estimated total contribution of £4.6bn, many organisations are operating in an increasingly challenging funding environment, with statutory support having receded, grant funding becoming more competitive and the full costs of delivering services often difficult to meet. These pressures sit alongside wider challenges around workforce capacity, collaboration, commissioning and the availability of infrastructure support. Together, the findings point to the need for more sustainable funding, longer-term support and stronger relationships between the VCSE sector and public bodies.

1. The sector contributes far more than it is funded to deliver.

The VCSE sector makes a substantial economic and social contribution to Essex. Much of its value comes from preventative, community-rooted work, local knowledge and the ability to reach marginalised communities. However, these contributions are difficult to capture through the measures used in funding and commissioning decisions, meaning the sector risks being undervalued by the systems that rely on it.

2. The shape and experience of the sector vary across Essex.

The distribution, size and focus of VCSE organisations differ across the county, reflecting local circumstances and levels of affluence and deprivation. The availability of services also varies by cause, with gaps in some specialist areas and greater competition between organisations in others. These differences mean that organisations operate in very different local contexts and face different challenges.

3. The sector's financial foundations are increasingly weakened.

Grant funding has become harder to secure as statutory funding has receded and demand for services has grown. Other income sources can help some organisations, but none offers a reliable substitute. Many organisations are therefore left trying to meet rising demand while struggling to cover the full costs of delivering their work.

4. The people who sustain the sector are under increasing pressure.

The sector depends heavily on volunteers, paid staff and trustees, but organisations face growing challenges in recruiting, retaining and supporting them. Staffing costs and funding shortfalls are putting pressure on paid roles, while difficulties recruiting volunteers and trustees create further risks for organisations' ability to maintain their work.

5. The sector's role in prevention is not matched by how it is funded and commissioned.

VCSE organisations make an important contribution to health and prevention, but many face significant barriers to working with and being commissioned by the NHS. Complex requirements, the scale of contracts and weakened relationships make it difficult for smaller organisations in particular to access opportunities. The convenor model offers a potential way to improve these relationships, but it will not resolve all the barriers facing the sector.

6. The sector is valued by public bodies, but its influence remains limited.

Many organisations feel that their contribution is valued, and there is a strong appetite to collaborate with public sector partners. However, being valued does not always translate into meaningful involvement in decisions or confidence that feedback will lead to action. Funding competition, differences in organisational capacity and concerns about jeopardising relationships can all limit the sector's collective voice.

7. Infrastructure support is valuable, but unevenly available across the county.

Where local infrastructure organisations are established, trusted and well-resourced, they provide important practical support and representation. However, provision is inconsistent, with some areas lacking equivalent local support. Underfunding and changes to infrastructure arrangements have contributed to gaps, leaving some organisations more vulnerable and less able to influence decisions.

Introduction

There are around 5,200 registered voluntary, community and social enterprise (VCSE) organisations in Essex - the equivalent of 2.8 organisations for every 1,000 residents. The sector is productive across a wide range of issues, with particular strength around the promotion of health and wellbeing, tackling social isolation, empowering communities, and supporting independent living skills. Its contribution to the county is substantial: the estimated value of sector energy expended was approximately £1.3bn in 2025, producing £2bn in fiscal, economic and use value for Essex. When intangible aspects of social value are factored in, the sector's total contribution is estimated at £4.6bn, equivalent to £35,600 per 1,000 residents.[1]

[1] All unattributed statistics and figures in this report come from:
Chapman, Tony and Wistow, Jonathan (2026) *Third Sector Trends in England and Wales 2025: The contribution of voluntary organisations to place: A study of Essex in comparative context. Essex:* Essex Community Foundation.

This significant contribution comes at a moment of substantial change for the county and the systems the sector operates within. Local government reorganisation (LGR) had been set to devolve Essex County Council into five smaller unitary areas, while one Integrated Care Board (ICB) was created for Greater Essex, replacing the three ICBs that previously operated across the county. Nationally, this period has also seen the launch of ACEVO's Civil Society Covenant, a set of principles aimed at resetting the relationship between civil society and government; the NHS's ten-year plan for England, which shifts focus from sickness toward prevention; and, in November 2025, the creation of the Office for the Impact Economy, established to work with a range of partners to grow social impact across the UK. Notably, in September 2026, around the same time this report was being completed, the government announced that the decision to proceed with LGR in Essex had been withdrawn, a development discussed further within this report.

Essex Community Foundation (ECF) provides grants to charities and voluntary organisations across Essex. This report, and the community listening project it results from, was commissioned by ECF and undertaken by an independent research consultant. The listening project aimed to understand the current picture of the VCSE sector in Essex today, exploring the shape, strength, reach and vulnerabilities of the sector. At the time the project began, LGR was due to go live in 2028, forming new unitary authorities for North East Essex, Mid Essex, West Essex, South East Essex and South West Essex, and the project aimed to provide a baseline understanding of the sector ahead of this transition; much of the report's geographic analysis is therefore structured around these proposed unitary footprints.

The qualitative research for this Community Listening Project: VCSE Sector Audit was shaped by six areas for further consideration identified by Tony Chapman in his report, *The Contribution of Voluntary Organisations to Place: A Study of Essex in Comparative Context*. These same six areas informed the themes explored through interviews conducted by Hannah Fletcher, the independent research consultant responsible for the qualitative research for this audit. The interviews provided an opportunity to explore each area in greater depth, building on the quantitative findings and providing further insight into the experiences of organisations and the challenges and opportunities facing the sector.

This report combines the findings from interviews with 41 VCSE organisations and two public sector organisations in Essex with quantitative data taken from the *Third Sector Trends in England and Wales 2025: The contribution of voluntary organisations to place: A study of Essex in comparative context* (2026), alongside feedback gathered at ECF's Future of Essex events. It outlines the sector's strengths and the distinctive value it provides, identifies where gaps and vulnerabilities exist, and considers where investment could drive the greatest impact. It also examines how the sector reduces demand on statutory services, its role in prevention and early intervention within health and social care, and the expert, grounded knowledge it holds of the communities it works with.

Methodology

Semi-structured interviews were conducted with 41 VCSE organisations and two public sector organisations. Interview questions were based upon the findings of the *Third Sector Trends in England and Wales 2025: The contribution of voluntary organisations to place: A study of Essex in comparative context* report, to provide a qualitative exploration of its themes.

Participating VCSE organisations were drawn from all five proposed unitary authority areas: North East Essex, Mid Essex, West Essex, South East Essex and South West Essex. These organisations included registered charities, community interest companies (CICs), charitable incorporated organisations (CIOs), and unincorporated groups or organisations, ranging in scale from those with an annual turnover of under £50,000 ('micro-organisations') to those exceeding £1m.

Primary beneficiary groups served by participating organisations spanned arts, culture and heritage; children and young people; disability and long-term health conditions; economic disadvantage; the environment; ethnic minorities; homelessness; local infrastructure support; LGBTQ+ people; older adults; refugees, migrants and asylum seekers; and victims of crime. Organisational reach ranged from neighbourhood level up through village, town, city, county, national and even international level, though all were based in Essex and represented rural, coastal and urban areas as well as areas of both affluence and deprivation.

Individuals interviewed on behalf of their organisations included chief executives; centre and project managers; chairs and trustees; directors and co-directors; founders and co-founders; grants, trusts and planning officers; operational leads; project coordinators and administrators; and volunteers.

All interviews took place anonymously to encourage candid conversation that could be quoted within this report.

The social and economic value of the sector

This section sets out the contribution the VCSE sector makes to Essex in economic terms as well as the day-to-day social value created for communities. It also considers why that value is difficult to evidence, and what this means for the way the sector is funded and commissioned.

Key findings from this section

- The VCSE sector in Essex expended an estimated £1.3bn of energy in 2025 and produced around £2bn in fiscal, economic and use value; when intangible social value is included, its estimated total contribution was £4.6bn
- The sector employs around 22,500 people and relies on 101,000 regular volunteers, whose 7.3 million hours of work would cost between £89m and £136m to replace with paid staff

- Low rates of closure across the sector suggest that its work is relevant, purposeful and valued by the communities it serves (though this is not to say that organisations are not facing risks of closure)
- Health and wellbeing, tackling social isolation, building confidence and empowering communities are the areas where the sector's impact is strongest in Essex
- Much of the sector's contribution is preventative, reducing pressure on statutory services by supporting people before they reach crisis
- Local knowledge, community trust and the ability to mobilise quickly allow the sector to reach people statutory services struggle to engage
- Commissioners and public bodies depend on the sector to deliver outcomes, yet the sector's long-term and preventative impact remains difficult to evidence in the terms funders expect

Economic and social value

There are over 5,000 VCSE organisations in Essex, and their combined contribution to the county is considerable. Third Sector Trends estimates that the total value of the energy the sector expended in 2025 was around £1.3bn, and that this produced approximately £2bn in fiscal, economic and use value for the county. When the intangible aspects of social value are added, the estimated total contribution rises to £4.6bn.

The sector's workforce is a large part of this picture. VCSE organisations in Essex employ around 22,500 people, and a further 101,000 regular volunteers contribute 7.3 million hours of work each year. If this volunteer time were instead delivered by paid employees, the replacement cost would fall between £89m (calculated at national minimum wage) and £136m (calculated at 80% of the regional average wage). Volunteers are not an optional addition to the sector's offer: 84% of organisations say they could not survive without them, and many run services entirely through volunteer effort.

The above figure of £4.6bn rests on the assumption that the social, community and environmental value the sector creates is at least equal to the energy it expends. Third Sector Trends offers two reasons for treating this assumption as reasonable. First, most VCSE organisations are awarded grants and gifts from time to time, whether from trusts and foundations, statutory bodies, businesses, or members of the public. This means much of the sector's work has already been assessed, and invested in, by others exercising their own judgement. Second, closures among VCSE organisations are low, suggesting that organisational continuity is common, although this does not necessarily mean that organisations are financially secure or able to sustain their current level of service.

The underlying point is a simple one: if communities did not value this work, and did not contribute to keeping it alive, the sector would not exist in the form it does. That so many organisations continue to operate, often with very little funding security, is itself evidence that what they provide is relevant and wanted.

Social issues and community reach

Essex's VCSE sector is productive across a wide range of social issues, with particular strength in promoting health and wellbeing, tackling social isolation, giving people the confidence to manage their lives, and empowering people in their communities. Nationally, organisations with health and social care beneficiaries feel they make a strong or good contribution to health and wellbeing (72%). Much of this contribution is preventative; interviewees described work aimed at stopping problems before they escalate, and many saw their role as working to complement statutory services. This has direct consequences for the public sector: one organisation described itself as *'a key reducer of A&E for mental health,'* while others described services, such as transport to medical appointments, as providing the only way for some people to attend health appointments. The sector also absorbs demand statutory services can no longer meet within its own capacity and resourcing.

The way the sector delivers its work is part of its value. Panellists at ECF's Future of Essex events emphasised that VCSE organisations understand local community needs best, that grassroots organisations and trusted community ambassadors are key bridges into marginalised groups, and that the sector is often better equipped to understand why certain communities are not accessing services than their colleagues in statutory services. One panellist described the sector as *'brilliant at mobilising quickly,'* a strength that is difficult for larger, more formal systems to replicate.

But these strengths are not always recognised in how services are designed, or how work is funded and commissioned. Future of Essex participants observed that local, embedded knowledge is frequently overlooked in commissioning and governance systems, and a strategic partner interviewed for this project noted that smaller VCSE groups often hold insight that no one else has, and that these *'hidden voices'* are key to successful decision-making. Community identity, cultural pride and social connection were also named as strong assets held within the sector, with the community hub model cited as an example of social support, connection and wellbeing working effectively.

The challenge of evidencing value

If the sector's contribution is so substantial, why does it struggle to secure sustainable funding? Part of the answer lies in the difficulty of evidencing its impact in terms funders and commissioners request. Future of Essex participants noted that the sector is strong at evidencing outputs and outcomes, but weaker at demonstrating long-term impact, and argued that it must take ownership of showing its financial and social value, with social accounting suggested as a structured way of doing so. Interviewees described the practical difficulty of this - preventative work is hard to measure since, by definition, success means that something did *not* happen.

> *'If you're doing something that is massively reducing the impact on health, or adult social care…how do you prove it?'*

Even so, some VCSE organisations had invested in independent evaluations or academic research to evidence their impact, and the extent to which their work alleviated pressure on public services, but found this was still not particularly successful in gaining funding or commissioning for their work. There is also a limit to what such calculations can show; a strategic partner cautioned that fiscal savings in calculations such as hospital bed days are often *'theoretical'* savings, rather than cash savings, since demand for beds is so high that a freed-up bed is quickly filled. Value that is real to communities may therefore not translate neatly into the savings public bodies expect to see.

But since the VCSE sector is relied upon to deliver government outcomes, whether funded to do so or not, it should be recognised as a critical system partner and community asset with equality in voice, influence and accountability. Existing targets and KPIs do disservice to the true value the VCSE sector represents, and impact measurements should be designed in partnership with VCSE groups to capture value that is meaningful, if not altogether quantifiable.

Conclusion

The evidence in this section points to a sector that contributes far more than it is funded to deliver. Its economic footprint is large, its workforce is substantial and heavily reliant on time contributed by volunteers, and its social value is evident in the preventative, community-rooted work interviewees described. That so many organisations endure despite financial insecurity is itself a sign of how much their work matters to the people who benefit from their support.

At the same time, much of this value is difficult to capture in the metrics that shape funding and commissioning decisions. The sector's preventative strength, local knowledge and ability to reach marginalised communities are precisely the qualities that resist short-term measurement, which risks leaving them undervalued in the very systems that depend on them most. The sections that follow explore how this plays out in practice, looking at the sector's financial position, its people, and its relationships with the statutory bodies that rely on its work.

The shape of the sector: Geography, scale, purpose and reach

In Essex, there are about 5,200 registered VCSE organisations - or around 2.8 for every 1,000 residents. This section describes how the sector varies by geography, scale, purpose and reach.

Key findings from this section

- There are around 5,200 registered VCSE organisations in Essex, about 2.8 per 1,000 residents, with an estimated income of £1.19bn

- There is a higher density of VCSE organisations in affluent areas, and these tend to be smaller, volunteer-run and working at neighbourhood or village level
- Many VCSE groups in affluent areas have no relationships with trusts and foundations, and are financially self-reliant
- Less affluent areas have fewer VCSE organisations, but these tend to be larger in scale, relying on paid staff, larger grants and statutory contracts
- Health and wellbeing is a particular strength of the sector in Essex, where there is a higher proportion of organisations serving health-related beneficiary groups than both the national and regional average
- Whether there are enough organisations to meet need varies by cause – gaps are most often found in specialist areas supporting marginalised communities, where a service may be the only one of its kind in the county (and sometimes beyond)
- Interviewees described what they saw as an oversupply of organisations in causes such as food poverty and homelessness, increasing competition for limited grants and donations among these groups.

Uneven ground: affluence, deprivation, scale and reach

Third Sector Trends groups Essex's districts into three broad categories by affluence or deprivation: the most affluent (Uttlesford, Brentwood, Rochford and Chelmsford), an intermediate mix of affluence and deprivation (Maldon, Braintree, Epping Forest, Castle Point and Colchester), and the least affluent (Southend-on-Sea, Thurrock, Basildon, Harlow and Tendring). In areas of affluence, there are more registered charities than in areas of greater deprivation. For example, charities make up 76% of VCSE organisations in Uttlesford but 61% in Tendring, and CICs are more common in Southend-on-Sea (16%) and Harlow (18%).

Density follows the same pattern, with 5.1 organisations per 1,000 residents in Uttlesford versus 2.8 organisations per 1,000 residents as the Essex average. Third Sector Trends attributes this to people in wealthier areas generally having more disposable income and productive free time and are therefore 'more willing and able to buy-in to a lifestyle that embraces civil society at its core.'[2] In affluent town and county areas, such as Uttlesford and Braintree, VCSE groups are more likely to be small or micro, operating at neighbourhood or village level. They are often financially resilient and run mostly by volunteers, meaning lower running costs and the ability to self-fund. They are also less likely to seek support from trusts and foundations; in 2025, 69% of voluntary organisations in England and Wales's wealthiest areas had no relationship with trusts and foundations, compared with 32% in the poorest districts, and are also less likely to deliver contracted services for public sector agencies.

Urban centres in areas of greater disadvantage, by contrast, have fewer VCSE organisations overall but the ones they do have tend to be larger in scale. Larger organisations make up a greater proportion of the sector in Southend-on-Sea, Colchester and Harlow. These are more likely to focus on the effects of financial insecurity across health and wellbeing, education and

[2] P. 79

access to public services. They are more heavily reliant on employed staff, because residents are less likely to have the same disposable income and productive free time as can be found in affluent areas. Therefore, they need to bring in more money through large grants or public sector contracts that often require them to work across a wider spatial area, and this makes them more vulnerable to local and national policy shifts, such as devolution.

Nationally, income from contracts to deliver services is valued by 63% of the biggest organisations but only 5% of the smallest. Within Essex, 69% of organisations highly value grants as an income source - a higher proportion than the East of England average.

Purpose and provision

Most Essex organisations tackle a range of issues, with 48% serving 'people in general'. Children and young people (45.5%), ethnic or racial minorities (7.7%) and LGBTQ+ people (5.8%) are all served by a higher proportion of organisations in Essex than the regional average, while older adults are served at a similar rate. Third Sector Trends concludes that the sector in Essex is stronger in predominantly urban issues, with higher proportions of VCSE groups focused on unemployment and worklessness (26.5%), disadvantaged urban areas (16.9%) and poverty (21.5%) than the regional average, and a lower proportion focused on people in rural areas (18.5%).

Health is a particular strength for the sector in Essex; nationally, 41% of organisations with a primary focus on health serve beneficiaries with physical, mental or learning disabilities and health conditions, and their carers, with a higher proportion of VCSE groups than the national and regional average serving these demographics. Health interests are spread fairly evenly across areas of advantage and disadvantage, though organisations supporting health and wellbeing are somewhat more concentrated in poorer areas than those serving other causes.

Whether Essex has 'enough' organisations to meet need is contested across cause area. Some believe supply is broadly adequate within their specific cause whereas others identify clear gaps; usually when a service is the only one of its kind in the county but is currently unable to expand beyond its geographic area. Specialist services are frequently concentrated to one town or borough, leaving neighbouring areas without comparable provision, and in some cases, gaps have appeared following the loss of such services that couldn't be sustained. This was most often the case for organisations dealing with a specific marginalised community, where demand often outstripped supply.

> *'I'm trying to address this absolute desert of legal advice [on a specific subject]...We're the worst equipped in the country, and Essex is the worst equipped in the East of England.'*

> *'The next person I know [doing this work] is in Hertfordshire.'*

However, within certain causes, such as food poverty and homelessness, interviewees described the opposite issue: oversupply. The popularity of these causes tended to inspire

people to set up their own small, often unregistered, organisation rather than contributing to existing, well-established efforts. Interviewees noted that these groups were often unable to sustain themselves and eventually ceased operating.

> *'Small ones are popping up left, right and centre. Whether they'll sustain or not is debatable…'*

> *'There are some that pop up, and don't last very long, and disappear.'*

Foodbanks, in particular, were concerned that these new providers could sometimes lack the appropriate health and safety, insurance and safeguarding measures that more-established foodbanks had in place. In addition, the creation of these new groups also increased competition for the same limited pools of grants, financial donations and donations of food, diluting the resources available to organisations with decades of accumulated learning and best practice behind them.

> *'I think the more charities that set up the less there is to go around, because what I find is the new charities sometimes get priority.'*

One foodbank leader asked for greater scrutiny from sector funders to help disincentivise this duplication, as well as more resourcing for community mapping to identify whether genuine need for new services exists within a certain area, and local infrastructure organisations spoke about the complexity of establishing new groups at a time when the funding environment is so competitive.

> *'I want to be really clear about that. It would be great if some people had to go through some sort of registration.'*

> *'We've helped set a couple of organisations up to meet need. When we do that, there's some active competition…it's a careful game.' (Local infrastructure organisation)*

A related concern was that new organisations could drift from their founding purpose over time - one example was given of a mental health-focused organisation that began delivering SEND support, encroaching on an established provider's territory without any of its expertise. And in a small number of cases, interviewees noted that some larger organisations, and even statutory services, were increasingly delivering work that smaller specialist charities once did almost uniquely.

> *'We used to be unique, but now you have your [statutory services, larger charities]…they are all doing it at a larger scale. They seem to get the funding because it's large government contracts.'*

This is not simply defensiveness, but genuine worry about the instability of the sector as it exists today. The creation (and sometimes rapid closure) of new organisations creates real costs: wasted commissioning effort, service user disruption, and reputational damage to the wider

sector when poor practice becomes visible, as well as weakening the resilience of long-established organisations due to competing for the same donations and funds.

> *'You've got to start at a time when it's going to be sustainable. Nowadays, it's just not possible. It's not the right time. You've got long-established charities scrapping for funds they'd never have gone for before.'*

The picture across causes is uneven: some communities have too little provision and others have more new groups than the available funding can sustain. This points to the need for community mapping that identifies where gaps in support exist, so that commissioners and funders can direct resources to unmet need and avoid funding new groups where effective, well-established provision is already in place.

Conclusion

The sector in Essex is large, but its shape varies by place. Affluent, rural areas have many small, volunteer-led, self-reliant organisations, while less affluent urban areas have fewer, but larger, organisations that depend on grants and contracts and are more exposed to policy change. These differences affect what organisations focus on, how widely they work and how well prepared they are for change, which the following sections explore in more detail.

Provision is also uneven by cause: some communities have too little support (particularly those served by specialist services), whereas in other causes new groups are being set up faster than funding can sustain them. Both problems point to the need for community mapping that identifies where gaps in support exist, so that funders and commissioners can direct resources to unmet need and avoid funding new groups where effective and well-established provision is already in place.

Funding the sector: financial stability and resilience

This section examines the financial position of the VCSE sector in Essex, showing how organisations fund their work through grants; commissioning; support from businesses and individuals; and trading, as well as the pressures currently faced within each of these income streams. It considers what this means for the sector's overall resilience, and what would need to change to restore stability.

Key findings from this section

- Grant funding is the dominant source of income for the majority of VCSE groups in Essex, but has become a sharply competitive environment where some funders are narrowing their criteria or closing to new applicants altogether

- Funding from statutory services has receded substantially over the past two decades, with most interviewees no longer funded or commissioned by public sector bodies - despite most having been in the past
- Only 7% of VCSE organisations in Essex receive income from public sector contracts, with procurement complexity and infrastructure demands effectively excluding all but the largest organisations
- A distance has formed between the VCSE and public sectors as funding relationships have receded, leading to lower involvement and engagement with statutory services and in turn lower preparedness for system change (such as LGR)
- Core costs sit at the bottom of what most funders and commissioners are willing to support, leaving most VCSE groups to cover essential costs from their reserves
- A lack of access to unrestricted funding has, in some cases, created a pattern of mission drift wherein organisations reshape their services to fit funder or commissioner criteria, pulling them away from more pressing areas of community need
- Multi-year funding or commissioning remains rare, threatening the sector's resilience by hindering its ability to plan, predict and prepare beyond the next 12 months
- Many groups are strategically moving toward corporate support as a way of diversifying their income streams, though support from businesses tends to be ad-hoc and unevenly distributed
- Individual giving, while a valuable source of unrestricted income, is in decline due to cost-of-living pressures, and remains more reliable for organisations in areas of greater affluence, or with larger local profiles
- Self-generated income can be transformative to organisations able to build a chargeable service, but remains inaccessible to most and is not a sustainable funding strategy on its own

Surviving on grants: Income sources for the sector

Grant funding is, by a clear margin, the most important income source for Essex's VCSE sector, with 69% of organisations highly valuing it as an income source (higher than the East of England average of 56%). For many organisations, their dependence on grant funding has not always been so high, but significant cuts to statutory budgets have forced many into grant-dependency.

> *'Statutory was our biggest pot of money coming in…when we saw statutory decreasing, we put a lot into trusts and grants.'*

Larger organisations, with an annual turnover exceeding £1m, are often more diversified in their streams of income, giving them some resilience against any single funding stream drying up. Medium-sized organisations (£250-750k) are, by contrast, often almost entirely grant-dependent, with smaller organisations following the same pattern more acutely still, with several reporting 75-80% grant dependence and few realistic alternatives to sustain their operations.

'We've had to survive on grants only for a very long time.'

Organisations who are able to charge for their services, or run a paid membership programme, have shown that self-generated income can supply a majority, or even the near entirety, of an organisation's budget. One such organisation reported 95% of its income coming from individuals; another generated 60% of its income commercially.

'Our most important income is our self-made income from our services.'

But these models depend on having a service people are able and willing to pay for, often in areas of relative affluence, and on organisations having the capital to build them. These are not viable income streams for organisations serving crisis need, acute deprivation, or highly specialist causes.

Most organisations accept public donations, though only two organisations said this was their most important source of income. A small number of organisations deliver contracts for public sector services, but only one interviewee stated this was the most important source of income for their organisation.

As discussed more in the following sections, historically reliable funding streams for VCSE organisations are in decline: statutory funding has substantially receded; the grant funding environment has become fiercely competitive; and the cost-of-living crisis has reduced the number of donations that organisations receive, as well as the number of people who are willing to pay for services. In response, the sector is actively trying to diversify its sources of income, most commonly by developing corporate membership schemes or other forms of business sponsorship.

'We'll start looking at pushing businesses…We're going to have to do that, which is something we've never had to do before.'

'Our big drive this year, as a charity, is corporates. We're putting a lot of time and effort into our strategy…to attract bigger businesses that can support us over several years.'

Though there are benefits to this type of support (the availability of unrestricted funding, for example), the emphasis on corporate giving is risky; organisations already engaged in corporate partnerships explained that this stream of income is often capacity-intensive and unreliable, as is discussed further on in this section of the report.

'A hard old slog': Grant funding under pressure

Across almost every interview, one theme was consistent: the grant funding environment is highly competitive and becoming more so, with criteria narrowing and some funds closing to new applicants altogether. This is troubling, given how heavily the sector relies on grant funding as other income sources decline.

'A few years ago, it wasn't easy, but the funding was there…Now we've got a fundraiser in, who's experienced and can find them, and she is struggling…It's a hard old slog at the moment.'

'So many now say they're funding less, or only funding people they've funded before, or only looking for very specific groups…'

'They shut early… "Due to oversubscribe, we're not receiving applications until next year."'

In response to narrowing criteria and shifting funding priorities, VCSE organisations were sometimes forced to risk mission drift over the alternative: service restrictions, redundancies, or closure.

'There is funding out there, but it all depends on what you need it for. So, some people are thinking, "How can I amend the service so it fits the criteria?" I think that's sad. To me, you're losing what you're set up for.'

Additionally, a number of interviewees reported that funders were trying to maximise the number of organisations they could support by introducing an expectation of match funding. It is understandable that, in the current environment, funders want to be able to support as many organisations as they can within their own finite resources, but this further complicates matters for organisations who, in essence, have to be successful in winning (at least) two grants for the same amount of funding.

'The new experience I've had…they put in a fund for £20,000. They say, "You're successful!," but they only give you £10,000 because they want to share with other charities. So, I've got to find match funding for the other £10,000.'

Furthermore, groups report that grant funding has, in real terms, diminished in value due to rising (and even above-inflation) costs. In some cases, grant ceilings have remained unchanged for a decade or more, meaning successful applicants have less purchasing power than they once did. And as demand on services continues to rise alongside costs, the sector is effectively having to do more with less.

'We definitely ran at a deficit of £7,000 last year, even with the grants.'

Another issue is that innovation demand from funders, which had fallen during the pandemic, has now risen again: 65% of VCSE organisations in Essex said that innovation had been an expected condition of grant funding in the past year. But this demand for new projects can force expansion on groups struggling just to maintain their existing size.

'It's got to be shiny and new. They've said they won't fund something that's already up and running. But if you expand, you can't sustain what you've got.'

'The easiest thing is anything you can call a project. Funders love projects.'

There are exceptions, however: one organisation recalled a funder reassuring them: *"You don't have to do something extra."* The most valued funders, others said, were those willing to fund existing good practice rather than expecting novelty.

Most grants remain short-term, with one year being the standard across interviewees and four years being the reported maximum. Where secured, multi-year funding is described as transformative, enabling proper planning, staff retention, and genuine momentum rather than starting from scratch annually.

'Nearly every one [grant] is structured around a year…it's not enough time to develop a programme.'

This reflects a genuine dilemma for funders: while multi-year funding has increased somewhat in recent years, shorter funding terms allow them to spread limited grants across a greater number of organisations. As a strategic partner put it, awarding multi-year grants means *'you limit the number of organisations you can fund.'*

At the same time, organisations felt funders were placing growing emphasis on their accounts and reserves. It is reasonable that a funder might use an applicant's financial positioning to help determine which organisations are most in need of funding, or whether funding risks being lost on one likely to close regardless. But many groups felt this scrutiny was applied without a full understanding of the nuances of their finances. For example, some described reserves that appeared healthy on paper that were, in reality, restricted or tied up in fixed assets. Others were rejected on account of having too little in reserve, but too much to be eligible for funding designed to prevent VCSE groups from closing. Both scenarios created a bind wherein finances effectively had to become worse before they could access the support that would make them better.

'We did go for a big one: [name of fund], but our books didn't look healthy and we only had about four months [in reserves], so we'd be a risk…Some of them, if you're on death's door you can apply. But some of them, if you've got less than six months [in reserves] you've not got a chance - you're a risk.'

'…we'll stop fundraising now, because I think some of those bodies would look at our balance sheet today and say, "Well, you don't look like you need funding." But 18 months ago we didn't have any money…'

In reality, delivering a funded project often costs organisations considerably more than the grant itself provides for, with core costs (the essentials of rent, utilities and salaries) sitting at the very bottom of the list of what VCSE groups say funders are willing to support. Therefore, most organisations interviewed said they had needed to use their reserves to cover these expenses.

'They don't fund your everyday running costs…the bigger funders like [name of funder] are better because they look at full cost recovery…a good rule of thumb is that the real cost of anything we do is pretty much double the cost…'

'Last year we had to use our reserves to keep going. We've built it up a bit, but we might have to use it up again.'

This impact falls hardest on organisations in less affluent areas. As discussed previously, these organisations tend to be larger in scale and more dependent on employing staff, while having fewer resources of their own to draw on, meaning they carry higher overheads while having less access to unrestricted income, such as donations, to cover them. In contrast, as one smaller group from a more affluent area of the county employing just one part-time member of staff said:

'We've always been quite successful at winning grants…We've won more than we've lost…we're not after wages…I think it gives us an advantage over bigger charities.'

In some instances, the inability to find funding to cover core costs had resulted in groups cutting staff hours or making redundancies. It is therefore understandable why so many groups attribute receiving core costs, or unrestricted funds, as impacting their ability to survive.

'Nearly all our projects at the moment are ring-fenced. For instance, at [location] we don't have a manager or an advisor…we had to lay off staff while still keeping capacity. We really need core costs…'

Third Sector Trends data shows that in 2025, 56% of VCSE organisations were able to secure unrestricted funding. This suggests that funders largely understand the importance of unrestricted funds that groups can use to cover core costs, or even rebuild diminishing reserves, thus sustaining them for the future. While it is positive news that more than half of organisations have been able to access unrestricted funds, the picture that interviewees described suggests the levels received still fall well short of actual need.

Grant funding remains the backbone of the sector's income, but the environment surrounding it has become markedly harder to navigate; rising competition, narrowing criteria, diminished purchasing power, and a persistent reluctance to fund core costs that has yet to catch up with real need, together place strain on an already stretched funding source. Multi-year funding remains the exception rather than the rule, while unrestricted funding, although accessed by more than half of organisations, still falls short of actual need. Both offer a proven route to greater stability, but many organisations remain reliant on a form of funding that buys less than it once did and is itself becoming harder to secure.

Yet however much pressure is placed on grant funders, they cannot be expected to sustain the sector alone. Charitable grant income was never intended to replace the support that once came from statutory services that the sector historically relied upon, and as the following section shows, the retreat of statutory backing has pushed further demand onto a strained

grant funding environment. If the VCSE sector in Essex is to be given a chance to stabilise, let alone to thrive, statutory bodies will need to consider how they work with the sector more sustainably.

The retreat of statutory funding

If the grant landscape is difficult, the picture around statutory funding and commissioning is worse still. Almost two decades of austerity measures have drastically reduced budgets within statutory services creating a double-edged sword: increased demand for the VCSE sector as gaps form in statutory provision, but without the same financial backing they once received.

> *'Some local authorities have been generous to support us, and giving encouragement, and we've seen those grants diminish…they have their own financial pressures.'*

The majority of interviewees were neither funded nor commissioned by public sector bodies, though most had been at some point in the past. A strategic partner from a public sector body described the dilemma statutory organisations now face in trying to allocate limited resources:

> *'At [name of statutory organisation] we are seen as the big bad wolf; whatever decision we make, someone is not going to be funded.'*

This long-term withdrawal of funding has directly fed the unsustainable over-reliance on charitable funding bodies described in the previous section and had forced some groups to shrink their operations at a time when demand for their services was highest.

> *'We had a council grant until about three years ago, and we lost it completely…We've now got one central base to work from, down from four or five.'*

> *'15 years ago our funding came from a mixture of local government and [name of public sector organisation] …they withdrew that support, and we had to seek out funding.'*

Many of the difficulties groups experience with statutory funding mirror those they describe in relation to grant funding. For example, statutory grants and contracts were described as not having kept pace with rising costs (with one organisation saying the grant they received from their local council had not increased in over 15 years). And as with charitable funding bodies, public sector grants and contracts typically last for one year, with the expectation that organisations will somehow sustain the funded work themselves beyond that term. Innovation demand is a familiar pressure too, and arguably more acute in the public sector. National data bears this out with 94% of VCSE leaders delivering public contracts planning to bid for something 'brand new', compared with 68% of those who were not seeking contracts.

> *'You have to have brand new projects every single time. We've had to reinvent the same project ten times over, and call it something new.'*

In-kind support that many VCSE organisations have long depended on, such as free use of rooms and equipment, has also declined as statutory services look for ways to balance their own books. This particularly affects micro-organisations, for whom the loss of this support represents a cost disproportionate to their scale, threatening their ability to continue operating and pushing further demand toward charitable funding bodies.

> *'…[name of public sector organisation] or [name of public sector organisation] had decided to start charging for the facility having since, I don't know, 1990 or something, provided it for free…It comes to £5,000 a year that we didn't need before…We've been running since 1982, and we'd have to stop if we couldn't cover the cost…'*

Where public sector grants still exist, such as small pots from councillors' discretionary budgets, they remain the exception, as procurement has become the default route into statutory funding. This has been a devastating shift for the VCSE sector, as most groups are not equipped to handle the complexity and demands of managing public contracts. Those best able to deliver them tend to be among the largest organisations, typically with an annual turnover exceeding £1m. This aligns with national data showing that income from contracts is valued by 63% of the largest organisations but just 5% of the smallest, highlighting the extent to which smaller groups are excluded from commissioning.

> *'We've got somebody in place to reel off reports. The system we have in place is an expensive system. Once again, smaller charities won't necessarily be able to afford that. That would be my beef, I suppose, with the [public] sector.'*

Sector-wide data also confirms that the proportion of VCSE organisations bidding for public sector contracts is falling nationally, and in Essex only 7% of organisations currently deliver them. The growing complexity within commissioning that interviewees reported may reflect a shift toward acute or crisis-level work, and away from the prevention and early intervention work that the sector has always excelled at (this is explored in more detail within the section on health and prevention). But without the investment needed to prepare the sector to handle such contracts, few can benefit from commissioning.

Interviewees describe contracts being awarded to larger, out-of-county providers with more resources, though this often means new providers then turn to local VCSE groups for help in engaging with local communities - without the intention of providing funding in return. Others noted the deeper inefficiency in this practice, stating that local groups could deliver the work for better value all round.

> *'There are a lot of bigger charities without expertise in neurodivergence who get funding and ask us how to engage. It's frustrating.'*

> *'…the voluntary sector could do it much more cheaply than using other organisations and going outside the area.'*

New layers of bureaucracy have even crept into long-standing grant funding arrangements, with some organisations deciding if the value of a statutory grant was worthwhile given the administrative burden that accompanied it.

> *'Most people don't ask for a huge amount, but local government do…we have to weigh that up and decide if it's worth taking the money.'*

As a result of the funding withdrawal and commissioning practices described above, which once sustained closer relationships between the VCSE and public sectors, a real distance has formed between the two. With many interviewees reporting little to no ongoing relationship with statutory services, it is perhaps unsurprising that overall awareness of important system changes such as LGR, and the formation of one ICB for Greater Essex, remains low. The negative consequences of this distance are not confined to the VCSE sector alone: public sector organisations are, in turn, losing access to the sector's distinctive strengths such as its agility, early insight to emerging trends, subject expertise and responsiveness to local and community need.

As it stands, the VCSE sector feels undervalued and, in places, exploited, struggling to sustain itself without the statutory support it once relied on, and charitable funders cannot fill the resulting gap alone. At the heart of this strain sits an issue raised throughout this section on the financial stability of the sector: insufficient investment in organisations' core costs, leaving organisations to absorb the true cost of delivering commissioned services.

Even so, there are some signs that attitudes toward working with the VCSE sector are beginning to shift, and the creation of the Greater Essex ICB offers a welcome opportunity for a fresh start. ICB leaders have acknowledged through ECF's Future of Essex events that a prolonged failure to invest adequately in prevention has placed enormous strain on public services, and VCSE groups will play an important part in redressing this balance. This, along with an ambition to improve how the ICB will commission the VCSE sector in Essex, is discussed further in the section on health and prevention.

High hopes for corporate support

The private sector forms an important part of VCSE sector support in Essex, where 39% of organisations receive financial support from businesses, 32% access free use of facilities or goods, 26% receive pro-bono advice and 21% benefit from corporate volunteering. Yet businesses choose to support VCSE groups in very different ways, with no standard practice across the board - support is typically ad-hoc, more often the result of chance encounters than any deliberate strategy for connecting the two sectors.

This lack of structure makes finding willing corporate partners challenging. Many VCSE groups are planning to move into corporate sponsorship in response to the difficult grant funding environment, but most are unsure where to even begin looking for businesses willing to support them, and it remains unclear how far the private sector will be able to meet these rising expectations. Some have joined local business networks in search of connections but describe

this as time-intensive and most valuable for gaining pro-bono advice rather than financial donations. Several larger organisations have gone further, employing dedicated staff to build corporate partnerships, with mixed success. Even where partnerships form successfully, they can prove fleeting, as staff turnover within a business can create change in the causes it chooses to support.

> *'That's the hardest thing of anything we do is the turnover of staff. Not from us, but from them…It's not just businesses, it's the same with local authorities…things can often just stop - the person doesn't have the same priorities or has their own favourites.'*

Even organisations based in more affluent areas said that accessing business support was difficult given the high concentration of VCSE groups in these areas and the limited pool of local businesses able to support them. And for other organisations, accepting business support also carries a degree of reputational risk. Environmental groups, for example, described applying careful 'ethical filtering' before accepting a donation from a business whose wider practices might sit uneasily with their own mission and values. Since corporate giving often doubles as brand promotion, a VCSE group can risk alienating its own beneficiaries or supporters if it is seen to be endorsing a business whose practices they find objectionable.

When corporate support is established, it takes several forms. Several larger organisations offer tiered corporate packages with different levels of sponsorship such as bronze, silver and gold. Interviewees who ran such schemes said that these could generate up to £60,000 annually. However, substantial, multi-year donations from one corporation were rare among groups interviewed. Smaller organisations, meanwhile, tended to receive donated goods, or small grants from token schemes, from their local branch of a national chain supermarket or furniture store.

Moving forward, there is scope for more structured routes to connect VCSE groups with willing businesses, rather than continuing to leave these relationships largely to chance. A more deliberate approach, such as dedicated brokerage schemes, could help level the playing field for groups currently without the profile or contacts to form corporate partnerships on their own.

At the same time, in recognition of how unevenly spread and variable corporate support can be, the sector should be cautious about how much of its limited capacity to invest in this area. At present, business support is best treated as one strand within a wider, more diversified income strategy as opposed to a substitute for grant funding or commissioning.

Individual giving: donations in decline

Donations and fundraising are moderately common and increasingly pursued. Straightforward financial giving is the most cited form of donation, but in-kind donations of items such as food and clothing remain a vital form of support for welfare-focused organisations. Legacy giving is a smaller but emerging stream, with several organisations actively exploring ways to build this into a more deliberate strategy, while organised fundraising events remain a familiar and reliable, if modest, contributor for many.

'We try to raise what we can with quiz nights and open days.'

'We haven't got a regular giving set up. We're not that big in the legacy thing at the moment. Again, it's something we need to get better at.'

The appeal of this kind of income is largely in its flexibility. Donations are mostly unrestricted and can therefore be used to cover areas less likely to be funded by other sources, such as core costs. This provides organisations with a genuine sense of autonomy over how their own money is spent. Where donations become recurring, such as through a membership model or subscription, they can also provide a welcome degree of income stability. But these benefits depend on wider economic conditions and are most successful and dependable in areas of affluence.

'All our service users are time poor and cash poor…It's really difficult to keep tapping those same families.'

As grant funding has become increasingly competitive, organisations are investing more time and effort into growing their income from donations and fundraising, even where returns remain modest. But this kind of investment requires staff capacity to sustain it, as well as a strong profile in the local community. Small and micro-organisations, already stretched thin, were less able to dedicate resources to fundraising infrastructure of this kind.

'…I think the barrier is not, in terms of the public, lack of funds or willingness, it's lack of awareness of local charities…'

'We're not very good at tin-shaking and events. We've not got the skillset.'

While income from individual giving represents an important opportunity for organisations to access unrestricted funds, this income stream is, like many others across the sector, in decline. Interviewees described the cost-of-living crisis as having had a marked impact on annual donation income, as members of the public find themselves with less to give to charitable causes.

'We've already taken a dip of 11% in donations this month to last month, and a 46% drop since last year.'

'We used to have an average of £25,000 a year [from donations and fundraising], now we're lucky if we do £5,000.'

In areas of greater affluence, while donations were also reported as being in decline, organisations tended to report greater and steadier reliance on this kind of giving; one such organisation attributed around 90% of its income to regular donors who gave at a high level.

Public donations represent an important source of unrestricted funding for the sector, but for now it remains mostly beneficial to larger organisations in areas of greater affluence with the capacity to invest in appealing for donations and organising fundraising activities.

Self-generated income: opportunity and necessity

Self-generated income remains a viable option for a minority of organisations, though it is becoming less central to the sector's overall funding strategy as it tends to depend on having an accessible, chargeable service and a community willing to pay for it. Organisations working with the arts and culture, physical activity, older people, and disability support, for instance, were among those to describe strong income levels from trading. Examples included sales for ticketed events, venue and equipment hire, and activity fees. In a small number of cases, and when several self-generated income streams existed within the same organisation (such as a shop, a venue to hire and a community cafe), income from trading accounted for the majority of an organisation's finances.

> *'We're trying to be much more entrepreneurial and run the charity like it's a business.'*

> *'We're not entirely self-sufficient, but we're on our way.'*

These groups valued the autonomy this provided, allowing them to spend the income where it was most needed both within the organisation and in the work it undertook to address its mission. As one said:

> *'It puts us in charge of our destiny a bit more than with grants.'*

However, these models typically demand upfront capital investment alongside a commercial mindset and established reputation capable of building a paying membership, or user base, over time. Scale matters too: self-generated income appears to be viable only once organisations reach a certain size. Small and micro-organisations, those serving marginalised or low-income populations, or those working with more niche or specialist communities all report greater difficulty in building income from trading.

> *'Our fundamental challenge has not been about generating income - we have no ways to do it. We have no fundraiser, or fundraising department, no shop. We couldn't start up a shop because we don't have the resources to do it...There needs to be some recognition that we can't monetise young carers, so what are we supposed to do?'*

In fact, many services who have put measures in place to generate their own income have done so out of necessity, following a growing expectation from funders and commissioners that VCSE groups will sustain themselves financially beyond a grant or contract term. But, as a number of those interviewed pointed out, this is rarely an appropriate operating model for VCSE organisations.

'We know some people can afford it and others can't…It's not ideal. We'd want everything to be free…It's a very difficult situation…Most people we see can't afford it.'

'All that "and how will it be sustainable?" We're a charity! And I always find it insulting to be asked that question. Aren't you aware of the current landscape?'

In fact, many of the groups interviewed charged for some of their services - not as a commercial venture to generate additional income, but because grants and donations alone were not enough to cover their costs. These groups explained that the fees they charged did not fully cover the cost of running the service, but at least helped to prevent it from closing down altogether.

'We're left with having to charge clients.'

'We have a system whereby the client pays…we call it donations because it's voluntary, but we do expect a minimum of £5. We make up the difference. It doesn't anywhere near cover the cost…'

Self-generated income offers proven value for some organisations as one strand of a diversified funding strategy, but it is neither a universal option nor a sustainable substitute for the grant and statutory funding discussed elsewhere in this report. Its benefits currently accrue disproportionately to larger, more established organisations working in causes that lend themselves to providing chargeable services, meaning this source could never meaningfully close the gaps caused by wider financial pressures affecting the sector.

Conclusion

This section of the report paints a picture of a sector whose financial foundations are increasingly weakened across every available income stream. Grant funding, now the sector's dominant source of income by a clear margin, has become harder to secure as statutory funding has substantially retreated over the past two decades, pushing more organisations into competition for the same finite grant funding precisely at a time when demand for their services has grown. Furthermore, the priorities of funders and commissioners are often at odds with the needs of VCSE groups and the communities they support. Neither support from businesses, individual giving nor self-generated income from trading offers a reliable substitute: each shows promise in specific circumstances but only for organisations with the right cause, scale, location and capacity to pursue them. This leaves organisations facing increased demand for their services, while the statutory funding and commissioning arrangements that once supported their work have substantially receded.

Volunteers, staff and governance

This section examines the people who sustain the sector: volunteers, paid staff, and trustees. It considers the recruitment, retention and support needs for each group, and what investment in organisational development, or lack thereof, means for the sector's overall resilience.

Key findings from this section

- Volunteers are the backbone of the sector, with 84% of groups saying their organisation would not survive without volunteers, but recruiting and retaining volunteers has become challenging, particularly in areas of higher deprivation
- Stronger recruitment and retention correlates with investment in volunteer coordinator roles, but this is often one of the first roles groups lose when funding is cut
- The VCSE sector in Essex employs around 22,500 staff, and is the single largest expense for most organisations (50-80% of total spend), yet many say funding for salaries is the most difficult to find
- Rising staffing pressures from increasing costs and funding shortfalls have pushed organisations toward redundancies, reduced hours and reliance on staff working in a voluntary capacity to keep services running
- Groups operating in rural and remote areas face acute staff recruitment challenges due to commuting distances from urban centres and pay competition from the public and private sectors
- Leaders across the sector describe strain: isolation, burnout risk, and the sense of carrying disproportionate responsibility with insufficient support
- 37% of VCSE groups in Essex struggle to recruit trustees at all, and finding trustees with the right skills and experience for effective governance is harder still, with treasurer and chair roles reported as the hardest to fill
- The volunteer and trustee base are ageing, with too few younger people coming through to replace them, leaving the sector facing a compounding succession risk - particularly for organisations that do not employ any staff at all
- Fewer than half of VCSE organisations in Essex invest in business planning, and only around half have a training budget, as the focus on income generation crowds out other organisational priorities and investment in longer-term resilience

Volunteers: the backbone of the sector

The success of the VCSE sector in Essex is underpinned by volunteers. Specifically, 101,000 regular volunteers who contribute 7.3 million hours of work to the sector each year. The proxy replacement value, if this work were carried out by paid employees, would fall between £89m (calculated at national minimum wage) and £136m (calculated at 80% of the regional average wage). Roles filled by volunteers in Essex are wide-ranging and include anything from frontline delivery (such as driving, befriending, staffing foodbank counters and reception desks, and front of house), governance support (through membership on trustee boards and committees), specialist skills (such as bid writing or academic research) through to fundraising.

85% of VCSE organisations in Essex rely on regular volunteer support, with almost the same number (84%) saying they would not be able to survive without volunteers. Additionally, more than three quarters (76%) of organisations rely on volunteers to work unsupervised, with interviewees often describing programmes or support centres run entirely by volunteers. Given the importance of volunteers for the functionality of the VCSE sector, it is therefore a concern that 50% of organisations in Essex report difficulties recruiting volunteers, and 29% struggle with retaining volunteers who can volunteer regularly.

The causes for this are consistent and layered, rather than singular. The most frequently mentioned is a straightforward demographic imbalance: an ageing volunteer base with too few younger people stepping in to replenish it. Groups consistently found it harder to recruit 'younger' volunteers (sometimes simply meaning those in their 50s or 60s), speculating that the cost of living has meant many people of retirement age are working longer, taking on additional caring responsibilities, or returning to paid work after having previously retired.

> *'We're struggling to get younger volunteers, yes, though we now have a couple in their late 40s or early 50s.'*

For 38% of VCSE organisations in Essex, volunteer numbers have not yet recovered to pre-pandemic levels. The COVID-19 pandemic was described by a number of interviewees as a turning point for volunteering, with some volunteers developing lasting anxiety about close contact that has not yet fully lifted, and a general shift toward people living in greater seclusion.

> *'Since COVID hit, everyone's dropped off and found something else to do. COVID has been a big wound to us.'*

> *'I think people are more reserved about what they do now…People are closing their doors and keeping themselves to themselves.'*

These recruitment and retention difficulties had already produced real consequences within the sector that included reduced service capacity, the introduction of waiting lists, closure to new clients, and the closure of some services altogether. A small number of organisations had even turned to paid staff to cover roles once filled by volunteers to remain operational.

> *'In the centre we shut down when we don't have enough volunteers…There's no way we'd be able to upkeep donations and demand.'*

> *'We do struggle to get minibus drivers. It is a lot of responsibility for us to take on…It's going to get severely worse in the new year, as some of our drivers are coming up to 80. We'd be down to paid drivers.'*

Rising costs for organisations paired with the difficult funding climate means that even some of the more complex and challenging roles within the sector are voluntary. These are naturally harder to fill because of the level of responsibility and commitment that come with them.

'Volunteers we rely on heavily…We do ask for a lot. It's not just an hour here and there, it's full on from 10 to 4 with complex and vulnerable people.'

Volunteer recruitment and retention tends to be less of an issue in more affluent areas, where early retirees are more likely to have the time and expertise to contribute. In areas of higher deprivation, however, groups reported additional challenges rooted in local communities.

'It's more difficult to get high-quality volunteers whose lives aren't chaotic.'

'It's much harder to get volunteers in areas of such high need.'

Among interviewees, there was a clear link between investment in the volunteer workforce and success in recruiting and retention. This tended to be more achievable for larger organisations with the capacity to employ a volunteer coordinator, offer training and development opportunities, and organise social activities and celebrations.

'We have celebrations. They receive proper training…In our survey, they really valued that, because "that training, people don't do that anymore."'

'We've just recruited a volunteer coordinator…We see the need for investing in the charity.'

However, these costs were largely covered by organisations' own pots of unrestricted funds. Groups described volunteer development as vital to their work, and yet they found it difficult to secure any dedicated funding for it. Organisations who were unable to invest in a volunteer coordinator still worked hard to include volunteers in staff training sessions, or mark their contribution with an annual meal out, though the volunteer coordinator role was seen as making the most tangible difference to recruitment and retention. Several organisations described the strain of having recently lost this post once its funding had run out:

'The only thing we're missing here is a volunteer coordinator…We really need that role back, it's vital to what we do.'

'It's a challenge to recruit and retain volunteers…We always had a volunteer coordinator…it's very hard to get a grant for that.'

Overall, the sector is working hard to attract and retain volunteers. Organisations gave examples of offering greater flexibility within volunteer roles, highlighting the career development benefits of volunteering for young people, and overhauling their volunteer management processes. But the consequences of insufficient volunteer capacity are already visible across the sector, and VCSE organisations need the ability to invest properly in ways of overcoming these issues, particularly for smaller organisations and those working in areas of greater deprivation.

A workforce running on goodwill

VCSE organisations in Essex employ around 22,500 staff between them, in roles ranging from frontline service delivery and specialist casework through to project management, fundraising and leadership. Despite the level of responsibility, skill, experience and capacity, groups said funders and commissioners remained reluctant to fund staffing costs, with many still holding the belief that voluntary sector work should be delivered by volunteers alone.

> *'When I talk to funders I say, "It's all well and good you not wanting to fund staff, but I can't do anything without staff!" I think they think, "Oh well," that we should do it all for free…I can't run that with just volunteers - they might not turn up! You have to have really experienced, trained staff.'*

Most organisations interviewed employed staff in some capacity, whether through a single part-time role or as part of a workforce numbering more than a hundred employees. Organisations in less affluent areas of the county are more likely to depend on paid staff for several reasons. Firstly, as discussed in the section above, it can be harder to recruit and retain sufficient levels of volunteers in these areas. Their work is also more likely to address issues rooted in financial insecurity, which often demands specialist skills, legal oversight and layers of compliance. And they are also more likely to depend on public sector contracts, which bring their own complex monitoring and compliance requirements.

> *'We need someone for compliance, HR, governance and data. Funders want you to have all that in place.'*

Salaries are, for most organisations, by far their largest single cost. Interviewees reported their staff costs as ranging from 50-80% of overall organisational expenditure, broadly consistent with regional data showing staff costs averaging around 75% of income across the East of England. This financial weight sits uncomfortably alongside the funding landscape described previously whereby charitable and statutory funders are hesitant to fund core costs, often preferring to finance new activities or projects instead. This, combined with increases to national insurance and the minimum wage had resulted in difficult decisions to cut staff hours, make redundancies, or switch to the employment of temporary workers to keep costs down.

> *'When I take people on, I'm generally looking for people that are self-employed, because you've not got holiday pay issues, sick pay issues, other payroll issues.'*

> *'What has hit us is the wages increase…minimum wage has gone up dramatically.'*

As a result of these staffing pressures, several organisations said staff regularly worked additional hours beyond those they were paid to do, effectively as a voluntary contribution, to maintain capacity. Many felt that the goodwill of those working in the voluntary sector was exploited, as funding and commissioning rarely covered the full costs of the work delivered.

'All our staff probably do double the hours they're paid to do…I feel we're taken advantage of sometimes…What you want for that 20 hours is going to take 40 hours.'

'…the volunteer hours my team do as an extra…we all do far too much…our time sheets are a work of fiction, to be honest…I was going to say it's give and take, but actually it's just a lot of give.'

Rural and remote areas of the county face particular recruitment challenges, as skilled and experienced staff are often based in urban centres and reluctant to commit to a long commute. For one organisation, this had left them operating with around a quarter of the staff numbers they said they needed.

'Recruitment is really challenging in our area, to employ people with the skills. They get put off because of the distance they'd have to travel…None of our current staff ever worked for a charity before, and we had to upskill. This is a demographic area thing, I think other charities would say the same.'

More broadly, VCSE groups said the unpredictable funding landscape made it hard to compete with public and private sector employers who could offer qualified candidates greater job security and higher pay.

This comes at a time when VCSE groups report rising demand from their communities along with increasingly complex casework, driven by strain on public services and on the ongoing cost-of-living crisis. Across the sector the risk of burnout appears to be high, and leaders were concerned about their staff's health and wellbeing. Yet many said their organisation lacked the capacity or resources to address this, with leaders often being at risk of burnout themselves, as the need to find ongoing funding to keep services operational took many leaders off the ground, and away from service delivery.

'I find it very hard to celebrate my team with what they achieved…sometimes having a thank-you just isn't good enough. I want to be looking to see if my team is emotionally happy and healthy. As leaders, we are forced to neglect our teams.'

'…sometimes when you're a small organisation, as we are, my role is fundraising, running the organisation, running the office, manning the phones and dealing with customers…it puts a lot of pressure on you…I'm trying, but I'm wearing so many hats and juggling so many balls that you end up dropping a few.'

Despite these pressures, organisations did their best to support staff wellbeing and build a workplace culture that encouraged retention, most commonly by offering flexible working and social events and, in some cases, providing access to health and wellbeing support.

'We all have clinical supervision…We meet together every Thursday to talk about burning issues. We normally eat our lunch together…We support each other as much as we can.'

But, as with volunteering, the extent to which groups could invest in their workforce was largely constrained by their finances: most funders and commissioners were not willing to fund workforce investment, and a lack of unrestricted funding meant organisations were unable to invest out of their own pockets.

> *'Finding funding for wellbeing of yourself and your staff, who's going to fund that?'*

Without the ability to invest in their workforce the goodwill currently sustaining much of the sector's capacity risks being stretched beyond breaking point. Leaders often described a sense of loneliness in carrying the weight of mounting pressures and responsibilities, saying they felt there was no one else within the organisation to share the burden with. Joining CEO networks, or receiving mentorship offered by some funding bodies, had helped to alleviate some of the loneliness, but for many leaders feelings of isolation extended to their own board, with a number describing that their trustees did not fully grasp the seriousness of the strain their organisation was under.

Good governance: quantity and quality

Registered charities and CIOs are legally required to have trustees, who hold responsibility for the organisation's governance. These are voluntary roles, but ones that carry additional responsibility and skill requirements beyond most other voluntary positions, often making them harder to fill: 37% of VCSE groups in Essex reported struggling to recruit trustees, and 18% experienced difficulty with retaining them.

Larger and well-established organisations said that building relationships locally had helped identify potential trustees and build a strong board, whereas smaller organisations tended to recruit trustees from among their service beneficiaries and their immediate networks. Groups knew that this approach would not necessarily bring the strongest governance skills but felt limited by the reach they had beyond their organisation. Therefore, the biggest issue was not just building trustee numbers but attracting trustees with the right experience and skillset to effectively govern an organisation.

> *'It is very difficult to get trustees. By and large it tends to be parents of young people…it's not ideal, but if you can't get anybody there you are.'*

> *'There's always an issue about having quality. That's the issue.'*

The roles of treasurer and chair were consistently described as the most difficult to recruit to, with the treasurer role requiring a specific financial skillset. One group had gone so far as to send out 100 letters to local businesses with accountancy and law experience, asking them to consider becoming a trustee, but only received one response which was to decline the invitation.

'Being a treasurer is a very responsible job…You have to have the type of mind to assess very quickly where things are falling and things are going well…The whole organisation depends on the money side of things.'

'The reason for targeting accountancy companies…we didn't have anyone with financial experience as a trustee…we still need a proper treasurer.'

Where organisations had built strong, well-balanced boards, this had typically taken years of deliberate effort. These tended to be larger organisations, usually with an annual turnover exceeding £1m, with the capacity to invest in robust governance processes and the local reputation to attract skilled trustees. Such organisations often described having a supportive, highly engaged chair willing to take on real responsibility.

'We've got a fantastic board. They're helping with the work on income generation and corporate build…Honestly, they are worth their weight in what they're able to offer…It's taken a while to get to this point. Five or ten years ago it was not what it is now…Every year we do a big board review…that was a game changer for us.'

'I've looked at bringing in strategy skills and local community representation…It's difficult to recruit…Having a balance working with trustees, having an honest conversation about, "What is this commitment?" …I'm in the process; to help us accommodate that, the trustees can take a bit of ownership…I've done quite a bit of development.'

As with volunteers more broadly, trustees tended to be of retirement age or older, and often more so than in other volunteering roles. Board succession planning was a concern across the sector, particularly for smaller organisations with long-established boards, some of whom had trustees in place for over fifteen years. This was widely acknowledged as a looming problem with no clear plan to address it, given how difficult recruiting younger trustees proved to be.

'There's a problem with succession planning, which is throughout the voluntary sector…Succession planning is going to be a problem. All the trustees, we're all on the wrong side of 75. And the pool of volunteers is getting smaller.'

But even where organisations had succeeded in recruiting younger trustees, work and family commitments could severely limit their availability, meaning the skills they brought could not always be used.

'They're just there as protocol, they're not very interested. They're the ones that always tell us where we're going wrong all the time but won't give you any pointers…They've got a wealth of experience, one's an accountant…she won't help us because she's working.'

Given how difficult it is to recruit trustees with the right skills and experience, many organisations felt their boards would benefit from further development. While local

infrastructure organisations often ran courses specifically for trustees, VCSE leaders of small and medium-sized groups described a reluctance among trustees to take part, even when specific trainings, such as safeguarding, were mandatory within the organisation.

> *'Trustees need training and development, but are they open to it?'*

> *'I don't think any of our trustees have been on any training.'*

A further recurring tension arose from trustees blurring the boundary between governance and operations, keen to be involved in day-to-day delivery but less engaged with strategic oversight. Some VCSE leaders described their trustees as kind and passionate people, but a lack of strong governance could leave leaders feeling alone in shouldering the organisation's responsibilities without proper support or guidance.

> *'I work with so many organisations who find it difficult, possibly because their board don't have the experience or understanding of what their organisation is, or they want to run it…Some think they should be getting involved in the day-to-day.'*

> *'It is an issue. I find that the board rely on me to guide them. Any changes in legislation they rely on me to keep them updated. You feel like you've got to make sure you're up to date. I feel lately there is more pressure to get funding, more pressure on making sure our staff are all ok, making sure everything is running…I do feel like there's no support for myself. I feel like I'm going to completely burn out.'*

Governance, then, remains one of the sector's most persistent points of strain as an area where willingness to help is not always matched with the skills and experience organisations most need. One interviewee suggested a practical way that businesses could better direct their existing goodwill: rather than one-off corporate volunteering days, employers could encourage staff to offer their professional skills more strategically by taking on a trustee role with a local VCSE group. Such an approach could help address the skills gap many boards currently face, while giving organisations a more sustainable route to the kind of governance support they need. Trustees, like volunteers and employees, need opportunities for training and support if they are to fulfil their role effectively (though on their part this requires a willingness to participate). The following section turns to how VCSE groups access such development opportunities within the sector, and where gaps in this support currently lie.

Sector development: investing in resilience

Across volunteers, staff and governance, a single underlying pattern recurs: organisations know what would strengthen their long-term resilience but are structurally unable to prioritise it. Third Sector Trends data confirms that 71% of Essex VCSEs prioritise income generation above all other aspects of organisational wellbeing, with fewer than half investing in business planning (41%) or trustee development (30%). Interviewees described this not as a preference, but as an unavoidable trade-off forced upon them by circumstance.

'I would love to invest more in staff!...They want it too and said so in our annual staff survey...I want them to have continued professional development...We don't have the budget.'

Once again, scale is the clearest predictor of the extent to which organisations can invest in development. Larger organisations tended to be better-resourced and therefore more able to balance income generation with strategic investment.

*'We are lucky...we're managing to do a lot of it: income generation **and** we're also very good at the training side of it. The smaller your charity is the more you're focusing on income generation, and other areas are compromised. We're lucky because we're a bit bigger and have got a really strong team.'*

Slightly less than half of all VCSE groups in Essex have a training budget, and this is often small: one organisation said that running a development day for staff had used up the annual training budget. Groups know the importance of business planning, skill development and investing in people, but simply find it unaffordable given current funding realities.

'...if I'm a CEO of a small charity, I'm probably involved in the delivery. If I take five days out of a six-month period to do training...I've lost five days of delivery time, and no one's paying me to do that...' - Strategic partner

'I can't just go to a strategic meeting, because that's coming out of our reserves - I haven't got a fund I can attach it to.'

Most VCSE groups in Essex tackle training and development in-house, though those who access external support reach out to a range of providers including local infrastructure organisations (21%), trusts and foundations (13%), private businesses (10%) and local authorities (6%). Notably, support from trusts and foundations in Essex is higher than in other areas across the East of England. Some interviewees also received support from umbrella organisations (for example, if their group belonged to a national network) and informal networks such as CEO forums. A strategic partner added that there is noticeable demand within the sector for access to opportunities for 'sharing knowledge, learning and skills', and existing networking opportunities were often described by smaller groups as a chance to problem solve among peers:

'The thing that I think I've generally found most useful has been just events where lots of charities of a similar size attend. The ones I've attended happen to be about fundraising, but you end up having a lot of great conversations about all this other stuff: how do you get your volunteers? How do you write new policies? Are you aware of these changes to local government...?'

However, existing provision is largely uneven and varied across the sector (as discussed more in a later section on infrastructure support), and across a range of providers VCSE groups had accessed training programmes, mentoring schemes, peer support networks, online resources

and informal advice. Where groups were able to access development support, the benefits included enhanced decision-making, better business planning, and greater strategic oversight - contributing to better organisational resilience overall.

> *'I've never had a budget, or a forecast…we're working together to get a budget, a forecast, a five-year management plan.'*

> *'They worked on a new business plan with us…we're looking at how we contact high net worth individuals.'*

As these opportunities were not available to everyone, several organisations were increasingly using AI to meet some of their development needs such as strengthening funding applications; developing staff and volunteer handbooks; and creating business plans, expansion plans and strategies.

> *'I applied twice and got turned down, so I asked AI to help me…stick a bit of Chat GPT on it and it came up with this beautiful application…it just made it more "community" that I ever could. It's magic, I love it.'*

> *'One asked me to write a business plan. The other one asked me to come up with an expansion plan. I said, "Have you tried asking Claude or ChatGPT?" And then I sat down with them and said, "Don't just ask. Here's some ways of asking the question or iterating towards what you need." But in both cases, they went, "Oh my god, this is unbelievable!"'*

This obviously carries its own risks, as AI can make mistakes, and some organisations were against the use of AI in these areas of organisational development, but one was confident that with 'judicious use' AI allowed VCSE groups to 'get there quicker and cheaper than going on a course or trying to find a specialist.' Still, this cannot replace the value of high-quality support, and genuine investment is needed to enhance the sector's resilience, as outlined in the quote below.

> *'I've been running [name of organisation] for 20 years…They've got to find someone to replace me…I might have to incorporate a manager role and work side by side. Those costs would make us strategically stronger, but it's very hard to find. I think it's recognising charities more as a whole. We're being told by lots of people we don't plan, we don't measure risk, we don't strategically challenge ourselves - but you need money to do that!'*

The sector called for two key investments: dedicated development funding to strengthen organisational resilience, and full cost recovery on funded and commissioned work that could include modest investment in development. A strategic partner acknowledged this as essential for public sector commissioners to consider, along with charitable trusts and foundations:

> *'What we need to do is be looking at how are we making sure that trustees and senior leaders in organisations or groups are given that business management or leadership…Part of that is a bit about full cost recovery: how are organisations building training costs in?…How are the public sector, and funders, enabling them to think about the skills?'*

And as one organisation put it:

> *'If funds are looking for resilience and strategy planning you do need to have the money to be able to input that into ourselves…We used to invest things we self-raised into development…We haven't got that [anymore]…That is the thing that is going to retain and build our resilience and stop this cycle…We adapt very quickly, but do need to be able to invest in what we do.'*

The sector understands what it needs to increase its resilience but is unable to act on this understanding without sufficient investment. Funders and commissioners must recognise the importance of investment in people, planning and skills as a legitimate cost of delivering good work, not an optional extra for groups to find when everything else has been paid for.

Conclusion

What emerges consistently across this section is a sector whose entire operating model depends on the sustained goodwill and unpaid - or underpaid - labour of volunteers, staff and trustees in a financial environment that does little to sustain that goodwill in return. Volunteer numbers have not recovered from the pandemic in significant parts of the sector; paid staff represent both the largest cost and the most consistently underfunded need; high quality trustee recruitment, and treasurer recruitment specifically, remains a widespread and largely unresolved struggle; and investment in the development that would meaningfully strengthen all of the above is squeezed out, again and again, by the relentless daily demand of simply generating enough income to survive.

This is not a picture of a sector lacking commitment or good practice - where organisations *have* found the resources to invest in their people, whether through paid volunteer coordinator roles, structured governance processes, or staff wellbeing support, the evidence of benefit is clear and consistent. Rather, it is a picture of a sector whose most valuable asset - its people - is currently being sustained largely through individual sacrifice and resourcefulness rather than structural, funded support.

Health and prevention

This section examines the VCSE sector's contribution to health and prevention in Essex, and its current relationship with the NHS and ICB. It considers how this value is recognised, funded and commissioned in practice, and what the ICB's proposed new approach to working with the sector might mean for the future.

Key findings from this section

- Health and prevention sits at the heart of the VCSE sector's work in Essex, with groups having a higher-than-average focus on various health beneficiary groups than anywhere else in the East of England
- Much of the sector's preventative activity happens entirely without NHS funding, despite mainstream health services often relying heavily upon it, and much of what the sector offers falls into 'intangible' value that resists easy measurement
- As mainstream health services have needed to prioritise the highest tiers of need amid financial cuts, VCSE groups have often enhanced their own services to fill the resulting gaps, without corresponding support to do so
- NHS commissioning of VCSE organisations in Essex is rare; only two organisations interviewed held an ICB contract, and both were among the larger organisations interviewed
- A range of structural barriers, including the scale and complexity of NHS contracts and a commissioning focus weighted more toward acute care tends to exclude the majority of VCSE organisations from its commissioning processes
- Relationships between the VCSE sector and the NHS have notably suffered through repeated restructuring, the loss of place-based Alliances, and the withdrawal of funding
- The sector was cautiously optimistic about the formation of one ICB for Essex, welcoming the simplification this offers, though smaller groups feared becoming lost in a larger, countywide system
- The ICB's proposed 'convenor model' has generated considerable hope among the sector, although awareness of how it will work in practice remains low
- The ICB has signalled a stronger focus on preventative work, but its definition remains more clinically defined than the sector's own, meaning that funding for preventative work is likely to be more strategically focused than the sector may be expecting
- The ICB has cautioned that the convenor model will not be a 'silver bullet' to the sector's funding struggles, given continuing financial constraints within public sector services, and recognises there is a need to manage expectations going forward

'It starts with the community': The role of the sector in health and prevention

Health and prevention sit at the heart of a large share of the VCSE sector's work in Essex - more so than anywhere else in the East of England. Nationally, organisations with a primary focus on health serve a wide range of beneficiaries with physical, mental and learning disabilities and health conditions, together with carers, accounting for 41% of the sector's overall beneficiary focus. In every one of these categories, the proportion of Essex organisations reporting it as their primary beneficiary focus exceeds both the national and regional averages.

In areas of the county where deprivation is higher, VCSE groups are more likely to focus on issues rooted in financial insecurity, including poorer health outcomes, meaning the sector's

health-related work is often happening where the need is greatest. Organisations working in this space also tend to be larger than the sector average, with health-focused work drawing a higher proportion of medium and large organisations than causes without a health focus. Yet despite this scale, most of what these organisations deliver remains rooted in their local community; relatively few health-oriented organisations work beyond a regional footprint, and their impact is typically felt close to home.

This local, health-focused work is underpinned by the sector's confidence in its own value. Nationally, most organisations with health and social care beneficiaries feel they make a strong contribution to health and wellbeing, with a similarly high proportion feeling the same about tackling social isolation. Interviewees echoed this in their own words, describing themselves as trusted, accessible alternatives to what one strategic partner referred to as 'instruments of the state', reducing pressure on A&E, reaching people the NHS struggles to engage, and delivering work that is preventative in nature, rather than reactive.

> *'Our role is in prevention, stopping people reaching crisis.'*

> *'We are community health creators. It doesn't start with the GP; it starts with community.'*

The sector was also in a unique position to provide ongoing and long-term support to beneficiaries that would not be possible within mainstream health services. For instance, one group spoke about its open-ended offer of support to beneficiaries who face new struggles, or relapse, giving an example of working with one particular beneficiary, on a regular basis, for eight years.

Organisations deliver a wide range of preventative activity, examples of which included mental health support across a range of specialities, music and animal-assisted therapy, transport for medical appointments, seasonal warmth and cooling schemes, and a whole range of community-based prevention work more broadly. Yet most of this happens without any NHS funding, and much of what the sector offers falls into what Third Sector Trends describes as the 'intangible' aspects of social value: work that is of real importance to public health, particularly around prevention but that resists easy measurement. Interviewees felt this keenly; many described delivering health-adjacent work 'at a loss' or entirely unfunded, despite how heavily mainstream health services relied on their contribution.

> *'…we receive frontline referrals from CAMHS, statutory services and parents, but we're not commissioned.'*

> *'…we run the [name of service] to get people to vital medical appointments…without it, they wouldn't go. They tell us they* ***couldn't*** *go…We still didn't get any funding for it. We have to generate income to keep that service…'*

> *'Need is growing more than the NHS is funding…We're filling the gaps with our services, but they're not filling the gaps with their funding.'*

Many groups deliver this support in collaboration with NHS services. Examples given across interviews included training hospital staff, GPs, social workers, midwives and health visitors; NHS professionals running services from groups' own premises; sharing beneficiaries' lived experience to inform NHS practice; and joint projects with various NHS Trusts, though none of this work carried any funding.

Third Sector Trends points out that, from the perspective of the NHS, 'the VCSE sector is already finding the resources to create the energy to tackle issues on its own terms which contribute to the greater public good.'[3] The sector, however, describes this dynamic as having tipped too far, placing an unsustainable strain on its work. While organisations know their strength lies in prevention and early intervention, they were finding the need within their communities growing - not only in volume, but in complexity and acuteness. As mainstream health services responded to financial cuts by prioritising crisis and the highest tiers of need, VCSE groups felt forced to step in and enhance their own services to meet the gaps mainstream provision could no longer fill, but without any corresponding support to do so.

> *'Our caseload has a high proportion of young people who need higher interventions…I also have responsibility for safeguarding when no one else is going to pick them up…It's very hurtful when we've assessed someone, as a team, and think this person needs other interventions and they're not picked up…Our groups used to run with one member of staff and have an emergency button…Now we don't run any of the groups unless there's two members of staff…those in that group are the ones who've been turned away, or are still on the waiting list one year on…That puts pressure on staff. Do you invest and upskill your staff? Why should you do that when you're an early intervention service?'*
>
> *'We are not a crisis service, but we are being used as one.'*

The scale of unfunded reliance described throughout this section raises the question as to why, if the NHS depends so heavily on the VCSE sector to provide health and prevention support, organisations struggle to access NHS grants or contracts. The following section looks at how the NHS currently commissions VCSE organisations in Essex, and what stands in the way of a more sustainable relationship between the two.

Commissioning the sector: locked out at scale

Despite the depth and value of the sector's contribution described in the previous section, formal NHS commissioning of VCSE organisations in Essex remains rare. As discussed earlier in this report, public sector commissioning has receded in general, and has grown in complexity, ruling out many organisations from consideration.

Only two organisations interviewed for this project held a commissioning contract with the ICB; both had annual turnovers exceeding £750,000 a year, and more than twenty employees,

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making them better equipped to handle complex contracts. Compliance and data reporting requirements are described as 'impossible for small organisations', and there was a lack of clarity around the ICB's criteria in which groups they would or would not commission. One organisation had even been listed as an approved provider on the NHS portal but said that it had gotten 'no further than that,' as most of the NHS's commissioning work tends to involve 'huge, huge contracts' out of reach for most.

> *'To work with the NHS, you've got to have a turnover of £4m…the contract can't be a major part of your turnover…They treat us like a corporation…We are trying to improve the health of the population, why aren't they coming to us?'*

> *'I feel like the NHS is looking for big names and works with people from big organisations.'*

This had not always been the case, however, as several smaller organisations spoke of funding they had received from the NHS in the past. One organisation, for example, was the sole funded provider for a form of mental health support in their area, but said the funding eventually ended 'because they were looking for organisations to do a bigger area.' The impact of excluding smaller groups from funding opportunities often fell hardest on organisations working closely with marginalised communities, with these groups working with individuals that commissioned providers could not properly serve.

> *'There is funding available, but it's always the same organisations…they get all the big funding still. But when it comes to cultural, we end up supporting those organisations…so we end up still having to give the cultural support…Small and grassroots bear the burden of it.'*

A strategic partner acknowledged that previous commissioning processes had been 'incredibly prescriptive,' and that work was now needed to re-engage the sector, since 'at the moment there are lots of community groups who accept they probably won't get any money' given how narrowly specified past processes had been, and the level of compliance they demanded.

The sector's strength in prevention and early intervention work also made commissioning difficult, because outcomes produced from these kinds of support are hard to measure. Even where organisations had invested in evidencing their impact, these outcomes - sometimes described as 'soft outcomes' - were still felt to be viewed by the NHS as unproven.

> *'If you're doing something that is massively reducing the impact on health, or adult social care…how do you prove it?'*

> *'We've done reports on the value of keeping people out of hospitals and keeping people from going into homes…I feel like the NHS and lots of funders are still catching up to that…They won't fund creative projects…Even though there's evidence, they kind of view it as unproven.'*

A strategic partner interviewed for this project acknowledged that while 'the NHS is good at helping people live longer,' VCSE organisations 'help people to age better and age healthier,' but offered a candid account of why the NHS cannot simply commission organisations based on 'theoretical savings' such as the number of hospital bed days a VCSE service might save. Much of what the sector offers, the strategic partner explained, resists being captured in hard financial terms, and they cautioned against commissioning processes that ask the sector to justify itself using measures like this, as freeing up a hospital bed rarely translates into fiscal savings once the overall demand for beds has been taken into account, unless, for instance, an entire ward could be closed as a result. This distinction matters, because while the strategic partner acknowledged: 'the community sector says, "We provide this. Why can't you fund it?", the NHS has to look for savings that can be reallocated elsewhere in the system.

For this reason, many organisations delivering work that plainly prevents hospital admission may still not align with what the ICB defines as strategic priorities. As a strategic partner explained, rather than providing funding for work aimed at reducing hospital admissions in general, the ICB might instead prioritise identifying demographics at greater risk of fracture, since fall-related admissions tend to be longer, more painful for the patient, and more costly to treat. This is explored in more detail in a later section on the proposed convenor model.

Disconnected: The loss of relationships and the journey to rebuilding

Where relationships between the VCSE sector and the NHS exist at all, they vary enormously in strength and are frequently described by interviewees as weaker than they once were. For most, interactions with the NHS typically take the form of informal referral pathways from GPs and hospitals rather than any strategic relationship. A small number of organisations reported sustained, positive relationships, but these tended to be with frontline health services directly, care coordinators or dementia support teams, rather than with commissioners or decisionmakers, leaving little opportunity for strategic input. Relationships were generally stronger with Essex County Council's public health team, where several VCSE groups had been involved in the Health and Wellbeing Board, coproduced resources, or formed social prescribing partnerships.

> *'We haven't really connected with the NHS. We have tried.'*
>
> *'With NHS Essex, I want to be round that table…I'd like to have a bit more influence locally. I've never spoken to who runs the Integrated Care Board in Essex.'*

A striking number of organisations described strategic relationships that had eroded through repeated restructuring. At present, involvement in decision-making, service design, or shaping how the NHS understands local communities remains, by most accounts, largely absent. The loss of place-based Alliances were particularly felt by groups, especially those who had been involved with the North East Essex Alliance.

'…everyone knew everyone. Everyone could have relationships. They had a carers lead, or mental health lead. Now it's all been squished into a neighbourhood team…'

'We were part of the Alliance and we worked very closely with them. We had a place at the table…There is only one officer now - and that's an admin officer - that we know.'

Third Sector Trends data suggests this experience is widely shared, stating: 'ICB cuts have been severe and resulted in the loss of many dedicated staff across the country who worked hard to build positive relationships with the local voluntary sector and between other health providers within the NHS and the private sector.'[4] Nationally, around half of VCSE organisations are unlikely to engage directly with Integrated Care Systems policy at a strategic level at all, though this doesn't necessarily reflect a lack of interest so much as a lack of capacity or opportunity to do so. Third Sector Trends notes that many organisations could play a more direct role, for instance as a link worker with valuable local knowledge, but that this kind of work cannot be done effectively against a backdrop of dramatic ICB budget cuts and a wider loss of interest in investing in preventative health.

With that being said, VCSE organisations were cautiously optimistic about the formation of one ICB for the county. The dominant hope was for straightforward simplification, an end to the confusion of three separate ICBs, each with its own policies and patient pathways, and a chance to become more visible to whoever now holds the county's health commissioning decisions. Previously, with three ICBs in place, patients could face different discharge pathways across the hospitals in Essex depending on which area they were returning to; consolidating this into one system was widely seen as a practical improvement in its own right.

This optimism, however, sits alongside uncertainty about how the new structure will work in practice. Confidence in understanding how the ICB will commission and involve the VCSE sector remains low across the board, with many organisations feeling that the ICB itself seemed unsure of how things would work going forward. For groups that previously held working relationships with their former ICB, the transition has brought real disruption: several reported no longer having a point of contact within the NHS at all, and no clear route to establishing a new one.

'I have no direct links with the ICB.'

'I'm really struggling to gain any traction with them.'

For smaller organisations especially, the worry centred on getting lost within a countywide system that had previously been broken down into more localised geographies.

'My fear is that when we have a local ICB we build relationships with those people, they've come to our groups, we have companionship and collaboration. With one ICB,

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all of a sudden you disappear. You aren't seen and you aren't heard…Before, I was like, "Am I going to get anything?" Now, it's like I might as well say bye to anything.'

The ICB had, in fact, worked to align its work with the five unitary footprints emerging from local government reorganisation (though plans for LGR have since been withdrawn), this was not widely known among interviewees. Indeed, as with LGR itself, a number of organisations were unaware that a single ICB had even been formed, and in one case, a group did not know what an ICB was - a further illustration of just how much distance has grown between the VCSE and public sectors.

Against this backdrop of uncertainty and eroded relationships, much now rests on how the ICB chooses to rebuild its connection with the sector going forward. One aspect of this is the proposed 'convenor model', discussed in the next section, and what it might mean for restoring a partnership that groups feel has largely been lost.

Rethinking prevention: the convenor model

The convenor model is intended to reshape how commissioning decisions are made in relation to the VCSE sector in Essex, and how the ICB invests in prevention. A strategic partner explained that the model devolves funding to the sector through standing forums led by the sector itself, replacing the prescriptive, competitive tendering processes that came before it. The model would be aligned to countywide, unitary (per LGR) and neighbourhood footprints and would work with the sector through 'ongoing dialogue,' using grant-making as opposed to tendering. Through this ongoing dialogue, the model would facilitate 'market nurturing' as the sector gained resilience, administration support and the sharing of best practice. The strategic partner said that this way of commissioning would allow the ICB to be clearer about its strategic priorities while 'releasing the reins' by letting the sector decide how best to address them, in recognition that VCSE groups have 'a greater purchase within that community.'

At this early stage, awareness of the model remains shallow across the sector; most organisations that mentioned it described themselves as still trying to understand what it will mean in practice.

'The ICB is setting up a whole new way of working with the voluntary sector, called the convenor model…When you ask a certain question, they don't really know…If you agree to sit on one of these boards, does that impact what funding you can go for?'

But however vague understanding of the model was, it was a huge source of optimism among groups who had learned about the opportunity to work with the ICB in this new way, saying that initial conversations had been positive, and that this represented a new start for how the two sectors worked together.

'I'm hoping to be part of the convenor model.'

'For the first time in a long time they're talking about really valuing the voluntary sector.'

'[Member of ICB staff is] very good. He's been speaking to us a lot about the convenor model, and we hold out a lot of hope for that.'

With the ICB having been vocal about its intention to invest more into preventative work, it is understandable that the VCSE sector is excited. However, at present a core tension exists between the ICB's definition of prevention and that of the sector. Asked whether the two interpretations were aligned, strategic partners explained that they were not:

'If you look at the way the NHS is set up, they're funded by cost per patient…To be a patient, you've got to be unwell…prevention is stopping something from recurring or something else happening.'

'We are challenged with prevention…people think we commission what works and decommission what doesn't work…but that's not true…our strategic priorities might not always be aligned to [just] good endeavours…In a world of budgets, we have to be strategic.'

This differed from the sector's definition which tended to relate more to long-term community wellbeing - preventing someone from becoming ill in the first place - and is therefore often measured in terms of the types of theoretical calculations the strategic partner cautioned against (described earlier in this section) such as saving hospital bed days or reducing demand on emergency services.

'The work we do is very much prevention. I'm thinking about long-term things that are sustainable: wellbeing, mental health, physical health.'

'We could be saving them so much money…We are a key reducer of A&E for mental health and need to get that to the NHS. It would be a great source of money for us, and a saver of money for them.'

Unfortunately, as discussed above, reducing hospital admissions or pressure on emergency services only represents a saving when money is genuinely freed up for the NHS that can be reallocated elsewhere in the system. This is likelier by taking a more specific approach, such as reducing fracture within at-risk demographics, as a strategic partner explained that fractures are often more expensive to treat, and can require longer stays in hospital. For the VCSE sector, this means that a number of groups who feel strongly about their role in prevention may still not be eligible for funding from the convenor model, which will devolve funds to the sector based on the ICB's strategic priorities (as opposed to 'prevention' in general terms). For example, a community transport organisation that takes patients to hospital appointments might find its work does not fit neatly into the ICB's strategic priorities for prevention work, despite it being an important service that helps to keep people well.

A strategic partner acknowledged this tension, describing 'extreme excitement' within the sector about the convenor model, while cautioning that it will not be a 'silver bullet' for the sector's funding struggles. As a result, the ICB was honest about the need for work in 'managing expectations' within the VCSE sector in recognition that, while the sector's frustrations were understandable, NHS budgets remain tight and a more strategic approach is required.

Whatever the scale of investment the convenor model delivers, however, any shift away from the prescriptive and exclusionary commissioning of the past will be a welcome improvement. What matters most at this stage is the ICB's evident commitment to a different way of working, one that recognises the sector's contribution on its own terms without needing to control or restrict it at every turn. Change of this kind will inevitably take time, and so the risk remains that some organisations whose financial position is already fragile may not survive long enough to feel its benefit.

> *'The NHS is such a machine, it takes so much time and energy to steer…'*
>
> *'Their heart is definitely in the right place, and they're willing to listen and learn. Will it come quickly enough for some organisations to survive?'*

This underlines the importance that this transition moves at pace, and not only in principle. Even so, this represents a meaningful step in the right direction. Expectations require careful management, but there is still cause for optimism in how the ICB has chosen to approach its relationship with the sector going forward.

Conclusion

The evidence of the VCSE sector's preventative value in health and wellbeing is strong, consistent and is now being publicly acknowledged by the NHS and ICB leadership. However, as things stand today, funding and commissioning systems within health systems are inaccessible to most groups delivering preventative work in their communities, based on a broad range of barriers that include the complexity and scale of contracts, eroded relationships and interpretations of prevention that are not aligned. With the sector in the fragile financial position it is currently in, described earlier in this report, its potential is only being partially realised, at a loss not only to the sector and the communities it works with, but to mainstream health systems that stand to gain more from stronger ways of working together.

Capacity constraints run through almost every finding in this section, and it is often the smallest, most locally embedded organisations - those working with communities where the ICB has less reach - who are least able to navigate complex contracts and access much-needed investment to sustain their work. The convenor model represents one way for the ICB to begin to bridge the gap between where value is created and where capacity exists, creating opportunities for relationships between the sectors to rebuild, and to rebuild stronger.

Strategic partnerships, influence and collaboration

This section examines how the VCSE sector works with others: its own peers, public sector services, and the broader political landscape it operates within. It explores both the strength of collaboration and the barriers that can limit how far this collaboration can go.

Key findings from this section

- Collaboration between VCSE organisations in Essex is strong at an informal level (76% of organisations work together in this way), with 68% also collaborating semi-formally. Formal relationships are less common (32%) and often dissolve when the funding that sustains them ends.
- Organisations in less affluent areas are more than twice as likely to collaborate, often out of necessity, and by sharing resources, capacity and premises
- Competition for scarce funding is repeatedly named as the dominant barrier to closer collaboration between VCSE organisations
- The majority of the sector in Essex feels valued by public bodies (89%), but **fewer groups** feel they are kept informed about issues involving them (67%), or involved in shaping policy (46%).
- Scale is the clearest predictor of public sector relationship strength: larger and well-established organisations are likelier to report productive relationships, while smaller organisations can report having no relationship at all
- Siloed working between public sector services can make engaging with the public sector harder, with many VCSE groups lacking the capacity to engage across multiple public sector systems
- Challenging or holding public sector bodies to account is rare, and is particularly uncomfortable for organisations who depend on the same public bodies for funding
- Political vulnerability is a significant concern at present, with organisations reporting funding cuts, hostile political rhetoric and advice to remove language relating to some marginalised communities from funding bids
- 74% of VCSE groups in Essex say they steer clear of political issues, mostly for fear of alienating funders, donors and beneficiaries
- Around half of organisations are involved in campaigning and lobbying, though these activities are mostly unfunded and depend on organisations having unrestricted income to invest in them

‘A little bit messy and complicated’: Collaboration within the sector

Most VCSE organisations in Essex collaborate with others in the sector, but this tends to take place informally (76%): signposting and referring to one another’s services, sharing information,

and checking in on shared challenges within the sector. A further 68% of organisations collaborate semi-formally, such as by running joint events and sharing resources, while only 32% of organisations work through formal partnerships, though this figure is higher than elsewhere in the East of England and suggests a strong culture of collaboration across the county's VCSE sector overall.

Collaboration is particularly strong among organisations in less affluent areas which are more than twice as likely, on average, to work with other VCSE groups than those in the areas of greater affluence. This pattern held consistently across interviews, with semi-formal arrangements tending to cluster around smaller organisations and shared cause areas such as homelessness, SEND, and support for refugees, asylum seekers and migrants.

> *'We're in such a demanding area, so we're doing a lot of sharing in our area…If we don't do it directly, we signpost.'*

> *'As small organisations, when we can we come together to deliver projects and scale up, and recognise our organisations and the strain of the CEOs of attending all of the partnership boards…We speak daily, it keeps us abreast of everything happening across the geographies and age groups…If there is a meeting I can't go to, someone will still report back and be there representing families.'*

Collaboration in North East Essex stood out as being particularly strong (in Tendring, especially), with most organisations interviewed from the area speaking highly of the strength of local VCSE collaboration, especially among smaller groups, much of which they attributed to a local infrastructure organisation in the area.

> *'It's a good network. We do network a bit, even if you're not doing the same sort of work…Everyone's so supportive to each other. Any charity in our district, you don't think, "Oh, you're going to step on my patch." They can talk to you if they need help.'*

> *'We have a North East Essex CEO's group…We come together to support each other, we collaborate on funding bids, and we will say if we see funding…'*

These relationships contribute directly to organisational resilience by building shared capacity. For example, micro-organisations from one area explained that they submit joint funding applications, recognising they are more likely to succeed together than alone, while other groups have shared office space they could not have afforded independently.

> *'We can grant fund it together…That sort of collaboration is really good.'*

The current, highly competitive funding environment appears to cut both ways, sometimes encouraging collaboration, sometimes discouraging it. One CEO forum was established explicitly in response to the fact that 'everyone is vying for that same funding,' treating collaboration as a way of managing a shared threat rather than avoiding it. Through CEO forums like this, organisations have been able to pool resources, share learning, and offer support to

otherwise isolated leaders, with participants speaking positively of the experience. More broadly, over half of VCSE leaders in Essex reported feeling 'excited' about working collaboratively.

> *'We're trying to pre-empt what's round the corner…how we can work together to lobby and strengthen our voices…The forum will bring in leaders from the local authority, and local councillors.'*

> *'We've got excellent relationships with other small charities, and we share our time and resources.'*

Set against this, competition for scarce funding was repeatedly named as the dominant obstacle to closer collaboration. A strategic partner described collaboration as 'one of the weaker areas' of the sector precisely because organisations 'are fighting for the same limited funding pots,' - a dynamic several interviewees recognised from their own experience.

> *'Everyone is trying to protect their income, particularly local government funding.'*

> *'…we're trying to work in partnership, but sometimes it's antagonistic.'*

Even where organisations actively wished to collaborate, practical barriers could sometimes stand in the way. In rural and remote areas, for example, collaboration tended to form organically in small, disparate pockets based on geography, but that would be more effective from becoming better joined up across a wider area. For newer groups, or those exploring collaboration for the first time, simply knowing what other VCSE groups existed locally or within their cause area could be a challenge in itself, particularly in areas without a local infrastructure organisation to help make those introductions.

Formal partnerships, such as those including joint delivery or subcontracting arrangements, are rare, and where they had existed historically, often dissolved once the funding sustaining them came to an end. Even where appetite for formal collaboration existed, governance-related factors could prevent them from developing, with mismatched safety and compliance standards being a common sticking point.

> *'It's getting to have collaboration with the right people, with similar aims to your charity. Matching that together can be quite difficult…If we're going to go for funding, say, how can we say we're meeting our aims?…The biggest one for us is safeguarding… "Who's your safeguarding officer? Is everyone DBS checked?…Who's the First Aider?"*

> *'[Joint projects] are not massively successful…they can get a little bit messy and complicated.'*

On the whole, this points to a sector with an appetite for collaboration and clear evidence of its benefits, but one whose ability to build on this is consistently constrained by the same funding pressures explored throughout this report. Formal collaboration was, for a period, a common

expectation attached to funding and commissioning, yet it has proven difficult for the sector to retain this style of collaboration after the funding ends, as well as the practical barriers such as those described above. The strongest collaboration appears where there is no contractual obligation to work together, but where organisations gain a mutual benefit such as shared capacity building or information sharing. It often takes a third party, such as a local infrastructure organisation, to convene groups in order to establish the relationships that lead to organic collaboration in this way.

‘Supporters in the system’: Working with the public sector

Third Sector Trends data shows the VCSE sector in Essex feels valued by public bodies (89%), with 80% participating in relevant meetings and consultations, the highest figures in the East of England, suggesting that while the overall relationship between the sectors has grown more distant than in the past, organisations are still finding opportunities to engage around their particular cause areas. Fewer organisations, however, felt well informed about issues affecting them (67%), and fewer still felt appropriately involved in developing or implementing relevant policy (46%), with under half believing public sector organisations acted on their opinions or feedback (48%). The sector's value, in other words, feels largely understood, but its ability to shape the provision and policy landscape it operates within remains considerably more limited.

Relationships between VCSE organisations and the public sector take a similarly wide range of forms as those within the sector itself, from informal information-sharing through to more strategic input on oversight and commissioning boards. Strong relationships were mostly reported as taking place at a local level (such as parish, district and town councils).

> *‘The officers at [name of district council] are very community-focused…they do a lot to support local groups.’*

> *‘Essex County Council does feel quite remote and distant…We’ve got really good links with district and borough councils, and even town councils.’*

Scale is the clearest predictor of relationship strength: longer-established, larger organisations with a sustained local presence are the most likely to report productive relationships with public sector organisations, likely because these groups are the ones most often holding public sector delivery contracts and have the capacity to navigate wide and complex public sector systems, as well as an established reputation and profile.

> *‘With us, because we’ve been around in [name of area] for quite a while, we’ve got really good relationships…We’re here, we keep delivering, and we’re not going anywhere.’*

Smaller organisations, by contrast, more often report limited or non-existent relationships with the public sector. It follows, then, that it is likely these smaller-scale groups who feel they have the least opportunity to engage with the public sector and make their views heard.

> *‘We don’t have supporters in the system, anywhere.’*

'I wouldn't know who to talk to.'

The consequence is that smaller groups are less likely to have their voices heard, and as a result several interviewees felt it was consistently the same 'legacy' organisations that were invited to the table. This risks a narrow set of opinions dominating discussions, while other groups, without the same access, are left unable to contribute their own insight to local solutions, despite often holding valuable knowledge and expertise. One organisation interviewed for this report, for instance, noted that no statistical data existed on the community it worked with, making it likely the only group capable of offering genuine insight into that community's needs.

'How do we map who's sitting on all these forums? I think it's a lot of the same people…It's the hidden voices we need…Try and put more attention on those voices.'

'Personally, I'd love for there to be a sense our clients are seen and heard.'

Siloing between public services themselves was also cited as a barrier to collaboration between public sector and VCSE organisations, as groups found it difficult to engage across the whole system. In some cases, different public services ran similar boards, and VCSE groups simply didn't have the capacity to sit on each one. Cross-service meetings could also prove unproductive when they still failed to include certain relevant services - for example if one board convened across health, fire safety and crime but did not include education.

Siloed working could be an issue even within a single public sector area: primary and secondary health care, for example, were sometimes described as rarely coming together in this way.

'We don't feel we work really closely with our [name of public sector organisation] colleagues: … "This is what we've got to do, so this is what we've decided." …They themselves are dictated to.' - Strategic partner

This all matters directly for the VCSE sector since much of its preventative work sits precisely at the health and social care interface, and fragmentation between the statutory bodies on either side of that boundary makes coherent VCSE sector engagement correspondingly harder. This left organisations managing multiple, fragmented relationships with disconnected parts of the public sector, rather than partnering with one coherent counterpart.

Despite this, 49% of VCSE sector organisations in Essex feel that public sector organisations are working together more effectively. This may reflect the changes currently underway across public sector services in Essex: the formation of one ICB, neighbourhood policing, and, at the time of interviews, local government reorganisation, as statutory organisations worked to ensure their own service footprints were aligned with one another.

Challenging or holding the public sector to account, meanwhile, remains rare and is described as uncomfortable when it does happen, particularly among smaller or newer groups, suggesting this kind of challenge is not yet normalised within current relationships. Several

interviewees linked this reluctance directly to the funding-dependency dynamic explored further below: it is difficult to challenge a body that may also, at some point, be your funder.

> *'The language I'd use would be: "Can we see the outcomes?" ...It always feels like I'm the one saying that... "Did that deliver what it's supposed to?"'*

> *'It's difficult to hold people accountable who could be your funder...You do have to tread on eggshells slightly...In terms of challenging the public sector, our strategy is to work alongside them positively and be a supportive voice in their ear.'*

Larger, better-established groups, however, were often more confident in offering this kind of challenge.

> *'One of the nice things is we can feed back very transparently and honestly about the performance of ourselves and local authorities...They understand how we operate, we understand how they operate.'*

As discussed previously, strong relationships between the VCSE and public sectors matter to both sides: public sector services depend on the VCSE sector to fill gaps in statutory provision, to surface emerging trends and issues within communities, and to shape its own offer in ways that complement wider public sector systems.

> *'Statutory services can't do it all on their own!'*

> *'...things in places couldn't happen without the voluntary sector.'*

Overall, a large part of the sector remains optimistic: 62% of VCSE groups in Essex say they feel positive about improving collaboration with local public sector services. Coproduction will remain an essential way of bringing the two sectors into closer alignment, and lessons should be learned from the LGR proposals, during which many organisations interviewed felt they had received limited information and opportunities to contribute (discussed in more detail further on in this report). Collaboration between the public and VCSE sectors is not just for the benefit of VCSE groups, but also to the public sector services that depend on them to fill gaps in statutory provision, surface emerging trends and issues within communities and to shape its own offer in ways that complement wider public sector systems. Ultimately, effective collaboration between both sectors ensures coordinated, informed and consistent services for Essex communities.

Steering clear or speaking up: Campaigning and lobbying

Political vulnerability emerged as a significant concern for many VCSE groups in Essex, some of whom said they were 'terrified,' 'panicking' and living through 'a worrying time' following recent election results and changes to council leadership across the county. Some interviewees expressed concern about the lack of prior governing experience among political parties newly taking on local leadership roles; others were concerned about the potential effects of policy

changes or the impact of politically charged issues on their organisations and the communities they served.

> *'Politically, what colour they're going to be is a huge difference…libraries, organisations who work with people…it's a lot for people, it's a lot for the sector, I'm sure it's a lot for people who work in statutory services.'*

> *'It depends what government comes in and what they're going to do. It puts everybody on a knife edge.'*

Some interviewees pointed to decisions they said reflected these concerns, including reductions in budgets relating to climate and the environment and the withdrawal of funding for planned LGBTQ+ and refugee celebrations. Organisations working with refugees, migrants and asylum seekers; disabled people; climate and environmental causes; and LGBTQ+ communities reported feeling particularly exposed, citing what some interviewees described as open hostility from emerging political actors towards these communities and causes. One organisation working with vulnerable communities described installing a 'safe room' because of concerns about possible intimidation. Others reported being advised to remove words associated with these communities and cause areas from statutory funding bids, out of concern that their inclusion could affect their chances of success.

> *'I am a migrant myself, and I work with migrants. I was doing a bid and somebody said, "Remove the word 'migrant'" because of the current political landscape…Now I have to think about my website. I can't put 'refugee' or 'asylum seekers' or 'migrants'. That worries me.'*

> *'They're cutting the budget for the climate commission…They're not focused on that, and I believe SEND is not a focus.'*

This shifting political tone has not stayed confined to council chambers; interviewees described it bleeding into everyday interactions and even the language of funding itself, shaping how organisations are treated and how comfortable they feel navigating spaces they once moved through freely.

> *'I've noticed it from funders as well. Now they're asking how that benefits the rest of the community, "normal people", and I find that offensive.'*

> *'I went to a meeting recently and I remember just, this lady I've known for a while wouldn't look at me and talk to me.'*

It is understandable that VCSE groups, many of which support the most vulnerable communities and champion politically neglected causes, are concerned about the changing political landscape. With 74% of VCSE organisations in Essex saying they 'steer clear' of engaging in political issues, the sector is limited in the extent to which it is able to shape political change. Interviewees suggested that reliance on funding can make organisations

cautious about speaking out, particularly where they fear alienating funders, commissioners and donors.

> *'You just have to suck it up and say, "Oh, thanks for the funding!" The person benefitting doesn't care where you got the money from.'*

> *'People who are on the right side of things aren't particularly generous…You've got to cut your losses…'"Don't bite the hand that feeds you!" And as a broad-appeal charity, you've got a lot of hands!'*

> *'We have to take on [name of government department] contracts, which is not comfortable for us…the [name of government department] is sort of the enemy…I don't want to do that work.'*

The only organisation that described these activities as being central to its work felt able to do so precisely because it did not rely on public funding and was therefore under no obligation to 'play the game.'

> *'We've always held councils, MPs and individuals to account…It's a fundamental part of what we do…We have a free voice.'*

Alongside this, around half of VCSE organisations in Essex reported taking part in campaigning (52%) or lobbying (48%), higher rates than elsewhere in the East of England. These activities can take different forms, from raising awareness and influencing public opinion to seeking changes in policy or funding decisions. These are forms of issue-based political engagement, but they do not necessarily involve party-political activity.

The interviews suggest that some organisations may not always distinguish between maintaining a politically neutral stance and avoiding political advocacy and lobbying. Organisations that described themselves in terms of political neutrality were generally less likely to campaign or lobby on particular issues and demonstrated greater caution about being seen to do so.

> *'It's not really our thing. We wouldn't say we're a campaigning organisation, and our board are very wary about that…there are families from different demographics and views and values, and we don't want to be seen to be aligning with any particular political view…Our board have chosen that's the way we work.'*

> *'I wouldn't say we raise our head above the parapet…We try to steer away from that a little bit.'*

Where groups do actively engage in campaigning and lobbying, this takes multiple forms across multiple levels, with no consistency or agreed upon method for the most success. At a local level, groups attend council meetings, sit on public decision-making boards, engage with their MPs and invite local politicians to visit their services and view their work firsthand.

> *'I've got the [name of political party] lead coming in. We're going to try to make friends with him…We try to do as much as we can. Our local MP is quite responsive. She's interested in what we do, she's quite active.'*
>
> *'Every so often [local MP] does a coffee morning with [name of area] parents, and he's very receptive to listening to their issues. He does what he says he'll do.'*

And at a national level, organisations' campaigning and lobbying took the form of ministerial correspondence, involvement in All Party Parliamentary Groups, formal policy consultations, and lobbying trips to Westminster facilitated by national umbrella organisations. Groups taking part in these activities said they did so to raise awareness of issues affecting their cause areas and to influence policy, both directly and indirectly, though the impact of such work was mostly described as slow, uncertain, and difficult to attribute to any single form of action.

Furthermore, these activities are simply not funded, and any campaigning relies on organisations having unrestricted funds available to cover its costs. One organisation had previously run an active campaigning and lobbying team, and although it had been unable to sustain this, it planned to rebuild the function in future, believing it remained important to improving the lives of its beneficiaries.

Combined, this suggests the sector is navigating a challenging political moment with caution, rather than confidence. The distinction between party political alignment and issue-based advocacy is not always well understood, and this confusion - added to fears about funding, safety and belonging - has left many more reluctant to speak up than the sector's own activity levels might suggest. The sector describes itself as 'the voice for the voiceless,' yet frequently feels unable to advocate for the most vulnerable communities at a political level, since doing so is perceived to risk its ability to continue delivering the funded services those communities depend on.

Conclusion

Across collaboration, public sector partnership and political engagement the sector consistently shows a strong appetite to work with others but tends to be constrained by the same underlying pressures explored throughout this report. Funding competition undermines collaboration; scale and capacity determine who gets a seat at the public sector's table; and fear of jeopardising funding relationships keeps much of the sector cautious about speaking up on the political issues that matter most to the communities they serve.

What ties these findings together is a shared root cause. Whether it is organisations competing for the same grant pot rather than partnering freely, smaller groups locked out of public sector relationships, or others softening their advocacy to avoid alienating a funder, the sector's structural dependence on scarce, insecure funding is consistently what limits its collective voice. Addressing this dependence, rather than simply encouraging more collaboration or engagement in the abstract, will likely do more than anything else to help the sector work, and speak, with the confidence its expertise and community knowledge deserve.

Infrastructure support, coordination and sector representation

This section examines the infrastructure support available to Essex's VCSE sector from local infrastructure organisations (LIOs) and Active Essex through to national umbrella bodies and grant funders. It considers how consistently this support reaches organisations across the county, how funding structures have shaped the current landscape, and what this means for the sector's ability to feel represented and prepared for the changes ahead.

Key findings from this section

- VCSE groups said they want access to infrastructure support that covers a consistent package of funding advice, training, networking, volunteer matching, governance support, and representation
- Existing infrastructure support in Essex is inconsistent and geographically patchy. VCSE organisations in some areas have access to excellent, trusted local support where others have none (and describe themselves as 'vulnerable' as a result)
- Trust is important between local infrastructure organisations (LIOs) and the VCSE groups that form their membership, though levels of trust vary across the county
- This lack of trust can arise when LIOs become delivery partners themselves, potentially competing for the same funding as the organisations they were set up to support.
- 39% of Essex VCSE organisations rely on their LIO to influence on their behalf, but representation is, again, inconsistent across the county leaving local groups sometimes feeling their voices are not being heard
- Active Essex is valued for providing practical infrastructure support, though is sometimes seen as lacking the grassroots relationships that LIOs can build locally
- The withdrawal of historic funding for LIOs intended to provide a baseline of infrastructure support quality across Essex through one contracting arrangement, but has instead precipitated the closure of some LIOs, and forced others to decrease their infrastructure support in order to pursue general funding opportunities that will enable their survival
- National umbrella organisations, along with charitable trusts and foundations, add strategic value to the existing infrastructure landscape but can be limited in reach based on which groups are able to access this support

'A massively varied picture': Infrastructure support in Essex

Local infrastructure organisations (LIOs) work to strengthen and support their local VCSE sectors. They are sometimes referred to as Councils for Voluntary Services (CVS) or Associations for Voluntary Services (AVS). In Essex, each LIO is an independent body and decides which services it delivers to support the local VCSE sector, and how. Two leaders of Essex LIOs were interviewed for this project.

'We all offer different things, but we're all local. We know what local people need.' - LIO

What VCSE organisations want from local infrastructure support is consistent: information and advice about funding, access to free or low-cost training, networking and convening opportunities, help matching and recruiting volunteers, governance and compliance guidance, and someone able to represent the sector's collective interests. LIOs are expected to be the primary source of such support - they remain the favoured external training provider for the VCSE sector in Essex, and 39% of groups depend on their LIO to influence on their behalf - though how they deliver this support, and how accessible it is to groups in their areas is, in the words of one interviewee, 'a massively varied picture' across the county.

At the strongest end of this spectrum are LIOs that meet all the needs described above, and more. In some areas of the county, VCSE groups benefited from LIOs that helped them produce and update governance documents, matched them with suitable volunteers, brought them together with the wider local sector, and attended strategic meetings to represent the sector's views.

'[Name of LIO] I absolutely love…they're great at finding funding…They're brilliant and they understand the landscape, and they're here to help.'

'They offer a really great range of things like training that is free or low cost.'

Beyond this practical support, groups also spoke of the holistic value in LIOs that offered compassionate support and fostered a culture of collaboration over competition within their local sector. This proved particularly valuable at a time when competition for funding might otherwise deter genuine collaboration; by nurturing relationships locally, such LIOs helped build resilience through shared problem-solving and resource-sharing, a benefit felt most keenly by small and micro-organisations.

'I would praise [name of LIO], who do a fantastic job of trying not to make it a competition…'

'Some, where they convene meetings and enable us to collaborate, can really add value.'

Unfortunately, not all organisations reported positive experiences with their LIO, and satisfaction varied considerably across the county depending on which LIO area an organisation fell under. Groups who struggled to access support said this was often because their LIO was less active, engaged poorly with the local sector, offered only a limited range of infrastructure support, or, in a number of cases, competed directly with local organisations for funded service delivery.

'For us, we struggle with them. They try to mop up most of the money, and I don't really know what they do. We don't really need them. I believe there's so much they could do for us, but they don't really speak to us.'

'[Name of LIO] is a traditional CVS that's interested and motivated in working with the local voluntary sector, informing, involving and seeing where the gaps are…Others deliver services you'd expect to be delivered by the voluntary sector.'

In some areas, the local LIO had ceased to operate altogether, or had changed its model to no longer provide infrastructure support. This has, understandably, left the sector, and smaller organisations in particular, vulnerable in these areas.

In order to improve the consistency of provision across the county, it is important for LIOs to work in collaboration, though in some areas this has historically proven to be inconsistent and even actively difficult. Interviewees recalled areas in the county where there was pre-existing 'history' between LIOs, who 'didn't get on together.'

Elsewhere, there has been positive progress, partly driven by the previously proposed LGR unitary footprints, following the logic that unitary commissioners may have preferred to work with one LIO across a region as opposed to three, for instance.

'Obviously, with funding, and I can only speak for my own organisation, there are three CVSs in the area, so we're starting to have initial talks of how we will work together.' - LIO

The issues of LIO closure and competition are examined further in the sections below, alongside the alternatives organisations turn to for infrastructure support, and how Essex County Council has tried to address the problem of patchy provision. Overall, the localised support model traditional LIOs provide tends to benefit smaller organisations the most: larger groups often say much of what LIOs offer holds little relevance to their own infrastructure needs, whereas smaller and newer organisations report greater reliance on, and greater satisfaction with, LIO support where it exists and is delivered well.

A fragile foundation of trust

Trust between VCSE organisations and their LIOs is strained in a number of areas. A strategic partner put the core tension plainly: LIOs are frequently delivery partners themselves, making it 'really hard to hold a neutral space' while simultaneously competing for some of the same funding and clients as the organisations they were originally set up to support.

'CVSs are straddling provide and infrastructure…some say, "We're very much infrastructure," others essentially become a competitor.'

'If you're at the table, you see what's coming down the line. All the organisations who aren't at the table don't have that equal opportunity.' - Strategic partner

One strategic partner, along with several VCSE groups, felt LIOs could hold an advantage when applying for funding or commissioning, given that their position representing the local sector could give them access to discussions not available to other organisations. This undermined

trust within the local sector, with groups feeling there was a lack of transparency and fairness at play.

> *'They're now starting to come into competition…they just need to be upfront and transparent…the deals are done in the background. It's really hard to understand that.'*

Trust between local VCSE groups and their LIOs is built on consistency, personal relationships, and transparency. This trust matters because it gives VCSE groups the confidence to approach their LIO in times of difficulty, knowing the advice they receive is going to be in their best interests.

> *'I know that I could ring the CEO there and have a chat, the trust is there.'*

The two LIOs interviewed for this work spoke about the importance of leading by example and operating from a position of transparency to sustain a strong, well-connected local sector, with one noting that poor practice within a single LIO risked undermining trust in LIOs more broadly.

> *'As a CVS, our role is to have good governance and show best practice.'*

> *'I send funding round saying, "We're not bidding for this."'*

Groups understood that, like so many VCSE organisations, LIOs struggled to sustain themselves financially in the current climate, and that drifting into service delivery was often one of the only ways to remain viable. Funding for LIOs, some said, had never been adequate to begin with, but with much infrastructure funding now withdrawn altogether the choice facing many had become stark: expand into service delivery, or face closure.

> *'Now, a lot of them aren't funded to do that…they're slightly in survival mode.'*

> *'They need money to keep going. They should get money to represent that voluntary sector…They need the leadership money.'*

Trust, then, is both the foundation of a good LIO relationship and one of the sector's most fragile assets, held together by consistency, transparency and genuine local relationships, but easily undermined the moment an LIO is seen to compete rather than convene. Rebuilding and protecting this trust will depend less on individual LIOs acting in good faith, though many clearly are, than on properly resourcing their core infrastructure role so that expanding into service delivery is no longer the only route to survival.

Who speaks for the sector?

In Essex, 39% of VCSE organisations rely on their LIO to influence on their behalf though the extent to which LIOs genuinely represent and advocate for the wider sector was, again, seen as inconsistent across the county. This inconsistency extends to how organisations feel about

their LIO's role in shaping the sector's response to LGR, a period in which VCSE groups' opportunities to shape outcomes directly, beyond their infrastructure body, remained limited.

Where groups felt well represented by their LIO, this typically meant being introduced to wider spheres of influence, being invited to share their work directly with decisionmakers and feeling confident that their LIO was genuinely advocating for their interests, and those of the sector in general, when attending strategic meetings. A small number of organisations also described engaging with LGR planning directly through their LIO, or acknowledged their LIO had attended relevant LGR meetings to represent the sector.

> *'They're a voice for the smaller groups that don't get invited to the table…They introduce you to people and connect you to people that otherwise you wouldn't get to meet.'*

> *'I sit on various boards…I feed back to the CEO's forum and take back their views…I write letters of support for Lottery bids…. The CEO forum - we brought councillors to the meeting, and everyone could go around the table and talk about what their issues are.' - LIO*

For most organisations, influence over and preparedness for LGR ran primarily through LIO channels rather than through any direct route of their own, reinforcing just how much weight currently rests on infrastructure bodies functioning well precisely when they were themselves under the greatest strain.

Others stated plainly that their LIO simply doesn't represent them at all. For some, this stemmed from a perceived lack of engagement with the VCSE sector, for others it reflected the fractured trust caused by LIOs competing for the same funding pots they themselves were seeking.

> *'I'm worrying if local authorities or the public sectors go to them thinking they represent the voluntary sector.'*

> *'I don't think CVSs, in any way, represent the voice or individuals of the sector.'*

With so much of the sector's influence over the changing structural landscape in Essex running through these channels, the strength and consistency of LIO representation was felt to matter more than ever. Yet this section shows that the extent to which LIOs represent their local VCSE sector remains as varied as the infrastructure support provision explored earlier in this section of the report, leaving some organisations well placed to be involved in the changes ahead, while others felt they had very limited opportunities to make their voices heard.

Infrastructure funding: withdrawal and its consequences

Historically, LIOs received funding for their core infrastructure work from Essex County Council. Over time, it became increasingly common for them to also deliver funded services to sustain and enhance this core offer. As discussed above, this led many LIOs to be viewed as

competitors by the wider VCSE sector, and since each organisation operated independently, the type and level of support available varied considerably across the county.

A strategic partner explained that Essex County Council recognised this inconsistency. While it was important for LIOs to reflect the specific needs of their local sector, the Council also felt it important that 'a minimum level' of service remain accessible to VCSE groups wherever they were based. In practice, as several interviewees reflected, the disparity in provision resulted in 'an inconsistent offer that creates a postcode lottery.'

For this reason, Essex County Council recently moved to deliver infrastructure support in Essex through a single, countywide contract intended to guarantee a minimum standard of provision across the county. In practice, however, this contract was split into different forms of provision (such as capacity building) and commissioned out to several different services, some of which were LIOs. As a result, LIOs that were not successfully commissioned in this process lost their statutory funding altogether. This left some, including those that had never expanded into service delivery, with no choice but to cease operating entirely.

> *'[Name of CVS] was a pure CVS, they only took funding from ECC, and now they've closed.'*

> *'We think they're very valuable…A lot have closed and others don't know what to do.'*

Those still operating today do not receive statutory funding for infrastructure support unless commissioned under the new arrangement, and the withdrawal of statutory support has had clear, visible consequences, directly leading to the closure of some LIOs, and leaving others 'struggling to survive.' It has also caused surviving LIOs to further depend on delivering their own funded services simply to stay financially viable, a dynamic that can undermine the trust and perceived neutrality VCSE organisations expect from them. This creates something close to a structural bind: the less LIOs are funded to provide infrastructure support, the more they are pushed to compete within the sector they are meant to serve.

One LIO interviewed for this project made the decision to fund its infrastructure work from its own reserves and was later awarded grant funding from a charitable foundation. It was understood, however, that this funding would not last indefinitely.

> *'We do struggle to provide infrastructure services.' - LIO*

Although the new arrangements were intended to improve consistency in infrastructure support across the county, the evidence suggests that significant gaps remain. Some LIOs have closed, while others are relying on reserves or grant funding to sustain their work. As a result, the availability of infrastructure support continues to vary across Essex. Ensuring that core infrastructure work is funded consistently and sustainably remains an important challenge.

‘I think we are very vulnerable’: Gaps in LIO coverage

In areas where LIOs have ceased to operate, local VCSE organisations, particularly smaller ones, feel vulnerable, concerned that no one is left to represent their views at a strategic level. Two organisations interviewed for this work had never heard of a LIO, CVS or AVS, as there was not one currently operating in their area. While some groups had been able to access elements of infrastructure support from larger, countywide organisations, having a service rooted in the local VCSE landscape remained valuable to organisations wanting to work, collaborate and influence effectively at a local level.

> *‘We really, really need a CVS.’*
>
> *‘I think we are very vulnerable.’*

In the meantime, some organisations looked beyond their own area and turned to LIOs located elsewhere for support, despite that LIO having no formal presence in their locality. Others relied on national or cause-specific umbrella bodies to provide a version of the same support, tailored to their cause. In one instance, an organisation was working with other local groups to build its own infrastructure support system, including a volunteer bank and training programme. Ultimately though, many organisations had simply accepted that without an active LIO in their area they remained vulnerable, with no clear route to accessing the local support they need. The consistent hope expressed across these gap areas was for an established, trusted LIO from elsewhere to expand its footprint to include new areas.

> *‘There is a big gap in [name of area] for [name of LIO]. We’re hoping the [name of area] one will come to here.’*
>
> *‘There is no CVS in [name of area] …I am terrified.’*

While some workarounds exist in areas without LIO coverage, they remain a patchwork substitute for what a properly resourced and high-quality LIO would offer. Until these gaps are addressed, organisations in these areas will continue to carry a disadvantage not of their own making, which will be felt most acutely by those with the least capacity to absorb it.

Active Essex: A newer addition to the infrastructure landscape

Active Essex, which took on much of Essex County Council's infrastructure contract following the initial tendering process, receives mixed feedback from local groups. On the positive side, several interviewees described valuable support across a number of the infrastructure needs outlined at the start of this section, including sharing funding opportunities, free or low-cost training, networking opportunities, and governance support.

> *‘They were very supportive when I first set up the CIC. They did all my accreditation and articles of association, and registration at Companies House.’*

'They were pointing us to some funding which we were able to have. The second was promoting the service on some of their platforms…and the third was some sessions that they've run in best practice sharing for fundraising, which I thought were very good, and were kind of local, so they were pitched at the right level.'

Individual Active Essex staff were also often praised for the quality and care of their support. While LIOs generally held differing opinions of Active Essex, one interviewed for this report spoke highly of its 'brilliant' relationship with the organisation and the capacity-building support it provides for the sector.

'There are some staff at Active Essex who I absolutely respect, and have had our clients backs…' - LIO

'…Active Essex have been really good to us…They're the ones that come to us every year. I feel they have a good relationship with all the groups they work with.'

Set against this, however, is an occasional question of legitimacy and fit. Several interviewees felt Active Essex's infrastructure role sat uneasily alongside its original organisational remit, and although it reports to an independent board, some groups found it difficult to view the organisation as genuinely independent from Essex County Council's public health function. In some instances, this raised similar questions around trust to those already experienced with traditional LIOs.

'It's its own entity, but is County Council owned and controlled.'

Another perceived downside was that, as an infrastructure support provider, it lacked the grassroots relationships and membership base that LIOs had built over years. As one LIO explained:

'When the Essex tender failed, ECC gave them the contract…they got the CVS funding…but they haven't got our membership. They tried in the beginning to set up networking events…now they are trying to work with us.'

There is also a clear, if understandable, undercurrent of resentment tied directly to funding. A strategic partner explained that the perception among LIOs could be that 'they think money has been taken from them and given to others.' This perception is, in a sense, accurate: LIO funding was reallocated under new contracting arrangements, in large part to Active Essex, but the strategic partner's point was that this funding had never been permanently or infinitely guaranteed to LIOs specifically and was available more broadly to provide infrastructure support to the VCSE sector across Essex. The new arrangement was designed to ensure a more consistent offer countywide, but it is understandable that LIOs with strong track records and reputations feel the loss of funding for their core work has undermined their ability to deliver it.

Overall, groups were supportive of Active Essex providing infrastructure support in areas of the county without a local LIO, though there were also concerns about duplicating existing

provision where infrastructure support was already well established. Ultimately, for groups seeking high-quality infrastructure support, an additional provider in the landscape could only be a good thing:

> *'I could see a little bit of overlap if I'd read the description of what CVS did, what help I'd got from Active Essex. I suppose, to me, it doesn't particularly matter where it comes from.'*

Active Essex, then, represents a useful addition to the infrastructure landscape for many organisations, but one whose arrival has not fully resolved the tensions it was, in part, designed to address. Whether it is ultimately seen as a welcome complement to local LIOs or a source of continued friction will likely depend less on the quality of its support, which few dispute, than on how transparently its role, and its funding, are understood by the sector it now serves alongside.

Additional infrastructure support

Beyond LIOs and Active Essex, a further layer of infrastructure support comes from national umbrella organisations tailored to specific causes, the Trussell Trust for foodbanks, for instance, as well as charitable trusts and foundations, discussed previously in the section on volunteers, staff and governance.

Grant funders' contribution in this area is highly valued by those who are able to access it. This typically encompasses elements of mentoring, networking, and broader sector advocacy. Importantly, this appears to complement rather than compete with LIO provision: LIOs offer localised, practical, day-to-day support, while funders operate at a county-wide or national, strategic level. As significant investors in the VCSE sector, funders can draw on their system knowledge and influence to bring the sector together with public sector services in a way interviewees (including LIOs themselves) described as both beneficial and representative.

> *'The work around the vision is so important…they're pulling the ICB along and bringing them to all of them [events with the sector] …I feel like they really hear the voluntary sector and have our backs.' - LIO*

> *'[Name of funder] has been amazing with their vision, we definitely need that voice.' - LIO*

The downside to this type of support is that it often only extends to grant recipients. This sometimes concerned organisations who saw funders convening events and networks in support of the sector when they themselves were not involved; one described a lack of clarity over 'who was invited, and why,' and felt conflicted about the role of funders in representing the strategic voice of the sector.

Overall, this points to a layer of infrastructure support that adds distinctive value where it is accessed, though it is not available to everyone. If funders are to be trusted as strategic voices

for the sector as a whole, rather than just for the organisations they fund, greater clarity around how other organisations come to be included in this kind of engagement will be important.

Conclusion

What emerges from this section is a picture of valuable infrastructure support, unevenly distributed and often underfunded, rather than a fundamentally broken model in need of wholesale replacement. Where LIOs are well-resourced, well-established and well-trusted, they are highly valued by the organisations around them to provide practical funding advice, useful training, reassurance and peer support, and representation that matters. The core problem is not that the LIO model does not work, but that it does not work everywhere, leaving some parts of the county with no equivalent support at all.

In this context, ICB reorganisation and the now-withdrawn plans for LGR presented both a risk and an opportunity. The risk is that further disruption, layered onto an already patchy and underfunded system, could destabilise the LIOs currently working well at the moment the sector needs them most.

Active Essex, national umbrella bodies, and charitable trusts and foundations have added value, but this does not close the gaps left where LIOs are absent, under-resourced, or drawn into competition with the very organisations they exist to support. As Essex moves through a period of structural change, the strength of infrastructure support, and how equally it reaches every part of the county, will matter more than ever in determining which organisations are able to shape what comes next, and which are left navigating it alone.

Local government reorganisation and the capacity for change

This section looks at how well-placed Essex's VCSE sector is to face a period of structural change, what interviewees understood about local government reorganisation (LGR), the risks and opportunities they saw in it, and what they felt would help them prepare. Interviews took place ahead of the September 2026 announcement that the decision to proceed with LGR in Essex had been withdrawn. The findings remain useful in highlighting how the sector understood and planned for change, and the vulnerabilities groups described remain relevant to any future reform.

Key findings from this section

- The sector's capacity to withstand local government reorganisation (LGR) varies by an organisation’s scale, locality, cause area and funding model
- Awareness of LGR was limited, and some interviewees needed it to be explained during the interview. Even where awareness existed, it rarely translated into the ability to plan, with uncertainty cited most frequently as a barrier to preparation

- Many organisations had diverted time and resource into preparing for LGR at a moment when the sector had little of either to spare, and that effort cannot easily be recovered now that the decision to proceed with LGR has been withdrawn
- Among the opportunities organisations saw as resulting from LGR were a shift toward more localised commissioning, and a simplification and reset of existing practices, though organisations generally anticipated more risks than opportunities.
- Medium-sized, countywide organisations (roughly £250-500k turnover) felt most-exposed to LGR, being too small to manage up to five contracts and too large to work within a single unitary authority, while large organisations felt better to absorb change
- Organisations dependent on statutory funding were concerned about the loss of commissioned work, and the loss of relationships with statutory partners, along with institutional knowledge, were concerns across organisations of every size
- The creation of one ICB for the county, alongside five unitary authorities, risked leaving organisations navigating two different commissioning pathways
- The VCSE sector's priorities regarding LGR were early involvement in the design of new arrangements and clarity on who will be responsible for commissioning what

'No one knows what's going on': Uncertainty around LGR

Across interviews, awareness of LGR varied. Overall, interviewees had a limited awareness on LGR and the impact it could have for the sector, largely because of uncertainty. In some cases, awareness of LGR was almost entirely absent and needed to be explained within the interview, for example where interviewees were not aware that LGR was happening, believed that LGR referred to local elections, or did not know what unitary authority their organisation would fall within.

Better understanding was concentrated among countywide organisations forced to engage with LGR by the scale of their own operations and existing involvement with statutory partners. Even where awareness existed, however, it rarely translated into the ability to plan due to a general lack of information about some of the details of the proposed reorganisation.

> *'There's so much change at the moment, it's scary. We're struggling with how fast things are changing…The Board are asking you questions, but you don't have concrete answers for a lot of it…The Board says: "We want the three-year strategy updated" - it's really, really hard to put that down.'*
>
> *'We don't know what we don't know. The uncertainty is the issue more than anything else. We can't plan for the future when we don't know what it will be.'*

Specific gaps in understanding were consistent and largely unanswered. Organisations did not know which body would hold commissioning budgets (a unitary authority, a mayor, or a countywide body) for any given service. They did not know what would happen to smaller, discretionary funding pots which some feared would disappear entirely, or how representation and influence would work under the new structure.

'I'm not sure how SEND will reorganise…It's to do with who holds the funds. Will that be split up?'

'No one knows what's going on…There's no answers to anything.'

This was further complicated by Reform's legal challenge over LGR in Essex, as well as a period of indecision over the number of authorities to be created and the election of a mayor.

'I don't think anybody knows how it will affect us…I don't know if there's three, four, five [unitaries]…'

'Local leaders do not want LGR and are pushing back…now there is the question of whether [local authorities] are going to challenge the decision.'

It was this compounded uncertainty, rather than any single anticipated change, that interviewees repeatedly identified as the most paralysing barrier to preparation. Yet one strategic partner interviewed for this project was blunt about the need for VCSE organisations to plan for all eventualities:

'Obviously, there could be multiple contract implications…you could have consensus across the new set up…you could have five new unitaries all led by different political parties. You could have five councils that are unwilling to work together!…You can't have one plan. The voluntary sector will need to have multiple plans.' - Strategic partner

This is a challenging concept for a sector already stretched thin and with limited clarity on the changes that LGR might bring about, yet many were diverting their time and resources into preparations for LGR.

'We're trying to pre-empt what's round the corner.'

'There's been a lot of investment of time and resource to understand and create relationships…We haven't had any dealing with people in [name of locality] before, so that's meant creating a whole new network of stakeholders.'

Whether or not reorganisation proceeds, the time and resources organisations have already put into preparing for LGR cannot easily be recovered, and they came at a moment when the sector had little capacity to spare. The uncertainty that made planning so difficult has not gone away, and it is likely to reflect how organisations approach the next period of change the sector is presented with should nothing change.

Opportunity and risk

Third Sector Trends data for Essex suggests cautious optimism within the voluntary sector in response to LGR. 62% of VCSE organisations felt there were greater opportunities for effective

collaboration, 49% felt public sector bodies were now working more effectively together, and 43% said public sector bodies now give more notice about new initiatives. [TST P.77]

Within this listening project, interviewees identified a number of opportunities which included more localised commissioning, system simplification, a chance to reset the ways in which the VCSE sector works with the public sector, as well as opportunities for expansion. Some groups felt that LGR would allow them to share best practice across a wider geography, with a small number considering expanding their own services within the new boundaries.

> *'…because we do support such a wide area of Essex…because we go beyond…for us, the wider the better because we do support across the area.'*

A number of organisations hoped that being part of a smaller unitary authority, as opposed to a larger county council, might enable more responsive commissioning, better suited to meeting local need.

> *'…people from local government would have a reasonable chance of actually getting to know the individual charities and, therefore, being more able to discern who needs help, what sort of help, and so on.'*

> *'You'd hope for more local detail, local flavour, if it all follows the logic.'*

Removing layers of bureaucracy between parish, district and county level was also welcomed as a potential simplification, and LGR was viewed by some as a reset opportunity in which historic precedent and process could be challenged and rebuilt.

> *'At the moment, I don't feel like the system is working as it is. There's a lot of issues at local levels and local villages…If you're going to devolve that a bit, and remove some of the layers, that's got to make it a bit easier to speak to the right people…By design, it should simplify it…The unitaries should have less to focus on and be easier to deal with.'*

> *'The same services, the same groups, are commissioned again and again without accountability for the outcomes…It's been very frustrating as a relative newcomer because someone has a 3–5-year contract…Let's wipe the slate clean…the potential for a fairer and more representative model going forward…'*

Unfortunately, VCSE organisations anticipated more risks than opportunities because of LGR. A common concern was the potential for procedural fragmentation and boundary hardening, as new unitary authorities position themselves distinctly from one another and organisations compete to become the recognised provider within their own patch.

> *'It will be different in different areas, as everyone wants to plough their own furrow.'*

Medium-sized organisations (roughly in the £250-500k turnover range) that currently work across unitary boundaries felt most at risk of this. They said they were too small to manage up

to five contracts, five relationships and five sets of KPIs, and the disparity that providing different levels of service in different unitary areas would create, while also being too large in scale and reach to work comfortably within just one unitary authority.

> *'Things get so complicated: "Where do you live?"'…It makes it challenging to medium organisations like us.'*

By contrast, larger organisations (with a turnover of £1m or more) more often described themselves as large enough to absorb the added complexity, or already strategically engaged with planning in a way that gave them some confidence.

> *'Social care has managed at five [regions]…We are quite used to managing multiple contracts.'*

> *'We've been quite mindful…We're on the front foot with it.'*

At the other end of the scale, small and micro-organisations were divided about how LGR would affect them. Some felt their operations were local enough that little would change. Others feared that LGR would encourage local organisations to become protective of their own territory, rather than collaborate across it, to become the recognised, go-to provider within that unitary.

> *'There's a lot of nervousness in the sector from smaller organisations that they'll be trampled on by bigger organisations.'*

> *'I think it will be different based on the size and shape of organisations…There'll be local groups and organisations that, quite frankly, won't notice the difference.'*

Rather than being concerned about one county council devolving its powers to smaller unitaries, as medium-sized organisations were, smaller organisations were worried about losing the influence they had at a local level.

> *'You haven't got the biggest voice, so you're going to be left out of those conversations…you will not have the local councillors to feed back to Essex County Council. How do we keep those connections?'*

Funding anxiety was present in almost every interview; understandably, organisations heavily dependent on Essex County Council contracts, or on multiple statutory funding streams, expressed markedly higher anxiety about LGR, while organisations not in receipt of statutory funding were less concerned.

> *'Essex County Council funding is what we're more concerned about. Once it's broken up, we don't know where we'll fit…We're worried about what the budgets are going to be, we're worried about what their priorities are going to be.'*

'We're quite lucky in the fact that we're not commissioned at the moment for any services at the moment…Some charities, who are commissioned, are worrying more.'

Of all the concerns raised, the threatened loss of long-term working relationships and institutional knowledge was consistent across organisations of all sizes. It was compounded by the practical burden of building new networks at a time when capacity within the sector is already stretched.

'For us, it's all those connections we've built up over the years…it really does terrify me, the thought of having to rebuild those connections…'

'For some smaller charities I think it will be catastrophic…where relationships have been key and poignant, those will get lost.'

Organisations also said that the creation of new boundaries carried the risk of grouping together areas with different needs, which could dilute the place-based expertise the sector excels at.

'You end up with somebody covering a massive area…I would question whether one councillor can sensibly cover that area.'

'Our area would have expanded a little bit…How it's been mapped out, there's very different needs…coastal need is a very different need to inner city need…'

A further risk sat at the intersection of two reforms happening simultaneously: while LGR would have split Essex County Council into five unitary authorities, where there were previously three ICBs across Essex there is now one. If health commissioning becomes more unified but council-led commissioning was to fragment into five, organisations working across ICB and local authority responsibilities may have found themselves navigating two different commissioning geographies at once, rather than one simplified structure. No interviewee described a clear strategy for how they would manage this, though a strategic partner noted that the ICB would align parts of its commissioning with the five unitary authorities, which would reduce some of the complexity.

The combination of the risks outlined above created a troubling picture for VCSE organisations who feared that many groups would be at increased risk of closure, with a negative impact on the communities they support.

'There's so much at stake. Within those local authorities, people's jobs are at risk…for people running a project in the voluntary sector it's the same…What then happens to the community…How are their needs going to be met when there's so much chaos?'

'Our biggest fear: it will have a big impact on the local community, and the statutory services [if VCSE services close].'

Whether or not reorganisation proceeds, the picture that emerges is of a sector that saw real potential for more local, responsive commissioning but expected the costs of change to fall unevenly, most heavily on medium-sized organisations and on those whose work depends on long-standing relationships. How far any future reform realises the opportunities and avoids the risks described here will depend on how early and how fully the sector is involved in shaping it - a concept that is examined more in the section below.

Growing resilience

Although LGR in Essex is no longer planned to go ahead, the sector's response to it offers valuable lessons. The needs and strategies identified below are not specific to LGR and are likely to apply the next time the sector faces system-wide change, whether through structural reform, shifts in policy, or changes to commissioning.

The most frequently repeated ask was for early and authentic engagement in the design of new commissioning structures, now, rather than after key decisions have been made. This was echoed both by individual interviewees and by wider sector voices at Future of Essex events, which called explicitly for the sector to be involved early and to co-produce in real time, as opposed to being consulted after decisions have been made.

There was also demand for basic clarity on who would hold commissioning budgets, what would have been commissioned at a unitary versus countywide level, and how existing funds and contracts would operate in the meantime. This information was largely absent, and this absence prevented organisations from being able to sufficiently plan.

Organisations also wanted practical protection during the transition itself, such as continuation funding for existing services, explicit protection for hyperlocal and place-based working rather than a broader drive toward consolidation, and investment in the infrastructure bodies that could play a convening, relationship-building role during a period when individual organisations may lack the capacity to do so alone. To offset some of the risk to organisations more reliant on statutory funding, however, Essex County Council staff had worked to extend some contracts up until March 2028 (the official date for the formal structural changes) where it had been able to, in recognition that without this protection some organisations would 'simply fold'.

Conclusion

The findings in this section show that the sector's exposure to change was shaped by how large organisations are, and how they are funded. Medium-sized organisations working across boundaries, and those dependant on statutory contracts or on long-standing relationships with statutory partners felt most at-risk from LGR, while larger organisations felt the most prepared. Understanding of LGR was limited across the sector, and it was uncertainty, more than any single anticipated change, that prevented organisations from planning sufficiently.

While LGR plans for Essex have now been withdrawn, these findings are helpful in demonstrating that the sector's resilience to future change will depend on its inclusion in discussions while decisions are still being shaped.