Funding for Black, Asian & other minority ethnic communities

Bridging the gap in funding for the BAME voluntary and community sector

Voice4Change England

Bridging the gap in funding for the BAME voluntary and community sector

First published July 2015

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This report was commissioned by the Baring Foundation. It was researched, written and designed by Lester Holloway (policy consultant) on behalf of V4CE.

Number of charities per 1% of the population

1 mainstream charity for every 343 white UK citizens

1 BAME charity for every 550 BAME citizens

"We know BAME communities continue to suffer serious discrimination, so why are there so few BAME charities, and why are they under-funded in comparison to others?"

Contents

Foreword

Kunle Olulode
Director
Voice4Change

When the Baring Foundation asked Voice4Change to survey the nature of the BAME experience of funding, as part of its own internal review of priorities, we saw this as a wonderful opportunity to exam something that we had wanted to grapple with for some time.

That report was welcomed and consumed by the Baring Board. At the same time a growing number of funders, organisations and individuals exploring the same territory began to ask for sight of the report. And so here it is, refashioned for public consumption.

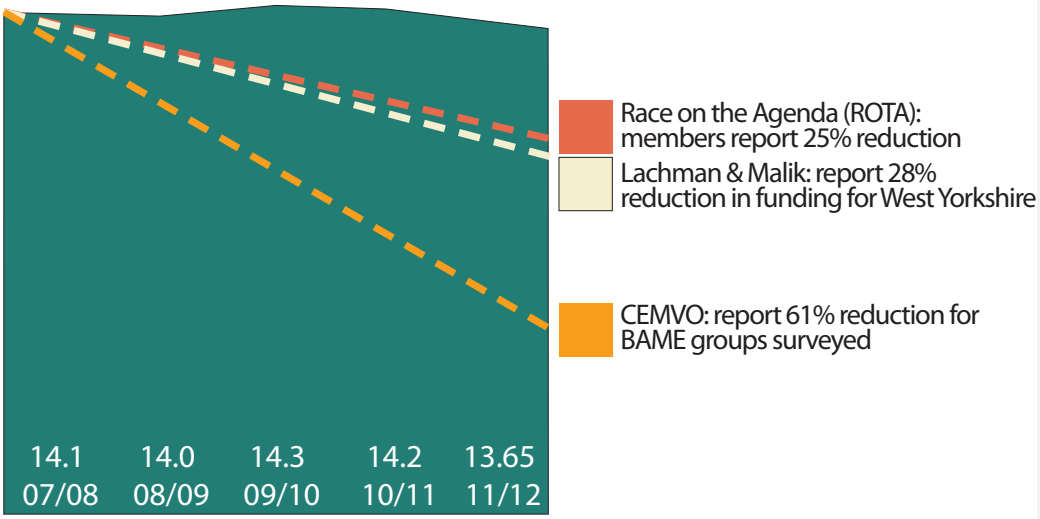
The picture of funding for the BAME Third sector is of scene dominated by the dual challenges of a harsh economy and hostile political environment. Even when funding is available contributors to this report have questioned suitability and the level of complexity in application processes.

But perhaps even more concerning has been the shift in priorities of funders, driving BAME groups to find ways to fit in with current policy fashions, which potentially draws them away from their original aims and purpose to meet new requirements. These factors have deepened the mood of pessimism for specialist groups that nevertheless still look to find ways to adapt and survive.

The recommendations contained within this report I am confident will go some way to moving the debate about funding forwards, and will lead to practical changes on the part of funders, who have demonstrated they are keen to listen. However, we in a sector cannot be complacent either. We need to appreciate the changes that are happening in the wider world and how they impact on the services we provide to the communities we represent.

I, and the trustees of Voice4Change, would like to say thank you for the immense contribution of Lester Holloway, the insightful advice of Dr Sanjiv Lingayah, and, for the opportunity for doing this work, to David Sampson, Assistant Director at The Baring Foundation.

Overall statutory funding of VCS compared to reported reductions in BAME VCS funding



Statutory funding VCS (£ billions) NCVO Almanac

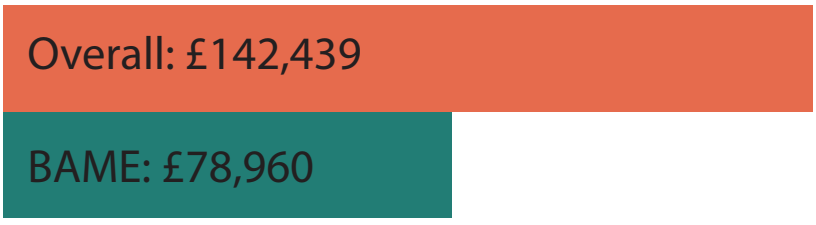
The BAME voluntary sector is heavily reliant on grants from statutory agencies. The NCVO show that the total amount of statutory grants to the voluntary sector as a whole has remained reasonably stable. Yet small surveys of the BAME VCS report significant reductions in this period. This suggests there may be a shift of funding from the BAME VCS towards more mainstream charities.

State funding for the voluntary and charitable sector (VCS) is in decline, losing five percent of its funding between 2009/10 and 2011/12. Projections show even more dramatic decline in future years. However surveys looking at self-reported reductions in overall income in the BAME VCS show an even bigger decline of between 25 percent and 28 percent.

CEMVO found an even more dramatic funding squeeze. These figures reflect the total loss of income reported by the BAME VCS, not exclusively funding from trusts and foundations, however it does suggest the BAME VCS has been harder hit than 'mainstream' charities.

There are no accurate measurements comparing like-for-like state BAME and mainstream income but this is nevertheless a worrying indication of disproportionality. With so many smaller BAME groups relying on state grants, particularly at a local level, can trusts and foundations 'fill the gap' caused by austerity cuts, and are trusts themselves disproportionately cutting funding for BAME organisations?

Average annual income per charity



Sources: Overall annual income extrapolated from NCVO Almanac (2015). BAME VCS annual income per organisation. The BAME group average income figure draws from an assumption based on a total number of organisations at 15,000, the lower estimate of the number of BAME VCS organisations as calculated by Voice4Change England ('State of the BAME Sector.' report). We then factored in data based on the 2014 Involve Yorkshire and Humber report published by the University of Leeds which showed income levels of BAME VCS organisations by percentages. On this basis we cacluated that of 15,000 BAME VCS organisations, 29.6% had an income between £0-£10,000, 32.4% had an income between £10,000-£100,000 and 38% had an income greater than £100,000. For the purposes of this calculation we assumed 29.6% of 15,000 had an income of £10,000 and 70.4% of 15,000 had an income of £100,000.

The BAME voluntary sector

The Black, Asian and Minority Ethnic (BAME) voluntary and community sector (VCS) has a long history in the UK, dating back to the Windrush generation of the 1950's. They set up Diaspora groups, supplementary schools, advice clinics and other services geared to meeting the needs of communities who are badly served by mainstream public authorities.

"Smaller black organisations are competing against larger mainstream bodies with a capacity to maintain relationships with funders"
Deuan German - Communities Empowerment Network

These groups grew rapidly. The arrival of south Asian communities in the 1970's saw many groups dedicated to providing services with the cultural awareness needed to ensure equal access. This period also saw the rise of anti-racist groups uniting immigrant communities around campaigns against racism and making demands on public authorities.

Refugee and asylum organisations; Diasporic groups providing social spaces, elderly day centres and advice; youth groups; faith-based groups; BAME health groups; education services; prisoner rehabilitation projects; and campaigning Black anti-racist groups concerned with tackling institutional racism all make up an extremely diverse BAME sector catering for the full spectrum of cultures, faiths and backgrounds.

A Voice4Change England survey in 2013 calcluated there were between 15,000 and 17,500 BAME VCS organisations in the UK. Many have existed on often small local authority grants while delivering effective under-the-radar impact that far outstrips their income. Some purposely remained small to avoid the bureaucracy of grant-bidding while others grew and 'professionalised'.

The diversity of the BAME VCS is an asset. BAME communities continue to suffer unfair disadvantage in access to public services; access to the jobs market; disproportionate school exclusions, police stop and search, incarceration and mental health; and many health needs specific to BAME communities continue to be marginalised.

Yet BAME VCS groups set up to address these needs also face considerable challenges. Average funding for BAME organisations is around half the average, and surveys of BAME groups indicate they are experiencing more rapid reductions in their funds than mainstream charities.

The BAME voluntary sector

The BAME VCS have experienced challenges accessing funding for many years but today it is facing a major crisis that threatens the very existence of the sector.

In this report we consider the state of the BAME VCS; the various challenges it faces - particularly in accessing funds to carry out their work; and what action grant-giving trusts and foundations, and the BAME VCS itself, can do to in order to meet present-day issues faced by BAME communities.

In compiling this report Voice4Change England extensively surveyed our member organisations across the country with two online surveys; interviews; two large round-table discussions and commissioning opinion-pieces on their experienced obtaining funding.

The graph *(right)* shows that over one third of BAME groups surveyed were 'mostly unsuccessful' in getting funding. This is a worryingly high proportion.

One third of those that were mostly unsuccessful felt that their bid-writing skills were good. This means that either good bids from BAME groups are being routinely rejected, their assessment of the quality of their bids does not match the view of funders, or a combination of the two.

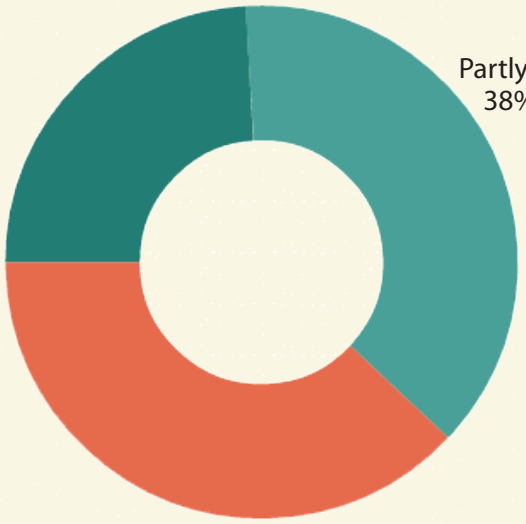
It is natural that funders and VCS organisations will have difference perceptions about bids, however when measured against indications of rapidly declining income for the BAME VCS it is incumbant on funders to consider what the cause of these discrepancies may be.

We suggest there are several factors:

■ **Funding pots not matching needs** - A common view from BAME VCS groups was that funders should shift from a constant emphasis on 'innovation' to a closer correlation with needs as identified by research.

■ **Mainstreaming of grants puts off BAME groups from applying** - A recognition of BAME-specific disadvantage, including making BAME-only grants available, and more effort to demonstrate awareness of needs at a grassroots level.

How successful has your group been when applying for funds?



Source: Voice4Change England survey of members, 2015

■ **BAME VCS groups are as concerned about sustainability as funders, but in different ways** - Project funding without core running costs and unneccessary bureaucracy in the application process deter applications.

■ **There is a need for bridge-building between funders and the BAME VCS** - The perception that many funders do not understand the needs of BAME communities must be addressed.

■ **More capacity-building of the BAME VCS is needed** - The role of infrastructure groups in supporting the sub-sector and providing training on skills like bid-writing remain important.

The issues

Most popular issues

Employment: Discrimination in job selection, promotion, retention and the pay gap

Asylum & Immigration: Advice, support and advocacy

Education: careers advice, extra-curricular support, exclusions

Enterprise: start-ups, social enterprises

Carers: Advice and support

Health & Wellbeing

Faith

Disability

Results of a V4CE poll of members (2014)

Recommendations

Despite the challenges facing the BAME VCS there are many opportunities too. Consultation with Voice4Change England members gave rise to many of the recommendations below. The overriding desire of BAME groups was to work 'on the same page' as funders and to be able to communicate openly and honestly. There was a general recognition of the straightened times but also a sense that funds could be better directed to address needs and that equity between BAME and mainstream charities was a right.

Funds ear-marked for BAME communities:

Trusts and foundations should reconfigure their funds to create new BAME-specific funding pots and this should operate in tandem with other programmes being open to BAME VCS organisations.

Charter for funders and the BAME VCS:

A 'contract of understanding' between the BAME VCS and funders to lay out expectations on both parties and enshrine a commitment on the part of funders to address the most pressing needs of racial disadvantage as evidenced by research.

A brokerage body to connect funders and the BAME VCS:

An umbrella organisation tasked with facilitating dialogue with funders and maintaining a BAME VCS forum where sector funding issues can be discussed and, where necessary, relayed to funders while respecting groups anonymity where appropriate.

Funders sharing best practice:

Trusts and foundations meeting regularly to share best practice on funding the BAME VCS. Best practice should be collated and shared, creating clear pathways to funding success.

BAME VCS organisations collaborating on joint bids:

There is a case that more BAME VCS groups can and should submit more joint bids. This is an area where an 'intermediary' broker can help facilitate.

Funder collaboration to support the BAME VCS:

Major funders to collaborate to support the BAME VCS, including joint funding of bids; and passing the baton on supporting projects which have proven effective but where there is still significant need.

Funding focus on tackling race inequality for three years:

A shift of funds to support the BAME VCS, underpinned by a research project to monitor the effectiveness of this effort in addressing racial disadvantage relative to the overall picture across the UK.

Major audit of the BAME VCS:

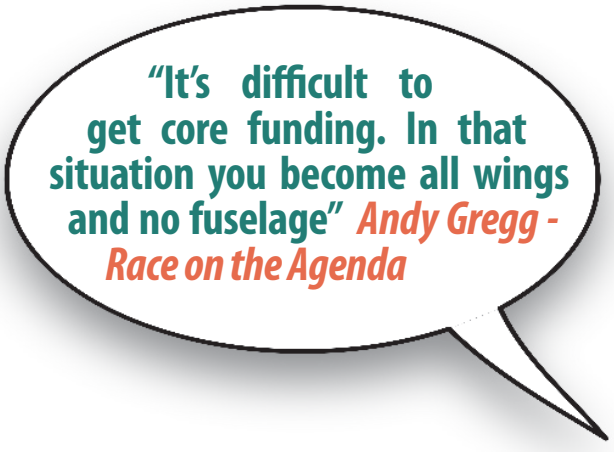
A comprehensive audit (or Almanac) of the BAME VCS including extent and geographical distribution, ethnicity, type of group, income, staffing / volunteering

Better promotion of funding streams:

A recent reduction in funding bids from BAME VCS groups underscores the need to better disseminate information to the sub-sector on good funding streams. A broker can achieve this role.

Measuring impact:

Funder collaboration and the gathering of more comparable impact data from the BAME VCS can build up a better picture of the impact funds are making on tackling racial disadvantage in the UK.

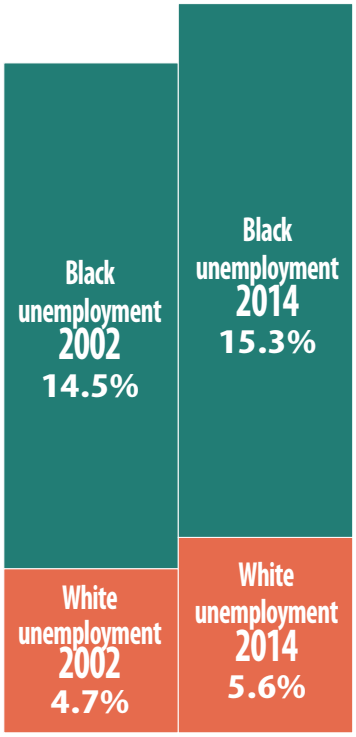


The challenges

A key challenge for funders is to ensure that the needs of BAME communities is being met. Surveys showing dramatic reductions in funding to BAME VCS groups *(see page 7)* contrasts with evidence that outcomes for many BAME communities remains largely static, or in some cases has gone backwards. The graph *(below)* shows that black African and Caribbean unemployment has increased over the past 12 years; in fact rates of BAME unemployment and economic inactivity are largely unchanged since the 1980s, rising faster than for White working age people during recessions and falling slower during economic recoveries. Higher rates of unemployment have a knock-on effect on other inequalities, such as health and housing. While significant responsibility for this seemingly endemic racial inequality rests with the relative absence of Government policies to tackle this problem, there is an onus on trusts and foundations to empower the BAME VCS to alieviate disproportionate racial disadvantage through schemes to provide advice, support and pathways towards overcoming this disadvantage such as educational interventions and projects to boost social entrepreneurship among BAME communities. The need to address static or worsening race inequality outcomes should be considered in tandem with the rapid rise of Britain's BAME population, which has doubled since 1997 and according to one projection is set to hit 30 percent by 2050. There is no guarantee that relative racial inequality will improve with time. Race equality has been off the political agenda since around 2005 and shows little sign of returning. While one political party has promised to address these issues in their 2015 manifesto, progress cannot be left to chance. Today trusts and foundations have a golden opportunity to change the future by seeking to reverse disproportionate discrimination suffered by BAME communities. If major donor funders come together to strategically invest in BAME VCS organisations over the next ten years they can make a real difference to the life-chances of BAME communities.

> "The prospect that by 2050, 30% of the UK population will have an unemployment rate three times that of the remaining 70% is alarming"

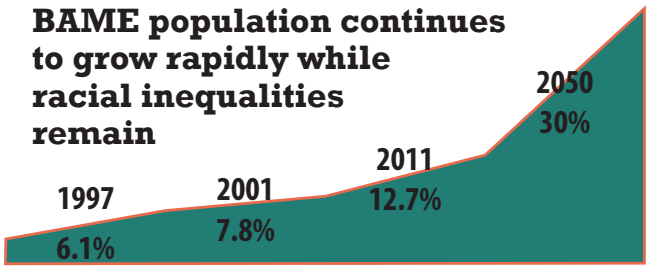
Black unemployment rates are higher than they were 12 years ago



Source: Labour Force Survey. Black: African and Caribbean categories. Not including Black Mixed, who have higher unemployment rates but were not included because the rate of growth of this category was much higher than the collective White and Black categories.

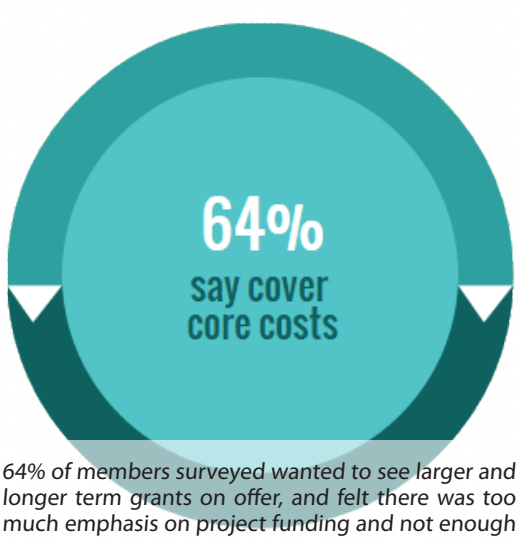
It is often said that Britain is more a 'tolerant' and multicultural society than in years past. In some respects this is true, but in others - such as unequal racial outcomes - the picture is largely unchanged, or has even worsened; as demonstrated by the graph *(left)* showing the proportion of Black African and Caribbean unemployment has increased in the past 12 years. This strengthens the argument that funders should seek to address these long-standing inequalities.

BAME population continues to grow rapidly while racial inequalities remain



Source: 1997 - ONS; 2001 & 2011 Population Census; 2050 - Policy Exchange

The challenges



64% of members surveyed wanted to see larger and longer term grants on offer, and felt there was too much emphasis on project funding and not enough on covering core costs

Describe your experience in finding the right sources of funding...

Horrific! - JC McFee
- Respond Academy

I haven't had a good experience
- Lante Yan'kyaa

It has been difficult over the past few years. Experienced has shown that the majority of pots of funding recently has been specifically targetted towards the CVS's, CABs and Age UKs
- Kenneth Rodney (CfED)

It feels like black organisations are being treated differently and not funded
- Ronnie Lewin (Sheffield BAME Network)

The information can be found however there is a lot of discrimination in the allocation of funding, the panel is generally white and ends up not giving to smaller groups. The bigger groups tend to be successful as they use consultants

Funding for the BAME VCS has reduced signifiantly over the past six to eight years, which has impacted on a sector largely dependent on funding from central and local government and other statutory bodies.

V4CE's 2010 study *'A Shared Vision for the Future of the BAME Voluntary and Community Sector'* located the sector as being "integral to public service delivery" and identified the need for "better collaboration between the VCS, private sector and public sector."

The Big Lottery report *'Equal to the Occasion'* suggested that "single identity" bids meant groups from different equalities strands were competing for the same pots of money.

The fact that several BAME groups may be competing for the same over-subscribed pot of money is often down to so few funders specifically labelling their streams as being suitable for tackling BAME disadvantage.

Grant-makers should also build in more core costs. A V4CE survey found that 64% of BAME groups wanted a better balance between project and core costs, and longer term grants. Core costs are particularly important to BAME VCS groups as they are less likely to secure unrestricted funds from private and commercial sources, donations and legacies compared to mainstream organisations.

A challenge for funders is to get the balance right between mainstreaming funds while not deterring BAME groups from applying, and having funds specifically designed to tackle racial inequality. The *Equal to the Occasion* report called on funders to "allocate funding on evidence of need", and the needs of BAME communities are clearly demonstrated by a wealth of research. A review of that research, and a prioritisation of which issues to focus on, should take place in consultation with the BAME VCS.

V4CE has found there is a wide gap in both perceptions and reality between funding practice and the extent of support for the BAME VCS. The truth is probably somewhere between the two, but the fact that this gap exists at all is a testiment to a lack of confidence in funders borne out of frustration and sadness at witnessing other BAME VCS groups fold after funds ran out.

Trusts and foundations should focus on rebuilding confidence through collaboration with each other to make the greatest impact in the areas of greatest racial disadvantage.

Case-in-point

Zlakha Ahmed

Director - Apna Haq

"We've been going 21 years as an organisation and recieved funds for 14 years. Most of our funding came from one source so he didn't do a lot of proactive fundraising, but now our grant has been significantly reduced we are now doing this. Right now it feels like some people don't understand the importance of the work we're doing.

If trusts had more information on the needs of the community are, and had more people from those communities working for them, this would help. A few years ago I was told that domestic violence isn't an issue for the Asian community, when it clearly is. On grooming issues, we've been campaigning for years but it's only recently that people have been paying attention with the media coverage. It was the same with forced marriages.

On certain issues we need to be allowed to do campaigning and awareness raising, but many funders want only project work rather than campaigning, which needs to change. We were disappointed when a grant to tackle grooming was given to a white group with little understanding of BAME issues.

It would help if we had more regional connections between charities and funders to share experiences and coordinate services. Also, getting more publicity for our work will help. Moving forward I think showing case studies and having websites is important but often groups don't have the time."

Michael Jeewa

Cofounder - Myanmar/Burma Relief & Welfare Association

"BAME Diaspora organisations are in the best position to address unmet needs of their community in a culturally appropriate way.They are user-led and needs-led and provide cost effective value for money, filling an important gap in local authorities' attempt to meet the diverse needs of their different communities.

It is therefore a great loss when contributions from BAME diaspora organisations are not taken into consideration and when misguided decisions are made that result in these organisations receiving inadequate, short term and insecure funding.

Unfortunately, many of the BAME diaspora organisations, possessing added insights of their own cultural, linguistic and other sensitivities, are not given a chance to participate and contribute their expertise in international development work taking place in developing countries.

The needs of our communities does not end when the funding ceases and our BAME community organisations keep on supporting our beneficiaries with voluntary unfunded support and sometimes, with expenditure coming out of our own pockets."

What does change look like?

What difference will more grant funding, or better-directed funding, make on the ground? Will it benefit BAME-run charities or simply keep them standing still due to cuts in the State grants? And even if changes in funding help BAME groups there is another fundamental question: to what extent will it make an impact to alieviate need within BAME communities?

The best way to find out is for trusts and foundations to collectively set a specific time-period, say three years, and within this time ensure independent monitoring of both the effect on BAME groups and an assessment of the difference made to disadvantaged BAME communities relative to needs.

mainstream arts world.

Finding out what change looks like involves monitoring the sector, how grants are being allocated and used. But just as importantly it is about imagining the change we want to see.

Voice4Change England would like to see:

- Greater infrastructure support delivered to small and medium BAME VCS groups, including skills development;
- More grants geared to addressing the most pressing examples of BAME disproportionate discrimination, including the labour market and housing;

Ultimately positive change is creating a BAME VCS that is better able to meet the most pressing needs of those communities and seeing life-chances and quality of life improve for those that charities are trying to help.

Exceptions include funding to the BAME arts, which seek to expand enjoyment of cultural and artistic forms, but many BAME arts organisations also have a desire to engage with audiences from economically deprived communities who are typically overlooked by the

- Connecting funders and BAME VCS groups on a level playing field, to better understand each other.
- More pathways to sustainability such as collaboration on joint bids, increased donations, commercial partnerships and sponsorships.

"Funders should determine if bidders have a good track record instead of continually looking for innovation"
Lincoln Lim - Camden Chinese Community Centre


WELSH HARP OPEN SPACE

Infrastructure support

Infrastructure is defined as support to strengthen and support voluntary sector organisations. It is a vital, if 'hidden' service. Yet all too often infrastructure groups find it hard to get funding themselves. Funders are sometimes not particularly attracted to supporting infrastructure because there are no 'sexy' projects that look good in annual reports. But without infrastructure many charities that do deliver eye-catching projects would struggle to survive.

The Independent Commission on the Future of Infrastructure (ICFI), facilitated by NAVCA and which reported in 2015, found that the need for infrastructure was still needed but that support needed to be redesigned and also become more technology savvy.

There are several mainstream infrastructure bodies but only one BAME infrastructure organisation - Voice4Change England, and our capacity to meet the large demand for help and support can only be met if we have more resources. There are a handful of regional infrastructure groups, often combining project delivery with a local infrastructure role. Some have suffered significant funding cuts. Both V4CE and these regional support groups are currently under-resourced.

So what sort of support can these groups provide, and what difference will it make? One area is assets - owning buildings - which gives local groups more security. Training to improve bid-writing and fundraising skills and how to lobby decision-makers, decemenating information about race equality and connecting BAME communities, and holding events on new government initiatives and issues like social enterprise are all subjects where there is a demand for support.

Infrastructure can also provide a vital link between BAME groups and initatives like COMPACT (sharing best practice), State consultations and be the bridge between grassroots BAME activists and larger voluntary sector institutions.

Case-in-point

Deuan German

Director - Communities Empowerment Network

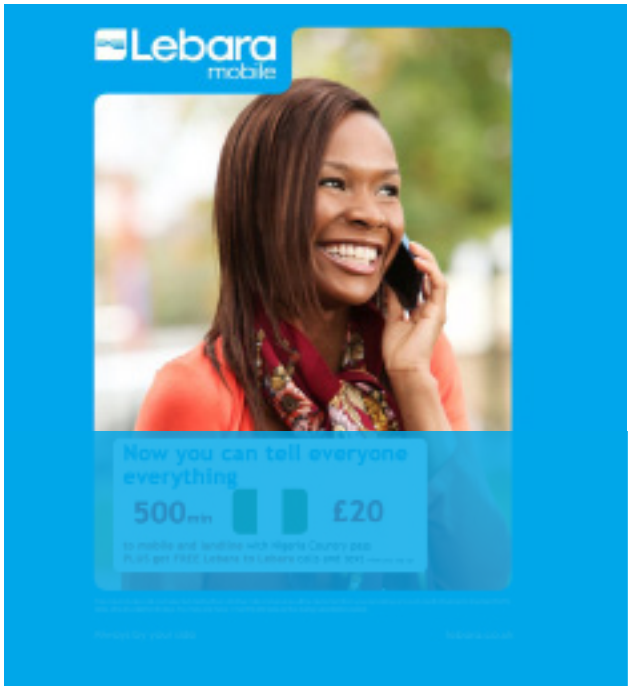
"My experience seeking funding has been quite positive. Sometimes groups nakedly say what the real need is and some funders may balk at that, especially when the issue is discrimination. I know how to couch applications and put the issues into gentle funding language. However smaller black groups are often competing against well-resourced larger mainstream bodies who have evaluation teams and the capacity to maintain relationships with funders.

I think it's preferable to get all money for a project from one pot rather than multiple sources because that makes it a lot more complicated. You need good project management systems to manage multiple streams of funding for any one project. Another point, we recently applied for a £15,000 grant but found the amount of paperwork unwieldy in comparison to the money on offer. I think we need to get the balance right between cash and paperwork! However if you put a lot of work into an application there is a template you can use for future bids.

What would really help is someone to speak to who understands the sector who I can talk through bids with, who is supportive and can come down and meet the project. I know this is resource-intensive but it is critical to better decision-making. It's easy to write bids that look good but can the organisation really deliver?

Organisations need to look at presenting well-written applications that excite the funder and tick all their boxes. Things like a decent annual report, a decent website, evaluation of needs, testimonials and case studies all help. A forum to connect funders to black organisations is a bloody good idea, although it will need top facilitators who can balance talk of problems with the 'what shall we do now?' To balance the good, the bad and the ugly."

Social Investment



There are far fewer examples of partnerships and sponsorship between commercial business and the BAME VCS compared to many 'mainstream' charities. The BAME VCS should investigate commercial collaboration to a greater extent to diversify income streams.

In order to make this a success, voluntary sector groups may need advice and encouragment about how to select the right businesses to approach, understand what could attract the private sector to provide sponsorship, and how to 'speak their language.'

One example of a commercial partnership is between Lebara, the mobile phone company, and ROTA (Race on the Agenda) to provide an online forum and information hub for immigrant communities in the UK.

While Lebara are not 'typical' of the commercial sector, having been established by three Sri Lankan migrants and having taken a decision to set up a community arm without the expectation of any profit, there are some factors that relate to other businesses.

There are some private enterprises who would be keen to increase their brand image in Britain's increasingly multicultural and entrepreneurial society, and could do so by linking up with the BAME VCS.

Increased infrastructure support to the BAME VCS could play a major role in encouraging the sector to establish more relationships with the commercial world, including greater sponsorship of events that reach out to communities that are potential customers. Black and Asian spending power is estimated to be £32 billion per year, and one reliable way of reaching those communities is through the BAME VCS.

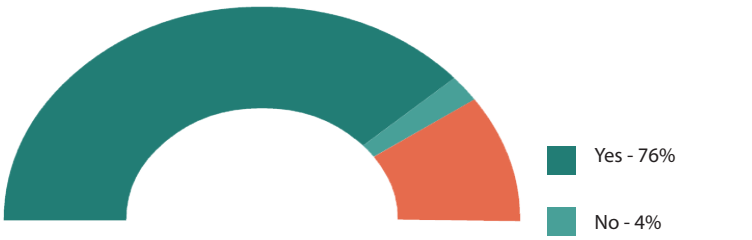
Funder collaboration

Greater collaboration between funders is recommended to improve the health and effectiveness of the BAME VCS. Creating one grant pot between different funders specifically designed to meet the needs of communities who suffer from racial discrimination is one idea that was broadly welcomed by V4CE members in a consultation. However there were two concerns: (i) that such a move might lead to even less success bidding for mainstream grants; and (ii) suspicions that a BAME-specific pot might disguise an overall reduction in available grants. Both of these concerns can be overcome with assurances.

The advantage of a BAME-specific pot, especially one that has a very 'open' criteria, is that it will provide a much-needed injection of confidence that, in an age when race does not appear to be on the agenda, trusts and foundations still value the importance of serving BAME communities and combating disproportionate discriminiation. It would also address scepticism in some quarters that funders are keen not to discriminate. This is particularly important in light of the perception among some BAME groups that they have faced discrimination in the bidding process (see graphic below).

Funder collaboration could also extend to more joint funding of bids organised by inter-funder working rather than the bidding group securing match-funding. This could take various forms, such as different funders supporting different chapters of one project. This would allow BAME VCS groups to submit bids with a longer time-frame, and have the confidence to make larger bids.

We believe that a BAME-specific grant should be supported by at least five different funders, and be at least £5m in size. The collaborating funders would have an understanding that all will share in the successes of funded projects, and that this would be in addition to their normal grants.



Has your BAME organisation been discriminated against in gaining grant funding?

26 respondents

Business and funders

In addition to funders collaborating with each other, and the BAME VCS seeking partnerships with the commercial sector, there are also opportunities for funders to develop greater links with business in order to increase available funds to tackle racial disadvantage.

While large-scale 'mainstream' charities are able to hire experts in commercial partnerships to sponsor projects most BAME VCS groups do not have that advantage to add private money to their charitable work. Funders are better placed to bridge the gap, selling the brand development advantages and potential exposure to new markets to businesses.

It is possible that inter-funder cooperation could be extended to include developing commercial sponsorship for BAME projects. This could include private businesses donating sums to an overall 'BAME-specific' grant pot and offering opportunities to sponsor individual projects at the grant decision-making stage.

The additional money from private sponsorship would increase the impact of efforts to improve funding to the sector as well as fostering greater links between business and the BAME VCS to increase the possibility of future partnerships bringing longer-term sustainability.

Trusts and foundations can play a valuable role in 'warming up' businesses to the benefits of developing a better brand within BAME communities.

We have already highlighted estimates that Britain's BAME communities are worth £32 billion in spending power. The Centre for Research in Ethnic Minority Entrepreneurship goes further and calculates that BAME businesses generate £40 billion for the UK economy per year. It makes simple commercial sense to engage more with BAME communities.

We therefore suggest that funders should take a lead in approaching the private sector to part-sponsor BAME projects or a BAME-specific grant pot.

Case-in-point

Andy Gregg

Director - Race on the Agenda (ROTA)

"In my 25 years I've seen things go around in a full circle. When I started it was difficult to get funded. Then the likes of Trust for London then began to fund BAME projects. It started to go backwards in a big way since 2008.

The best trusts understand the issues and want to challenge the status quo – and race equality is a subset of that. However a large chunk of funders are still family firms and they sometimes find taking risks an unpopular cause. I often talk to groups about funding, and fundraising is taking up increasing amounts of their time. They find that often there is a limited understanding of outcomes and impact. There's no point asking for a business plan if you're only requesting £800. If it is £800,000 then that's a different matter!

The climate has definitely changed for the worse. It is still relatively easy to fund projects but more difficult to get full cost recovery [core funding]. This was the problem Runnymede Trust had. In that situation you become all wings and no fuselage. Very few people want to fund policy work, and work that's not directly with punters, such as infrastructure support. Sadly a lot of funding disappeared with the CRE [Commission for Racial Equality]. The issue of fundraising and race equality has fallen off the agenda and many funders want a mainstream approach, which strikes me as being as assimilationist. Funders need to recognise that some people understand the needs better than the funder.

If you say "we're good at what we do please fund us" you're not going to get funded. What we need to say more of is "actually you need us more than we need you!" Groups need to show that they are addressing unmet needs, and BAME groups need to talk to each other to make sure they're not all submitting the same application! And funders must continue to take risks and fund unpopular causes. Feedback is also really important, and clarity of fund guidelines. That said, groups applying for funding need to carefully read guidelines because to not do so is wasting your own time."

Angela Baugh

Manager - Sheffield BAME Network

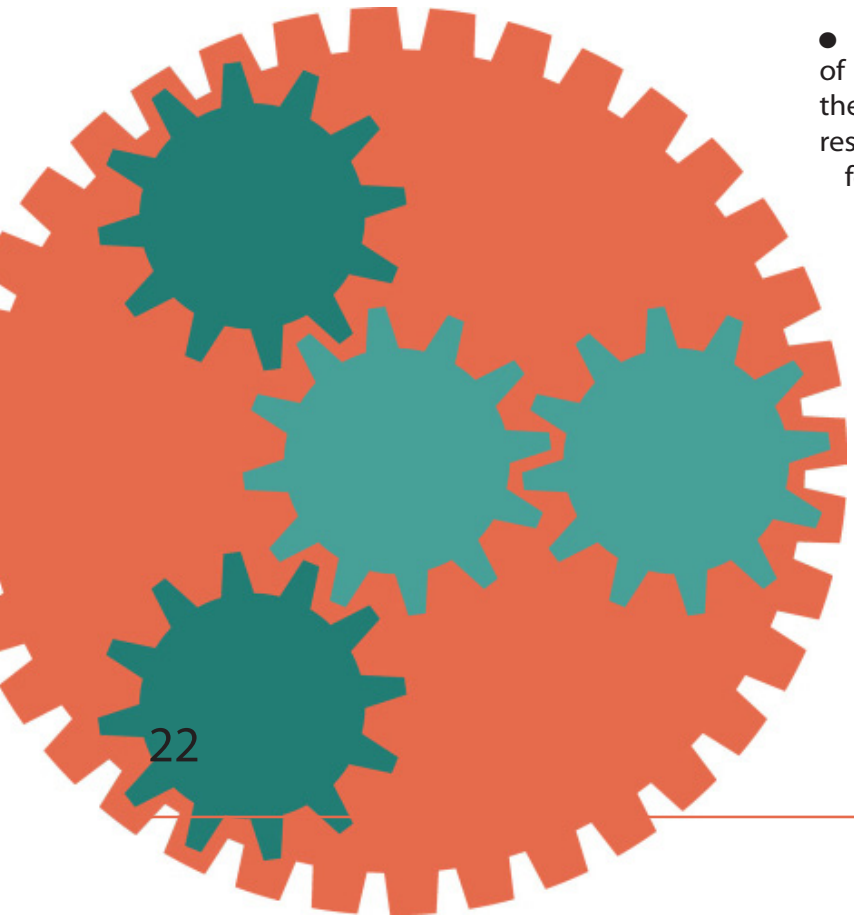
"Over the last three years the Sheffield BAME Network and its member organisations (all BAME) have submitted funding applications to various bodies as our funding was reduced. A number of our member organisations, whose funding was cut by 100%, have also tried various funders. The BAME Network has been turned down by many funders. The most frequent reason was over subscription of the funding pot. We feel we have been left off the agenda despite suffering from poverty and living in the most deprived areas."

Coordinating change

There are several recommendations made in this report, but without a framework to underpin it efforts to achieve change are likely to be less effective. There is a need to coordinate activities and build links between funders and the BAME VCS as well as independently monitor the effectiveness of efforts to tackle racial disadvantage.

Parellel to this is the process of chosing which projects best meet the needs of BAME communities; a task that requires knowledge of the experiences BAME communities as well as the effectiveness of VCS organisations.

The partnership between the National Council for Voluntary Organisations (NCVO) and Big Lottery (BL) provides an example of how one aspect of this coordination could work. BL has outsourced the Big Assist scheme to NCVO who combine their role as an infrastructure body with administration of grant allocation on behalf of a funder. This principle could be extended to combine a collection of funders, with the coordination being to distribute funds specifically to the BAME VCS and monitor its' impact. There is a strong argument that such a role could not merely be restricted to the distribution of funds and monitoring the effectiveness of it on the BAME VCS and on tackling racial disadvantage more generally, but could also embrace a wider brokerage framework between the BAME VCS and funders.



By 'framework' we mean the coordination of different activity such as:

- A body trusted by the BAME VCS, and which has a track-record of capacity-building, should be tasked with both administering the distribution of funds on behalf of funders and to monitor outcomes (effectiveness in building the BAME VCS and the impact on tackling racial disadvantage).
- A body should coordinate a forum between funders and BAME VCS organisations to increase understanding and trust.
- A body should conduct a major new audit of the BAME VCS, it's income, staff and volunteer numbers.
- A body should collect and diseminate best practice across the BAME VCS, including making resources available on a new online platform.
- A body should coordinate the production of a 'charter' open to be signed by funders and the BAME VCS alike, setting out standards and responsibilities on both parties to improve effectiveness in the delivery of services to tackle racial disadvantage.
- A body should work to build links between the BAME VCS and business, identifying new opportunities for sponsorship.
- More work needs to be done on building collaboration between BAME VCS organisations.

Such a framework would improve the relationship between funders and the BAME VCS, monitor and quantify the impact of resources, build mutual understanding and help improve the performance of BAME groups.