



# **Audit and Review of BME Voluntary and Community Sector Capacity to deliver:**

## **Manchester City Council's BME Funding Investment Strategy**

**October 2004**

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# 1 INTRODUCTION

## 1.1 Aims of the Review

### 1.1.1 Background

Manchester City Council has developed a Funding Investment Strategy<sup>1</sup> for the Black and Minority Ethnic (BME) Voluntary Community Sector (VCS). Manchester Council for Community Relations (MCCR), together with a selected group of other BME VCOs<sup>2</sup> and networks were external members of the Manchester City Council's partnership steering group that helped to oversee the development of this strategy.

The strategy aims to move council funding away from traditional revenue grant aid to a "service commissioning and investment led approach". To this end, changes to central grants funding policy for BME voluntary and community organisations (VCOs) have resulted in competitive bidding for new grants. New funding priorities will result in BME VCO winners and losers.

To date, no analysis has been undertaken to assess the impact of the strategy on front-line BME Voluntary and Community Organisations (VCOs) currently in receipt of central revenue grants or the willingness and readiness of Manchester City Council departments to commission services from the BME Voluntary and Community Sector.

Running alongside the Funding Investment Strategy was a review of infrastructure support for the VCS in Manchester, commissioned by the Community Network for Manchester (CN4M) in partnership with the Manchester City Council. This did not look into the specific infrastructure support needs of, or preferred method of delivery to, the BME VCS. Instead, it considered the needs of the voluntary and community sector as a whole.

In view of the importance these aforementioned issues and developments for BME communities and the BME VCS, MCCR commissioned and worked with Clariant Management Consultants to assess the impact of these policies and the support needs of the BME VCS in Manchester.

Clariant specialises in improving organisational effectiveness. Kais Uddin of Clariant led this review. He is an expert in strategy clarification, organisational development, and strategic human resource management. He has published articles on managing across organisational boundaries, performance management and produced a guide to 360 feedback for senior voluntary sector managers and policy makers.

This report sets out the background to this project, the methodology used, and the key findings, conclusions and recommendations arising from the review.

### 1.1.2 Aims

The specific aims of this project were:

- To audit and assess the capacity and readiness of a selected group of BME VCOs currently in receipt of central revenue grants from Manchester City Council to make the transition from grant aid to competitively tendered contracts for services.

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<sup>1</sup> Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, draft report October 2003.

<sup>2</sup> When using the term "black and minority ethnic voluntary community organisation" (BME VCO) or black and minority ethnic voluntary and community sector (BME VCS) we mean organisations that are led or managed mainly or entirely by black or other minority ethnic people, and which serve mainly black or minority ethnic people.

- Assess the readiness / willingness of service providing council departments to contract with BME VCOs for support and services needed by BME communities.
- Identify the development and support needs of BME VCOs that express a willingness to compete for contracts.
- Identify the public investments needed to develop, expand, or grow BME front line services deliverers in Manchester, whether through new organisational forms e.g. social enterprises or bidding for service contracts.

It was necessary to start with a review of the Manchester City Council's Best Value Review of Voluntary Sector Policy and Funding which led to the changes in funding for BME VCOs and the decision to commission a consortium to provide infrastructure support to the VCS.

The Government Offices for the North West (GO-NW) funded this project through the Early Spend programme that aims to invest in infrastructure organizations whose function is to develop, support, advise and/ or train frontline community and voluntary organizations.

The review was carried out in consultation with, but independently of, the Voluntary Sector Policy and Grants Section (VSPG) of Manchester City Council. VSPG is responsible for taking forward plans to commission a consortium to deliver infrastructure support for the VCS and the development and implementation of the BME Funding Investment Strategy.

The project does not seek to duplicate earlier reviews on voluntary sector infrastructure support. Its focus is on the specific issues concerning the BME VCOs and BME community support needs in the context of rapid developments in central and local government policy developments.

The fast paced changes in local voluntary sector policy an infrastructure support required a more developmental and "action learning" approach to the project than would have otherwise been the case. This meant providing the BME VCOs involved with information on developments, as they arose, and work with MCCR to develop its understanding of, and response to the changes taking place.

The recent withdrawal of Section 44 funding by the Commission for Racial Equality has limited MCCR's ability to play a significant role in this important area of work at such a critical time. MCCR will need additional funds to undertake follow up work arising from this project.

## 1.2 Methodology

The project work was carried out between April and September 2004. Clariant and MCCR worked with a diverse range of stakeholders, including officers and members of key support voluntary sector support agencies and networks, senior officers from Manchester City Council, and staff and members of seven central revenue funded BME VCOs.

The methods used included:

1. A desk based review of voluntary sector funding and infrastructure policy development, with a particular focus on issues concerning BME communities in Manchester.
2. Structured audit interviews with seven central revenue grants funded BME voluntary and community organisations.
3. Three information giving and feedback gathering workshops for central revenue grant funded BME VCOs, including a separate workshop women's organisations.

4. Individual and group interviews with people from a cross-section of support agencies and networks and senior officers of Manchester City Council.
5. A conference in September for key stakeholders to discuss the findings and conclusions of this project.
6. Planning meetings with MCCR senior staff and Honorary Secretary and on-going discussions with the Council's Voluntary Sector Policy and Grants Section.

MCCR and Clariant conducted many of the interviews and workshops jointly. This approach helped to forge a common understanding of the issues and sparked MCCR to develop a shared view of what need to be done after the completion of the project.

The conclusions drawn in the report are based on an assessment of evidence gathered in the course of the review and our 20 years of experience in the field.

A relatively small number of BME groups were involved in the project due to time limits and budget limits. However, we feel confident the conclusions and recommendations are sound. MCCR will discuss the findings and conclusions contained in this report with the wider BME voluntary and community sector, infrastructure support agencies, and the Manchester City Council as a part of its post- project follow up work

### **1.3 Structure of the report**

This report is divided into three more sections:

Following on from this introduction is a section on the background, local context, and rationale for this project.

A section follows this on findings and conclusions, which are set out under five sub-sections:

1. Manchester City Council's Best Value Review of Voluntary Sector Policy and Funding
2. The New Funding Strategy
3. Strategy Appraisal
4. The Potential Impact
5. Development and Support Needs

The final section covers the recommendations arising from the findings and conclusions.

There are four appendices to the report. The first appendix lists the organisations that participated in the project through interviews or workshops involving staff or members. The second appendix contains summaries of the audit interviews with central revenue funded grants. The third and fourth appendices are MCCR's briefing papers on Manchester City Council's Funding Investment Strategy and BME specific infrastructure support.

### **1.4 Acknowledgements**

MCCR and Clariant would like to thank the people who gave up time in their busy schedules to participate in this project.

We hope that our work will influence the development of publicly funded BME VCS infrastructure support that is both responsive and accountable to local BME communities.

## 1.5 About MCCR

MCCR promotes race equality and good community relations in Manchester and as such has a strong interest in the development of an effective and accountable BME VCS in order to meet the diverse needs of BME communities in Manchester.

Founded in 1966, MCCR is registered charity with a voluntary management committee, elected from its membership. MCCR plays important leadership and influencing roles as advocate and representative of BME communities in Manchester.

It does this by representing views, providing information, facilitating networks and liaising with "partners" on improving racial equality and community cohesion.

Four examples of this work are highlighted below.

### **McDonald Enquiry into Racism and Racial Violence in Manchester Schools**

In 1986, following the murder of the 13 year old Bangladeshi schoolboy Ahmed Iqbal Ullah on the playground of a Manchester secondary school, MCCR acted immediately to diffuse tensions in the community caused by misleading reporting of the facts in the media. MCCR persuaded Manchester City Council to fund the MacDonald Inquiry<sup>3</sup>. This enquiry made groundbreaking recommendations, of national significance, on tackling racism and racial violence in schools.

### **Progress Trust**

MCCR helped Manchester City Council to found the Progress Trust, in response to BME community concerns about the loss of Section 11 and other ring-fenced central government funding after the creation of the single regeneration budget in the early 1990s.

### **Agenda 2010**

MCCR was instrumental in setting up Agenda 2010 to tackle racism and racial discrimination in Manchester over a ten-year period. This followed earlier consultative work undertaken with BME communities to identify the main long-term race equality agenda for Manchester. Agenda 2010 is now formally under the umbrella of the Manchester Partnership, the local strategic partnership for Manchester.

### **Supporting Access to Information Communications Training for BME Communities in Deprived Areas**

MCCR brought together a consortium to make a successful bid for a national research study funded by the DfES<sup>4</sup>. The study focused on overcoming the barriers facing BME communities accessing information communication and technology training and makes a number of important recommendations to government and others.

As well as race equality work, MCCR also plays a limited BME VCS infrastructure development role by providing project management and fundraising support to BME projects/organisations based on strategic importance and need.

MCCR enjoys excellent relations with its main funder, Manchester City Council, and works closely with the Council on strategic issues concerning BME communities.

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<sup>3</sup> Murder in the Playground: The Report of the Macdonald Inquiry into racism and racial violence in Manchester Schools. Longsight Press, 1989.

<sup>4</sup> Supporting Access to ICT for BME Groups in Deprived Areas: Approaches to Good Practice, DfES research report produced by CLES, CEMVO and MCCR, 2003

## 2 BACKGROUND, CONTEXT AND RATIONALE

### 2.1 BME communities in Manchester

Manchester has a population of approximately 400,000 living in 33 wards. 27 of these 33 wards are in the top ten percent of the most deprived wards in the country, with 80 percent of the city's population.

According to the 2001 census, 19% of the population is from a BME background. This is up by more than 50 percent from the 12.6 % reported in the 1991 census. The largest minority group is Pakistani, followed by Caribbean and African and Indian. There are approximately 70 languages spoken, the most common being Asian languages.

**Table 1 Manchester Population by Ethnic Groups (source ONS)**

Percentage of resident population In ethnic groups	Manchester
White	81.0
Of which White Irish	3.8
Mixed	3.2
Asian or Asian British	9.1
Indian	1.5
Pakistani	5.9
Bangladeshi	0.9
Other Asian	0.8
Black or Black British	4.5
Caribbean	2.3
African	1.7
Other Black	0.5
Chinese or other Ethnic Group	2.2

The main religious groups were Christian (62.4%), Muslim (9.1%), Jewish (0.8%), Hindu (0.7%), Buddhist (0.6%), Sikh (0.4). These figures probably underestimate the numbers of asylum seekers and refugees.

The Government's social exclusion unit states that "ethnic minority deprivation cuts across all aspects of deprivation. Taken as a whole, ethnic minority groups are more likely than the rest of the population to live in poor areas, to be unemployed, have low incomes, live in poor housing, have poor health and be victims of crime".<sup>5</sup>

The majority of BME residents live in some of the most deprived of the Manchester wards. BME VCOs play an important role in helping to identify and meet BME community needs and campaigning for race equality and improved public services. They also help to highlight gaps in, and inadequacies of, public and non-statutory services to BME communities.

Manchester City Council has a strong and demonstrated commitment to both promoting good race relations and achieving race equality and was awarded Beacon Council Status in 2002-03 for Promoting Racial Equality. It has good relations with the voluntary and community sector including the BME VCS and is a major investor in the sector in through grants and commissioned services.

<sup>5</sup> Bringing Britain Together- A national strategy for neighbourhood renewal, 1998

## 2.2 Central Government Policy towards the Voluntary and Community Sector

The Government's strategy is to strengthen and modernise the VCS and to extend its role in the delivery of public services.

It has in mind five key areas for reform <sup>6</sup>:

- To involve the voluntary and community sector in the planning as well as the delivery of services
- To forge long term strategic partnerships with the sector
- To build the capacity of the sector
- That it is legitimate for service providers to factor in the relevant element of overhead costs into their cost estimates for services delivered under contract
- To implement the voluntary sector Compact at all levels

Substantial funds have been made available to back these reforms, including the Community Empowerment Fund, the Community Fund, Safer and Stronger Communities Fund, Community Chest, Children Fund and Future Builders.

The Government's investment in regeneration and neighbourhood renewal encourages local partnerships between the VCS and the public sector in both the planning and delivery of services.

The VCS is seen a key partner in terms of community strategy decision-making and service delivery. To this end, local community empowerment networks are centrally funded to co-ordinate the involvement of voluntary and community groups in local strategic partnerships in order to develop and oversee the implementation of local community strategies.

The important role of the BME VCS and the diverse communities it seeks to represent, including faith groups and refugee and asylum seeker organisations, is also recognised by the Government.

As well as developing capacity of the voluntary sector in general, the Government also supports the development of the BME VCS at local, regional, and national levels. For example, the Home Office has funded the establishment of 1northwest, a regional BME network following a consultation with BME VCOs in the northwest in March 1999<sup>7</sup>.

1northwest has the aim of influencing regional policy and development "to provide an accountable and accessible vehicle through which dialogue, influence and activity can be generated".<sup>8</sup>

At national level, the Government helped to fund the establishment of the Ethnic Minority Foundation (EMF) and its operational arm, the Council for Ethnic Minority Voluntary Organisations (CEMVO) in 1999. EMF is a registered charity established in 1999, committed to extending opportunities to people from the most disadvantaged communities in the UK, by playing a leading role in:

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<sup>6</sup> The Role of the Voluntary and Community Sector in Service Delivery', HM Treasury, September 2002

<sup>7</sup> Strengthening the Black and Minority Ethnic Voluntary Sector. Report on a consultation. Manchester, Wednesday 31 March 1999.

<sup>8</sup> Northwest Network website, October 2004, [nwnetwork.org.uk](http://nwnetwork.org.uk)

- Building capacity within minority ethnic community organisations
- Stimulating increased participation in regeneration and neighbourhood renewal
- Influencing policy and practice at local, regional and national level by responding to key research and policy papers
- Recruiting volunteers to act as trustees, mentors and in decision-making processes.

The EMF is has a 10-year plan to raise a fund of £100m. CEMVO is also a registered charity and has a north-western office and a regional advisory committee to oversee its work, with representation from MCCR and the Progress Trust. It plans to provide capacity building support to BME VCOs across the region.

The Government has also published a code of good practice <sup>9</sup> to improve relations between it and the BME VCS.

Its longer term vision on VCS modernisation is "that by 2014 the needs of frontline voluntary and community organisations will be met by support that is available nationwide, structured for maximum efficient, offering excellent provision which is accessible to all while reflecting and promoting diversity, and is sustainable funded" <sup>10</sup>.

In light of changing national policies and local circumstances, Manchester City Council is reviewing policy, funding, and support for the local VCS, including the BME VCS. These reviews are highlighted below.

## **2.3 Manchester City Council's Review of Voluntary Sector Policy and Funding**

### **2.3.1 Best Value Review of Voluntary Sector Policy and Funding**

Manchester City Council members requested a Best Value review of voluntary sector policy and funding in 2002. A thorough and comprehensive review followed and its findings were published in February 2003.

Before this, the Council had already completed a number of thematic reviews of services within the voluntary sector to identify the community needs and to assess how far groups who receive funding meet those needs.

Parallel reviews of Community Associations and of how the BME voluntary sector is meeting the needs of BME communities in Manchester were in progress at the time.

The objectives of the Best Value Review were to:

1. To set out a clear forward strategy for voluntary and community sector funding consistent with the key strategic objectives of the LSP articulated in the Community Strategy.

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<sup>9</sup> Black and Minority Ethnic Voluntary and Community Organisations: A Code of Good Practice. Home Office Active Community Unit Compact Working Group.

<sup>10</sup> ChangeUp: Capacity Building and Infrastructure Framework for the Voluntary and Community Sector, Home Office, 2004

2. To make recommendations for change to maximise the benefit of City Council investment in voluntary sector support to the people of the City and to better match strategic priorities.
3. To make recommendations on the role and responsibilities of VSPG

One of the outcomes of the Best Value review was the identification of the need for a clear investment strategy to provide a solid basis for ongoing investment by the City Council in voluntary sector infrastructure services, based on the support needs of VCOs, in particular, capacity building of small groups.

The next section describes the BME review.

### **2.3.2 Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors**

This review was carried out between July and October 2003. A draft strategy document <sup>11</sup> was then circulated for consultation to BME voluntary organisations and community groups, the Community Network for Manchester and the Voluntary Sector Support Agency Network.

The review noted that most of the central revenue grants allocated for BME VCS has been tied for historical reasons to a small number of groups and that there was no capacity to fund new groups or activities.

The stated purpose of the review was to move the funding from the traditional "grant aid" to a service commissioning and investment led approach. It also sought to reduce BME VCO dependence on grant aid and to enable groups to develop "successful service commissioning and contracting relationships with the City Council and other public sector agencies".

The draft strategy noted that BME groups would need good infrastructure support and that the issue of infrastructure support would need to be "comprehensively covered in the separate voluntary sector infrastructure review" (as reported in Cordis Bright Ltd report <sup>12</sup> and highlighted below).

### **2.3.3 Voluntary Sector Infrastructure Review**

Following on from the recommendation of the Best Value Review, Manchester City Council, in partnership with the Community Network for Manchester (CN4M), commissioned a review of the infrastructure support needs of the voluntary and community sector and how these can be best met. Consultants, Cordis Bright Ltd, was engaged to undertake this infrastructure support review. Their report was issued for consultation in March 2004.

The Consultants identified three options for future VCS infrastructure support but recommended strongly the development of a local consortium of existing support agencies to provide future infrastructure support.

Cordis Bright's draft report noted, "[A consortium of the current Green Fish partners and a small number of other agencies could be formed specifically to deliver the strategy](#)". At the

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<sup>11</sup> Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, Draft Report October 2003.

<sup>12</sup> Review of infrastructure support for Manchester's voluntary and community sector: project report and draft strategy, March 2004.

time of writing the Green Fish, initiative was a partnership of four local support agencies (VAM, CAS, CTAC and Community Arts North West), working towards providing some services in one place in Manchester, with a joint building due to open in September 2004. By September the Community Arts North West appears to have dropped out of this consortium.

No attempt was made to consider BME VCO specific infrastructure issues, as urged in the BME Funding Investment strategy document, beyond summarising the point already made in that strategy document.

### **2.3.4 Local Strategy Implementation**

In July 2004, the Manchester City Councils Executive Committee meeting considered reports on the Voluntary Sector Infrastructure Review, the BME Funding Investment Strategy, and the review of Community Associations.

Important decisions were made at this meeting. These included:

1. Development of proposals for commissioning a VCS consortium.

This is to bring together "key" local support agencies to deliver infrastructure support to the VCS as recommended in the Cordis Bright report.

2. Endorsement of the BME Funding Investment Strategy.

This established priorities for ring-fenced BME central revenue funding which, in addition to small grants, would involve (a) short term funding of up to three years geared to settling new or expanding communities and enabling them to access public services, and (b) short term funding of up to three years to address specific race related issues of deprivation.

The Executive recognised the need for sensitivity in dealing with organizations, which might be affected to ensure that the impact of any financial reductions could be properly managed. The need for a sensible and sensitive approach to any transitional arrangements was noted.

Officers of the VSPG section are implementing these two decisions. A core element of the BME Funding Investment Strategy was implemented with immediate effect, with the issuance of a new 2-stage application process for central revenue grants funding for BME voluntary and community groups.

## **2.4 Rationale and Funding For this Project**

This project was needed to help MCCR review and understand the support needs of BME VCOs, in the light of changing local and central government policies.

## 3 FINDINGS & CONCLUSIONS

### 3.1 Manchester City Council's Best Value Review of Voluntary Sector Policy and Funding.

This was primarily a review of the management for Manchester City Council's funding of voluntary sector work and activities and not a review of currently funded groups or specific priorities within service areas. It led to the development and implementation of the BME Funding Investment Strategy review of VCS infrastructure support.

Some of the key recommendations from the Best Value review included:

1. The need for a clear funding investment strategy to provide a solid basis for ongoing investment by the City Council in voluntary sector infrastructure services. This recommendation resulted in the commissioning of the voluntary sector infrastructure review (Cordis Bright report).
2. The location of responsibility for decision-making and grants management for service based voluntary sector activities to be with the service department or strategic service partnership that has overall responsibility for that area of work.
3. Budget responsibility for support for cross-cutting voluntary sector activity to remain with the VSPG section, with decision-making being taken in partnership with relevant partnership initiatives where these exist. This would cover investment in voluntary sector services relating to target equality, exclusion and voluntary sector infrastructure.
4. VSPG to remain as a strengthened central function to provide voluntary sector policy, intelligence, and governance issues so that the City Council can develop a corporate approach to the management of relationships with the sector (e.g. Compact), the promotion of good practice, efficiency, and consistency in funding/commissioning, and the promotion of good equality practice.
5. Those organisations that remains centrally funded to receive 3 year funding agreements, with a detailed evaluation of outcome against objectives being undertaken in year 2
6. All City Council investment over £10,000 in voluntary sector services should be subject to Service Level Agreements, where this is not already subject to formal contract arrangements.
7. That, as a matter of principle, when contracting services from the voluntary sector, service departments should seek to ensure that accurate costing are in place that reflect the full costs of providing that service.

These recommendations may achieve the intended aims if they are implemented fully, consistently, and fairly, with regard to specific needs and concerns of BME communities and the BME VCS that supports them.

The Best Value report referred a separate review of "how the BME Voluntary Sector is meeting the needs of BME communities" that was already underway. We infer that because of this other review the Best Value review did not examine in detail any race equality issues arising from its recommendations.

Our understanding is that the reference is to the BME Funding Investment Strategy<sup>13</sup> (see below). If this is the case, the remit of the group responsible for it appears to have changed from examining how the BME VCS is meeting the needs of BME communities to developing a "funding and investment" strategy for the BME CVS.

With regard to the second recommendation, there seems to be inconsistencies in the approaches to BME and other (white) central revenue grant funded groups. Over half of the entire central grants budget of £4.8M, supporting some 97 groups has been transferred to service departments or partnerships but this did not include any of the central revenue grant funded BME VCOs.

The entire central revenue grant funded BME VCOs appear to have been classified as providers of "cross-cutting activity" as they have been retained under the management of the VSPG, in accordance with the third recommendation highlighted above.

The BME central revenue grants funded groups we spoke to are providers of services rather than deliverers of "cross-cutting" activity. Some of these groups do provide a range of services that fall within the remit of several council departments (e.g. BARC and Manchester Bangladeshi Women's Project) but this "holistic" approach to service delivery, is not the same as "cross-cutting" activities.

This issue is important as the new funding criteria that were finally agreed for central grant funded BME in August 2004 (funding for settling new or expanding communities and enabling them to access public services and for addressing specific race related issues of deprivation and exclusion) made some of the projects ineligible for central revenue grant.

It is not clear from the Best Value report whether the groups that have been transferred to service departments will be subject to the same process of competition as the central revenue funded BME VCOs (immediate exposure to competition for funding with new funding priorities).

One interviewee felt that "transferring the funding of many white voluntary and community groups to service departments but forcing the funded BME groups to compete for limited funds is both unfair and possibly discriminatory".

The new approach to funding for BME VCOs could lead to unfair funding decisions that are open to interpretation and challenge.

The Best Value report recommended that accurate costing be in place to reflect the full costs of providing VCO services. This will help to ensure that VCOs are fairly remunerated for the work they do but this may not be sufficient to cover the fixed core costs of small organisations that are highly dependent on local authority funding.

Manchester City Council will therefore need to carefully monitor and review both positive and any adverse or unintended impacts of the Best Value review on BME communities and their VCOs.

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<sup>13</sup> Funding and Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, draft report, October 2003.

### 3.1.1 Funding and Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors

#### *Current Central Revenue Grant Funding*

The City Council provides over £4.8 million (2002/03) central revenue support to 97 voluntary and community sector organisations of which about £485k is ring-fenced for 15 groups classed as BME, 13 of which can be described a frontline BME VCS service providers.

Many of the 15 funded groups were first funded in the late 1980's or early 1990s. The majority serve Asian communities. These groups are well established but vary considerably in size and dependence on council funding.

Most have small amounts of additional funding from other council departments and some have substantial funding from charitable trusts and others. These groups provide a diverse range of services covering training, education, information and advice, housing, community care, youth support, support for women, children and families.

The inclusion of the Ahmed Iqbal Ullah Educational Trust appears to be odd The Trust was set up following the racially motivated murder of a 13-year old Bangladeshi schoolboy on the playgrounds of a secondary school in Manchester. The work of the Trust is educational and benefits all communities and should be funded by the Education Department as a "mainstream" activity.

**Table 2 Central revenue funding 2003/04, BME groups. (Source: Manchester City Council VSPG section)**

	<b>Group</b>	<b>£2003/04</b>
1	Ahmed Iqbal Ullah Educational Trust *	24,480
2	Broad African Representative Council *	29,710
3	Cheetham Al-Hil-Al Community Project*	24,030
4	Greater Manchester Bangladeshi Association*	15,610
5	Indian Senior Citizens Centre*	15,000
6	Manchester Bangladeshi Women's Organisation*	52,530
7	Manchester Council for Community Relations*	95,770
8	Manchester Vietnamese Refugee Community Association	25,470
9	Manchester Refugee Support Network*	26,530
10	Neesa Well Women Drop-In Project*	21,110
11	Pakistani Community Association	20,810
12	Pakistani Resource Centre	31,270
13	Saheli Asian Women's Refuge	25,500
14	Sojourners House	25,500
15	Wai Yin Chinese Women's Society*	51,170

\* Indicates groups that participated in the project.

African, Afro-Caribbean and recently settled refugee community groups are under-represented in relation to their population. The reasons for this under-representation are not clear but may include the following:

1. Some BME VCOs were not sufficiently developed or in existence to argue their case when funds were made available.

2. Lower numbers of refugees in the City in the late 1980's and early 90's when funding decisions were made.
3. Lack of clear funding policies for the VCS.

## 3.2 The New Funding Strategy

The Funding and Investment Strategy sets out a new approach to funding BME VCOs, in line with the recommendation of the earlier Best Value that all future investment in voluntary and community sector work should move from grant aid to a service commissioning and investment led approach.

The strategy development process was managed by the then Deputy Leader of the Council, senior council officers and officers from BME infrastructure and network organisations, including the Progress Trust, MCCR, Focus BME, and the Race and Health Forum. It has been condensed into a briefing paper recently produced by MCCR (see appendix 3).

The purpose of the strategy was to:

- Establish some basic principles about why BME VCOs should be funded.
- Propose a framework of types of activities that BME VCOs might be engaged in.
- Propose priority areas for investment in terms of different types of activity.
- Identify types of support that are needed to develop organisations and for the available funding to follow the agreed priorities.
- Propose a process to challenge and change existing use of resources.

Notable through absence is the assessment of " how the BME Voluntary Sector is meeting the needs of BME communities", as suggested in the preceding Best Value Review or the identification of specific community needs.

The reasons given for the need for ring-fenced funding of BME groups included the following:

- Encouraging community cohesion with the focus on new communities or rapidly expanding settled communities.
- Tackling race-related deprivation and exclusion where " race is a particular factor in maintaining the deprivation and exclusion".
- BME specific services – " where public service must be compatible with the needs of every section of our society".
- Employment – where a BME organisation can provide a route for BME residents into employment or business.
- BME community activities- where a group of residents need help to organise themselves to deliver something for their community.

Some of these reasons are open to interpretation. It is not very clear what the second reason means. The third presumably alludes to BME needs that are not fulfilled by the public or wider VCS.

The strategy suggests that BME VCOs can be placed into one of four main types of organisations

1. Small groups
2. Grant aided groups
3. Groups that are funded through contracts
4. Social enterprises.

The presumption appears to be that as groups develop they will develop from small group or council grant aided organisation to more independent organisations that are funded through contracts for commissioned services and other forms of income generation. The strategy is intended, in part, to reduce the dependence of groups in grant aid by encouraging them to deliver services for Council departments and other public agencies through contracts.

The strategic central and departmental funding priorities are to be based on:

1. The delivery of commissioned and contracted services by BME groups for BME specific and general service delivery.
2. Short term (up to 3 years) funding for settling new or expanding communities and enabling them to access public services and for addressing specific race related issues of deprivation and exclusion.
3. Small grants to support development of BME self help groups, BME community based activities and organisational change.

The strategy notes that implementation will need careful management to enable BME groups to benefit from the new approach, in particular:

1. The need for time limited grant aid support for groups currently dependent on central grant aid (but unsuccessful in future funding bids).
2. The need to support all BME VCOs to understand the public sector funding and commissioning / contracting processes.
3. Comprehensive information on City Council and external sources of funding.
4. Advice on understanding the funding strategy and whether a group should aim to expand and develop.
5. Advice and training on service development and improvement.
6. Advice on bidding and for commissioned work and tenders.
7. City Council departments and other public agencies, as service commissioners to actively support the development of BME groups as service providers.

About infrastructure support, the strategy notes that BME groups will need access to support that develops and enhances organisational effectiveness. It raises concerns that refugees and asylum seekers are not able to access sufficient infrastructure support. It stresses that good infrastructure support will be essential for ensuring successful transition

of some organisations and the development of others and for building BME VCO confidence in the strategy implementation process but does not make clear how this will be provided.

In terms of specific areas of organisational development support needed, the strategy highlights the following:

1. Business planning
2. Staff/ trustee development
3. Financial Management/ systems
4. Quality assurance
5. Tendering and bid preparation and costing
6. Legal advice
7. Information and start-up support for newly established BME communities

The strategy document also makes clear that "It is imperative that these issues are comprehensively covered in the Voluntary Sector Infrastructure Review currently being undertaken by the Community Network for Manchester (CN4M) in partnership with Manchester City Council" (Cordis Bright report). It notes that good intentions to facilitate the BME review process needs to be backed up with resources to support the changes required.

As far as we are aware, these issues have not been comprehensively covered in that review (see below).

### **3.2.1 Voluntary Sector Infrastructure Review**

Although the Cordis Bright report refers to the City Council draft Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, it does not attempt to analyse specific needs of the BME VCS. We presume that the effectiveness or otherwise of existing voluntary sector support to BME VCOs was outside the scope of the Infrastructure review, as this issue is not analysed. This seems odd given that VSPG section of the City Council are leading both the infrastructure review and the BME Funding Investment Review.

Instead, the Cordis Bright report just notes that the principles behind the BME Funding Investment strategy "...explain why BME organisations *may need access* to their own infrastructure support and why the infrastructure strategy needs to recognise the distinctive support needs of the VME voluntary sector" (our italics).

How this is to be achieved is not very clear, beyond the recommendation that " key support agencies should work together." and that " Within the consortium diversity should be preserved".

The report does recommend that "specialist" agencies, i.e. those that represent community of interest or particular client groups, should continue to play a role as separate organisations" but does not make clear how these should be funded.

In view of the importance placed by the BME Funding Investment Strategy partnership steering group on the need for this review to comprehensively cover the issues of BME

support needs, the lack of coverage of BME specific issues is disappointing. This does not inspire confidence in "...the good intention to facilitate the BME review process..."<sup>14</sup>.

It is not clear how any commissioned consortium will meet the specific needs of BME VCS, as there was no attempt to identify these.

### **3.2.2 Progress Towards Implementation**

The Manchester City Council endorsed both the infrastructure review and BME Funding Investment Strategy in July 2004. The main change that is being implemented is a new central grants application process for 2004/ 05 onwards.

The two new priorities for short-term central revenue funding of up to 3 years are to:

- Assist the settling of new or expanding communities and enable them to access public services; or
- Address specific race related issues of deprivation and exclusion.

Small grants are also available to support the development of community based BME self help groups, activities, projects and events and organisational change and development.

In addition, voluntary and community groups have access to two community capacity development workers employed by the Voluntary Sector Policy and Grants Section. These workers are available to help in organisational development and training and are an additional source of support to that provided by voluntary sector support agencies.

How a BME VCS that is less grant dependent developed (e.g. by encouraging council service departments and others to commission services for BME communities that are delivered by the BME VCS or by ensuring that BME VCOs have access to good infrastructure support) is not answered in any of the reviews to date.

## **3.3 Strategy Appraisal**

### **3.3.1 Strengths and Weaknesses**

The Funding Investment Strategy updates Manchester City Council's approach to funding of BME VCOs in order to meet the needs of both established, recently settled and new BME communities in Manchester.

It has many virtues, including:

1. Setting out funding priorities based on broad community needs (e.g. encouraging community cohesion and tackling race related issues of deprivation and exclusion).
2. Giving opportunities to BME groups to bid central revenue grants to support newly settled communities.
3. "Ring -fencing" central revenue funding to the BME VCS through of approximately £500,000 of funding each year.

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<sup>14</sup> Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, Draft Report October 2003, Manchester City Council.

4. The provision of 3 year funding for successful bids for central revenue grants. This will allow groups time to plan, develop, and deliver and evaluate the effectiveness of services delivered.
5. Identification of need for pro-active and practical support to enable BME groups to enter into contracts with City Council department and other public sector agencies to deliver services for BME communities.
6. Identification of the need for infrastructure support to support the strategy implementation.
7. Transitional funding for revenue-funded groups that are unsuccessful in bidding provides a safety net for organisations that are highly dependent on the revenue grant.

However, there are some major flaws in this approach and these are discussed below.

### **Lack of Vision**

"Established" and newly settled BME communities experience much higher levels of deprivation than white communities. Although BME communities have common needs, they also have differing needs within communities that require public support. The BME VCS is well placed to work in partnership with the local authority to reduce impact of discrimination and poverty. Nevertheless, it does not appear to have been consulted in identifying community needs or priorities.

A long-term vision and investment strategy, drawn up with the BME communities is needed to develop, support, and sustain the BME VCS. This requires ample investments, clear and equitable partnerships, joined up work within local authorities and their statutory partners (sometimes funders), and recognition that the BME VCS does not enjoy the same level of funding or patronage as their white counterparts.

The central revenue funded BME VCSs are for the most part small organisations that are working to both act as bridges between statutory service providers and BME communities and as providers of services that are not available elsewhere.

The Funding Investment Strategy for the BME VCS lacks long-term vision, fails to recognise the funding problems facing the BME VCS, and does not provide any clear basis for delivering on its (limited) promises.

### **No Implementation Plan**

The strategy identifies the need for careful management of the process for implementation and the support needed, but is not backed up by an action plan to take it forward. This is in contrast to the Best Value review, which was accompanied with a timetabled action plan with named officers responsible for delivery.

A case in point is the scant coverage of BME infrastructure support needs in the draft report on the Review of Infrastructure support for Manchester's Voluntary and Community Sector, despite the importance attached to it by the BME Funding & Investment partnership steering group.

The review group may have been more inclined to cover this subject had it been required to do so in its terms of reference.

An action plan, with named persons responsible for delivery, backed up with appropriate resources, will help to ensure that the wider aims of the strategy (reducing BME VCS dependence on grants, developing BME VCO capability and City Council and other public sector commissioning policies and practices with respect to the BME VCS) will be met.

Failure to follow through on this will hinder the development of BME VCS in Manchester.

### **No Needs Analysis**

Central revenue grant supports only a small number of BME VCOs. Our discussions and interviews with some of these groups suggests they provide unique support and services unavailable elsewhere.

Apart from the filling of gaps in public service and acting to increase uptake of "mainstream" services, these groups distinguish themselves from others by being from the communities they serve and the delivery of culturally compatible and acceptable services.

The process of service delivery very important to many members of BME communities who would otherwise face major and sometimes insurmountable barriers to access top public and white led non statutory services.

This is relevant not only to women (through Neesa Well Women Drop-In Project, Manchester Bangladeshi Women's Organisation, Wai Yin Chinese Women's Society), elderly ethnic minorities (through the Indian Senior Citizen's Centre) but to the other diverse BME groups serviced by these projects, including faith communities.

Given the barriers and discrimination that people from both established and newly settled BME communities face in accessing public services, it is not obvious how reducing funding to some groups in order to fund others will help to reduce the overall gaps in services for BME communities.

In our opinion, a fundamental weakness of the Best Value Review, the Voluntary Sector Infrastructure Review, and the Funding Investment Strategy for BME groups is that none are underpinned by any analysis of:

1. The key needs of each of the diverse and expanding BME communities in Manchester.
2. The extent of unequal access to public services and employment opportunities for people from BME backgrounds when compared to the population as a whole.
3. The main gaps in public service provision to sections of the BME population (e.g. mental health services, elderly care, support fro people with disabilities, support for carers).
4. Disparities in income, employment levels, housing conditions, and health between BME communities, and the community as a whole.
5. Effectiveness of currently funded BME groups to meet needs.
6. Effectiveness of existing support agencies in establishing, supporting, sustaining, and growing BME voluntary and community services.

7. Effectiveness of alternative forms of support, including the use of private sector consultants, trainers, and fundraisers.
8. The much lower level of charitable trust funding of BME communities when compared to the wider communities.

It is not clear to us how an investment led approach to funding can be adopted without a clear evidence based analysis of the specific needs that the investments are meant to support.

### 3.3.2 The Case for Increasing Central Revenue Grant Funding

Whilst it is accepted that the City Council cannot provide core funding to all VCOs we are not convinced about the argument that in the case of most of the central revenue grant funded BME VCOs that this "distorts the market" (Best Value Revue) as we do not accept the notion that most of these groups are in a market. These groups are responding to "market failures". Most are not competing with others and none are "in it for the money".

Public, private or the larger not for profits organisations are highly unlikely to have the combination of skills and cultural competence to deliver the services these groups provide or be willing to deliver comparable services for the low costs charged.

As might be expected, some of the funded groups feel that the City Council should be increasing funding in response to increasing needs rather, as one person put it "cutting the cake between a larger a number of BME communities". One group felt that it was "doing the City Council's job at a cut price" and that the Council should give more credit (and money) where it is due. It is constantly battling to secure funds for essential services that it considers should be provided by the state.

The BME population in Manchester has increased from 12.6 to nearly 19.0 % from 1991 to 2001 (Census figures) but the central revenue grants for BME groups has remained largely static and is not equitably distributed between the diverse BME communities in Manchester.

Relatively small amounts of central revenue grants help groups to secure additional funding from charitable trusts and other bodies. Some of the currently funded organisations have used their central revenue grant to lever into the city many times more money from other sources. This "additionality" does not appear to have been factored into the BME Funding Investment Strategy.

It is particularly relevant to the BME VCS as it has only 2% of trust and foundation grants even though the UK BME population is 9%, according to research undertaken by the Ethnic Minority Foundation.<sup>15</sup>

The Government's code of Practice<sup>16</sup> notes that funding for the BME VCS, whether from existing or new sources is significantly lower that that of similar organisations in the mainstream VCS. It notes that this is all the more detrimental given that the BME sector does not generally have windfall legacies, income streams and leverage opportunities that the more established mainstream sector attracts. Funders should take this into account in determining the level of allocations against funding bids".

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<sup>15</sup> Third Sector Magazine, June 2003. Newsmaker: voice of the minority, Krishna Sarda, Chief Executive, Ethnic Minority Foundation.

<sup>16</sup> Black and Minority Ethnic Voluntary and Community Organisations: A Code of Good Practice. Home Office Active Community Unit Compact Working Group.

A more pragmatic investment strategy would have called for an increase in revenue funding for the BME VCS. This would not only lead to further "inward investment" from other sources but also help the City to meet its obligations under the Race Relations (Amendment) Act.

### **3.4 The potential impact of this strategy on funded BME groups and the wider BME communities**

#### **3.4.1 Meeting "New" and Emerging Needs**

For both established and new BME groups not currently in receipt of central revenue funding, the new funding strategy presents the opportunity to bid for 3 year revenue funding to undertake work to meet priority needs as defined in the Funding Investment Strategy.

However, loss of funding by currently funded groups will result in loss of support services to the community served. The fact that most of the central revenue grants funded organisations have been in receipt of funding for many years does not make their work any less valuable or effective. It may be true that "There is little capacity to fund new groups or new activity, and it is difficult to justify funding existing groups and not others"<sup>17</sup> but it is as difficult to justify the stopping of funding one effective and needed project in order to fund others.

One complaint raised during the course of this review is the view that many white groups appear to have had funding transferred to service departments without apparently having to be subjected to what is in effect a tendering exercise in which the goal posts have been shifted. We do not know if this is the case.

#### **3.4.2 Currently Funded Groups**

Most of the groups interviewed took a very pessimistic view on the consequences of withdrawal of central revenue grants.

A common feature of the larger successful BME VCOs is the long-term involvement of a committed single community "champion" or key worker. These people have the drive, energy, time, and skills to both lobby and secure the resources for community projects and manage the projects.

The larger groups such as the Manchester Bangladeshi Women's Organisation, Broad African Representative Council, and the Wai Yin Chinese Women's Society have, in large part, expanded their activities through the work of key workers funded from the central revenue grant.

These groups made clear that their organisational success was in large part due to the skills, experience, energy, and efforts of their key staff. They said that reductions in central revenue grant would be hard if not impossible to manage, as they were unlikely to secure funds from other sources to fund the key worker or core costs.

Most had not heard of the term "social enterprise". On explaining the nature of social enterprise, some dismissed the idea of the possibility that their organisation could become a social enterprise (a possibility charted in the Funding Investment Strategy). They pointed out that this form of organisation did not fit in with their aims and activities and in any case, their clients were too poor to pay for services.

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<sup>17</sup> Funding Investment Strategy for the Black and Minority Ethnic Voluntary and Community Sectors, draft report, October 2003.

One said that it was not an issue of organisational structure or capability but of the reluctance of public authorities to either pay the full costs of the service provided or willingness to allow funded expansion of services for people whose needs are clearly evidenced.

The smaller groups such as Al-Hilal Community project and the Neesa Well Women Drop-In project are highly dependent on their central revenue grant and would be unlikely to survive without it.

The council should undertake full cost benefit analysis (including the value of the activities of volunteers) of individual organisations before withdrawing funding to any organisation that is seen to be effective. Such an analysis may reveal that some of these groups are offering very cost effective support to their communities.

Some of the central revenue funded projects have neither expanded nor been able to access additional funding. They remain very small and dependent on a single source of funding. This could be due to a number of reasons including:

1. Lack of group skills and capability to secure funding or manage projects.
2. Failure or inability of support agencies to offer the necessary support needed.
3. Lack of ambition to grow on the part of the group itself.

The fact that a group is small and financially dependent should necessarily count against it. Local authorities and other public bodies have statutory duties to meet the public service needs of all communities, even those in which formal VCS activity is weakly developed.

However, in commissioning a consortium to provide support services to the VCS, the local authority may wish to check the ability of bidders to help encourage and support these groups to grow and develop.

Such support would clearly be labour intensive, highly skilled and culturally competent.

Groups that fail to secure central revenue grants funding will have transitional tapering funding. With the appropriate support, some may be able to find funding from other sources (including the appropriate local authority department or partnership) but the difficulties that BME groups face in securing funding from sources other than the local authority should not be underestimated.

The case of the Greater Manchester Bangladeshi Association (GMBA) illustrates the difficulties that well managed organisations have in sustaining funding for activities that are considered to be highly effective.

GMBA's pioneering approach in increasing the uptake of ICT training in deprived wards of Manchester is based on over 15 years of experience managing ICT projects, including in recent years:

- New Opportunities Fund - ICT skills for 400 people each year - 3-year project to 31 March 2004.
- Computing Skills - IT training for 50 local residents each year – 5-year project to 31 December 2003.
- NW Regional Pioneer Project for UK Online Centres
- First registered UK Online Centre in the UK.

The Trade & Industry Secretary, when opening GMBA's UK Online Centre five years ago stated "I see this Centre as a beacon for the future and hope others will follow its example".

GMBA managed major contracts to deliver ICT training for people from all ethnic backgrounds but in recent years has been forced to target mainly Asians due to the limited and narrowly focused funds that are available to support its work.

Its last two bids to the Learning and Skills Council Greater Manchester (LSC GM) to fund project to develop lifelong learning skills through ICT have been turned down. This is perhaps not surprising as GMBA is competing against larger more powerful agencies, including the Manchester City Council and Manchester Enterprises.

The GM LSC appears to favour applications from large organisations, including in Manchester, the Manchester Library and Information Service and the Employment and Regeneration Partnership when funding activities to widen participation in lifelong learning<sup>18</sup>.

A consequence of failing to secure LSC GM funding means that after many years of financial independence, GMBA's pioneering ICT work is now dependent on its survival on a temporary grant from the Digital Development Agency (an agency of Manchester City Council), and the £15K it receives from the central revenue grants. Closure of the project will mean the waste have more than £1m investment from central government and the Community Fund, not counting the break-up of an experience team of staff.

Manchester City Council should use its considerable influence with its partners and other local agencies to ensure that BME projects with established records of accomplishment are both supported and nurtured. Instead of competing with small BME VCOs for funding, the Manchester City Council should require its service departments and partners to work in collaboration with BME VCOs to put forward joint bids.

This would help some of the currently revenue funded BME VCOs to become less dependent on Council funding and support the key recommendation of the DfES report<sup>19</sup> concerning co-ordinated longer term funding of BME VCOs.

### **3.4.3 Wider BME Communities**

Our research shows that partnership funding and charitable trust funding is increasingly offered to groups that can demonstrate that their proposed activities support local strategic plans, are endorsed by local partnership bodies, and underpinned by local evidence of need.

BME VCOs are finding it more difficult to compete for funds with larger established white VCOs, the private sector, and other public services, as all competing for the same streams of funding from central government.

The funding Investment Strategy will open up the opportunity to fund just a few new projects per year if it just focuses on the changing of the central grant giving process.

BME communities will benefit more substantially if the all-council departments, strategic partnerships, and individual partner organisations are required to:

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<sup>18</sup> GM LSC Update, issue 11, summer 2004, ESF Co-Financing Allocations – Second Prospectus

<sup>19</sup> Supporting Access to ICT for BME Groups in Deprived Areas: Approaches to Good Practice, DfES research report produced by CLES, CEMVO and MCCR, 2003

- Identify individual BME community needs.
- Agree priority areas for action.
- Set specific and measurable targets to meet these priorities in their strategic plans.
- Commission services or redesign services accordingly, and
- 
- Ensure that there is diversity of provision, including delivery by the BME VCS.

There are references to the deprivation and discrimination faced based on ethnicity in documents such as the Manchester Community Strategy, 2002-2012 and the Manchester Employment Plan (2004/06). However, these have yet to be translated into explicit BME community specific priorities, goals, objectives, or measures, in the supporting local strategic partnership plans or corporate plans of local agencies and bodies.

In the absence of tangible priorities for BME communities BME VCOs remain at a disadvantage to their white counterparts in bidding for funds.

### **3.5 Development and Support Needs of Central Revenue Grant Funded BME Groups.**

We undertook audit interviews of seven BME VCOs using a semi-structured questionnaire. Our findings are clearly based on a very small sample. It was not our intention to revisit the general support needs identified in the Cordis Bright report.

We were particularly interested in finding out both what the support need are and as important, how it should be delivered in order to be effective. Each community has unique needs ( e.g. language support) as well as common needs with other communities ( e.g. religious needs). A funding investment strategy for BME communities and their VCOs has to accept this as a starting point.

#### **3.5.1 Service Needs of BME VCOs**

The project was concerned with the support needs of revenue funded BME VCOs. We developed a list of 11 areas of support that may be needed by such organisations. These are described below in Table 3.

This list does not include support for acquiring or developing premises as this service is not needed very often and is specialist in nature. It reflects our understanding of the ongoing support needs of VCOs that are responsible for managing paid staff and volunteers and delivery of publicly funded services.

**Table 3 Common support needs of BME VCOs**

<b>Support Need</b>	<b>Description of Services &amp; Why they are needed</b>
Strategy and business planning	<b>Developing strategic thinking and long term business plans based on needs identification.</b> This is essential for funded VCOs with paid workers but few have formalised plans.
Managing performance	<b>Identifying performance objectives and measures and establishing processes for managing, monitoring, and reviewing performance.</b> VCOs have to be well managed if they are to inspire trust and confidence in their communities and with their funders.
Management committee training	<b>Clarifying roles and accountabilities of management committees.</b> Effective VCOs have qualified and competent boards that work effectively as a team and with paid staff and the wider communities.
Staff training needs analysis and training	<b>Identifying the training needs of staff both in terms of organisational need and personal development and then developing and implementing training.</b> VCOs invest little in training staff. Regular updating of skills and competence helps to improve individual performance and motivation.
Staff career development	<b>Identifying longer-term career goals and aspirations of staff and helping them to achieve their goals.</b> BME VCS employees have little or no access structured career development support. In general, they have fewer informal professional support networks than their white counterparts and find it harder to progress in their careers.
Hands on support to complete funding applications	<b>Practical and bespoke support to complete applications.</b> This included help with identifying sources of funding, background research, design and costing for projects, developing staff role profiles and agreement of outcomes, outputs and milestones.
Support in setting up systems and procedures after a successful bid	<b>Practical support in setting up the project management processes.</b> This is needed to deliver the projects outputs and outcome effectively and efficiently.
Setting up financial management and monitoring processes	<b>Practical support in setting up project financial management and monitoring systems.</b> VCOs rarely have the luxury of in-house accountants or financial advisers but effective financial controls are critical for managing projects.
Developing policy and procedures	<b>Assistance in developing the relevant policies and procedures.</b> VCOs need good policies and procedures for effective organisational and human resource management and to stay in compliance with legislative requirements.
Advocacy for the BME Voluntary and community sector	<b>Independent support from a more influential organisation or group to support the organisation or BME VCS.</b> BME VCOs and the VCS often have limited or no influence over decision makers. They need powerful and independent champions to help influence others and to support their cause.
Consultation and representation	<b>Practical support in interpreting policy and policy developments and support in developing individual or collective responses to issues of concern.</b> BME VCOs in particular the smaller groups are often excluded from decision making due to a lack of independent resources for developing BME focused responses to policy developments.

In our audit interviews of 7 central revenue grants funded BME organisations we asked them to rate the importance of these 11 needs in relation to their organisation and also to identify where they had received support from (see Table 4).

This list was not definitive as groups were also free to cite any other issues concerning their organisations support needs. However, these 11 support needs areas covered most of their requirements of these organisations.

Some gaps in support were identified. The key were in the areas of:

1. Strategy or Business planning
2. Staff career development
3. Effective Advocacy representation and consultation for the BME VCS.

The larger organisations also felt that support in areas such as quality assurance, training needs analysis, or human resource management was lacking or too expensive.

These groups used a range of organisations to meet their support needs (see Table 4), including established infrastructure support providers such as Voluntary Action Manchester, the Progress Trust, Community Accountancy Service and Greater Manchester Council for Voluntary Organisation.

Some of the groups preferred support from MCCR to others in specialist areas (major funding applications, negotiations with the council, conflict resolution and major capital project management) despite the fact that MCCR's core work is not in supporting BME VCO infrastructure.

MCCR's core work is not in BME VCS infrastructure support. However, it does provide a limited amount of support to few priority clients. This support is in the form of specialist consultancy and project management support for groups that feel that other agencies do not have the skills to support them.

**Table 4 Support Needs of central grants funded BME VCOs**

Score ratings 1 = Not very important, 2= of limited importance, 3= Important, 4= Very important

Support Need	Importance Rating							Support Providers used	Comment/ Observations
<b>Strategy and business planning</b>	1	3	3	4	4	4	4	Manchester Council for Community Relations (MCCR)	Although considered very important few groups have developed strategies or business plans.
<b>Managing performance</b>	3	4	4	3	3	3	4	Greater Manchester Centre for Voluntary Organisations (GMCVO), MCCR, Progress Trust, & Voluntary Action Manchester (VAM)	Most understood the concepts and knew of where to get support.
<b>Management committee training</b>	4	3	2	1	3	4	4	GMCVO, Manchester City Council, Progress Trust, VAM	Some felt that bilingual support is needed for their committees.
<b>Staff training needs analysis and training</b>	2	3	4	4	4	3	4	Community Accountancy Service (CAS), GMCVO, In-house, MCCR, Progress Trust	Most understood the concepts and knew of where to get support. Few had undertaken a needs analysis for themselves.
<b>Staff career development</b>	2	3	4	3	3	4	4		Most thought that this is important but none were aware of support available for staff career development.
<b>Hands on support to complete funding applications</b>	4	3	4	2	4	4	4	MCCR, VAM, private consultants.	This was considered very important. The larger organisations were able to do this themselves but the smaller groups need practical support (not training).
<b>Support in setting up systems and procedures after a successful bid</b>	4	3	4	3	3	4	4	GM Learning and Skills Council & VAM	The larger groups were competent to do this for themselves.
<b>Setting up financial management and monitoring processes</b>	3	3	4	3	3	4	4	CAS & MCCR	The larger groups were competent to do this for themselves.
<b>Developing policy and procedures</b>	3	3	4	4	4	4	4	Social Enterprise Development Initiative (SEDI)& MCCR	Most groups felt this was very important but did not know where to go for help.
<b>Advocacy for the BME Voluntary and community sector</b>	4	4	4	3	4	4	4	MCCR & Progress Trust	This was considered important but few know of agencies that provided this kind of support. Most groups were not aware of agencies that provided this.
<b>BME Consultation and representation on important issues</b>	3	4	4	4	3	4	3	Focus BME & MCCR & VAM	Again considered important but most groups were unaware of agencies that provided this support or felt that the quality of support was unsatisfactory.

The Cordis Bright report provides a far more detailed account of support needs of the VCS in Manchester. We looked at their projections of support needs in 5 years time (based on self assessment by 145 groups) and matched these against the 11 we identified (see Table 5).

**Table 5 BME VCO support needs compared to overall VCS support needs**

<b>Support Needs in 5 years (Cordis Bright draft report)</b>	<b>Match with our 11 support needs</b>	<b>Comment</b>
Funding	Hands on support to complete funding applications	Good match.
Recruiting & Supporting Volunteers	Management committee training	Management committee members are also volunteers.
Representing the VCS to the general public	BME Consultation and representation on important issues	Good match
IT		It was assumed basic IT support would be available. The issue was not raised by any of the groups.
Representing views of the VCS to national/ local government	BME Consultation and representation on important issues	Good match.
Lobbying/ Cam	Advocacy for the BME Voluntary and community sector	Good match.
Lobbying / Campaigning on behalf of vol. orgs.	Advocacy for the BME Voluntary and community sector	Good match.
Human Resources	Matches at least 5 support needs	Good match.
Info on national/local govt. policy	BME Consultation and representation on important issues	Good match.
Facilitating Networks of VCOs	BME Consultation and representation on important issues	Some match.
Attending meetings & feeding back..	BME Consultation and representation on important issues	Good match.
Project Development	Matches at least 4 support needs	Good match.
Service User Involvement	Managing Performance	We see service user involvement as a part of good performance management.
Strategy and Planning	Strategy and business planning	Good match.
Buildings & environment	No match	This was left out intentionally. Two groups that need bigger premises... raised the issue
Policy advice on service issues	Consultation and representation	Good match.
Finance/admin advice/support	Setting up financial management and monitoring processes	Good match.
Setting up & Governance	Matches three support needs.	Good match.

As can be seen from the table there is a good match between the two lists in most cases. It is not surprising that the support needs of the seven BME groups that were interviewed are broadly similar to those of the voluntary and community sector.

The priority support need of BME VCOs that are not successful in securing central revenue grants for next year, are likely to be (unsurprisingly):

- Appealing against the decisions not to continue funding.
- Support in identifying other sources of funding and help in completing funding applications.
- Support from Voluntary Sector Policy and Grants in transferring responsibility for funding to relevant council service departments or other public bodies.

It is beyond the scope of this project to comment on the quality of services of individual voluntary sector support agencies. However, as Manchester City Council is in the process of commissioning a consortium to deliver infrastructure support to the voluntary and community sector, we felt it was appropriate to ask stakeholders about the nature of the support they would like.

### **3.5.2 Service Delivery to BME VCOs**

Capacity building organisation, funders and policy makers often lack insight into the complexity of issues, approaches and work that the BME sector are involved in. Inevitably, this can affect the quality of support offered to the BME VCS. When key staff in these organisations are predominantly white, the understanding or knowledge of the diverse cultural and religious traditions is likely to be far more limited than in more racially diverse organisations or BME led organisations.

We raised the issue of future delivery of support services with the seven BME groups and leaders of some of the main voluntary sector support agencies. It was surprising that few were aware of the VCS Infrastructure review or the recommendations contained in the Cordis Bright report.

The groups made clear the nature of the support they prefer or require (culturally competent providers who have expertise and are affordable and available when needed).

They want support agency staff to have the following qualities:

1. Expertise and experience in areas of support offered.
2. Offer hands on support rather than training in how to do it you in important areas such as funding, finance, and quality assurance
3. Proven ability to work effectively with BME communities and good understanding of the needs of BME communities
4. Understanding of and respect for different cultures and religions.
5. Ability to speak a relevant community language in addition to English (where clients have little or no spoken English).
6. Willingness to work at times and venues that suit the group and not the support agency.

Some groups also require delivery of support from women only.

These qualities need to be included in any specification for future infrastructure support to the VCS in Manchester.

When asked the question whether it matters whether support is provided by white or BME-led organisation, the responses were varied but most BME individuals asked felt that BME led organisations tended to be more understanding of BME community needs than their white counterparts.

The following quotations are typical of the views expressed.

- "The white organisations do not understand the needs of BME communities".
- "A white person will not understand our needs unless they spend time with us".
- "...It doesn't matter but BME agencies tend to be more approachable. The key issue is the attitude of the leaders who set the example for others".

Some of the BME voluntary sector support agencies were sceptical of the ability of the white voluntary and community sector support agencies ability to deliver comprehensively to the BME VCS. However, few of these if any appear to be engaged in consultations with the BME VCS or the white support agencies about future BME VCS infrastructure support requirements.

The lack of joint working and effective leadership within the BME VCS on this issue is damaging to the interests of the BME VCS.

In the absence of consensus and collaboration amongst the key voluntary sector support agencies, MCCR should make representations to the Manchester City Council to ensure that any future voluntary sector support consortium is able to meet the BME VCO requirements highlighted above.

### **3.5.3 Capacity and Readiness of BME VCOs to Move from Grants to Contracts**

The BME Funding Investment Strategy <sup>20</sup> makes clear that "City Council departments and other public sector agencies, as service commissioners, will need to actively support the development of BME groups as service providers by providing clear information and advice on service plans and service quality requirements, to inform training needs for potential BME providers".

Given the realities of competing priorities for limited budgets and differing levels of engagement with the BME VCOs, some council service departments (and other commissioning agencies) are likely to require both central guidance and instruction to develop effective practices commissioning with BME VCOs.

Tension can exist between commissioners wanting to "bulk purchase" specified services from large established (invariably white) providers and the needs of diverse BME communities which require tailored service provision for each community and groups within it. Increasing the quality and availability of services for BME communities as a whole will require additional funding regardless of where this funding comes from.

At the time of writing this report, as far as we are aware, there is no plan in place to encourage or require service departments to increase commissioning from the BME VCS.

Exhortations alone do not change organisational practices. The VSPG section will need senior management support to encourage commissioning from departments. The challenge for the

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<sup>20</sup> Funding Investment Strategy for the Black and Minority Ethnic Voluntary Sectors, draft report, October 2003, Manchester City Council.

Council is to ensure that all the main BME communities are able to access high quality BME VCS support services when this is the best channel of delivery.

All the BME VCOs we interviewed are willing to consider moving away from grant aid to contracts, as long as they are able to continue to provide support to their communities and have a say in what needs to be commissioned.

The larger BME VCOs are experienced at managing multiple grants and contracts and even the smaller groups have some form of contractual relationships with the City Council, for example Neesa well Women's Drop-Inn Centre provides meals for elderly women under a small contract with the Children, Families and Social Care Department.

Few were aware of commissioning policies of council departments other than the one with which it had contractual relationships. Some cited the Primary Care Trusts as possible alternative funders but most were not aware of any specific grants or contracts that they were able to bid for.

The support that groups will need to deliver contracts or commissioned services are likely to include all services already identified in the Funding Investment Strategy:

1. Business planning
2. Staff/ trustee development
3. Financial Management/ systems
4. Quality assurance
5. Tendering and bid preparation and costing
6. Legal advice
7. Information and start-up support for newly established BME communities

The nature and level of support will vary according to complexity of the contract and the capabilities of the group. The VSPG section should try to ensure that contract requirements are consistent across departments, fit for purpose, kept as simple as possible.

We note that the Best Value Review Action plan recommended the establishment of a BME Funding Panel, within Agenda 2010 Framework, to develop strategy for support to BME voluntary groups from April 2004. As far as we are aware, this panel had not been established. MCCR should help to set this up and ensure that external representatives are

1. Represent all section of the BME community.
2. Are suitably experienced and qualified.
3. Accountable to the BME communities and BME VCS.

Such a panel may wish to look into:

- Developing a clearer understanding of the types of services for BME communities that are best provided by the BME VCS.
- Working with the council to encourage growth of the BME CVS as a whole, and
- "Kick starting" the establishment of new BME led VCOs to respond to unmet needs.

### **3.5.4 Inability of Voluntary Sector Infrastructure Support Agencies to Work Together**

The Cordis Bright draft report does raise the issues of weaknesses in the collective leadership of voluntary sector support agencies in Manchester and that the " Voluntary Sector Support Agency Network (VSSAN) is not functioning as effectively as it could" and that there is a sense that " support agencies are more interested in protecting their own territory than in working together".

It also highlights the need for more transparency in information sharing from VSSAN members and that this can only happen if "organisations trust each other sufficiently to share information that may be considered sensitive, and the signs are that this trust has not yet been built".

Our discussions with support agencies revealed lack of trust and partnership working between white voluntary sector support agencies and BME focused or BME led support agencies as well as lack of trust amongst BME voluntary sector support agencies.

It was evident that there was little progress in discussions between the Green Fish Partnership and Progress Trust and MCCR on the development of partnerships to put together a consortium for VCS infrastructure support in Manchester. Some of the BME agencies believed that a separate BME bid is needed to support and represent BME VCOs in Manchester.

This lack of trust and confidence amongst BME and the white voluntary sector support agencies does not inspire confidence in ability of these agencies to work together to deliver a partnership based consortium that will deliver to all section of the community.

Whilst the wider voluntary and community has seen funding increased in recent years, there are cuts in resources to the BME VCS in Manchester. MCCR has recently lost its CRE funding and is now largely dependent on the Manchester City Council. The Council for Ethnic Minority Voluntary Organisations (CEMVO) was making staff redundancies and there were questions about the future of the Progress Trust, the main BME focused infrastructure support deliver in Manchester.

This raises questions about the capacity of existing BME focused or BME led organisations to be effectively engaged in wider infrastructure developments. There is no independent BME led infrastructure support agency for the BME VCS. Without such an independent resource is it not clear how front-line or grass roots BME VCOs can be effectively represented or engaged in discussions on policy development or support needs.

The underlying causes of the tensions between the support agencies have to be resolved before progress can be made on developing any unified support service for all communities.

MCCR may wish to facilitate this process by providing the necessary independent leadership, support, and representation that the BME VCS so clearly lacks.

It is a good position to do so as:

- Its core work is concerned with community relations and race equality rather than capacity building, so there are few conflicts of interest.
- It is accountable to the wider BME communities through its membership and elected management committee.

### 3.5.5 Advocacy and Representation for the BME Voluntary and Community Sectors.

Manchester's BME VCS has a crucial role to play in the planning and delivery of BME community solutions to BME community needs. It needs to be supported, effectively resourced, and represented.

Just 2% of charitable trust and foundation grants go to BME VCS, which represent 9% of UK population and many of its poorest members.<sup>21</sup>

The Government's code on good practice on relations with BME voluntary and community organisations<sup>22</sup> states that "...many BME VCOs continue to be excluded from the traditional structures of the voluntary and community sector". This often results in exclusion from engagement with Government.

It recognises that in order for the Government and Sector to engage effectively, a number of key issues need to be addressed.

- Joint commitment to taking forward the race equality agenda as well as recognising the significant role played by the VCS in partnership with the Government and others towards achieving race equality.
- Improved quality and quantity of consultation and participation by the BME VCS in policy development, implementation and evaluation;
- Better support and resources to the BME VCS which reflects its role in addressing public services inequalities and allow it to operate, develop and contribute on an equal footing with other partners, particularly Government and the mainstream VCS; and
- Recognition of the specific contribution and needs of the BME sector, particularly at local level, and how this influences funding, capacity and sustainability.

The Government makes a number of undertakings to the BME VCS, including:

- Recognition and support for the independence of the BME sector and its right within law to challenge institutions, policy and practice, irrespective of any funding relationships that might exist, and to determine and manage its own affairs.
- Build, as appropriate, consultation with the BME VCS into policy development and implementation so that implications for BME communities and race equality are examined and considered.
- Ensure that BME VCOs have fair and equal access to funding.

The code also requires, amongst other things, that the publicly funded VCOs to:

- Aim to establish a responsive regional structure that is accountable to local groups and which will enable communications and consultations with them in order to provide BME perspectives on key regional and national issues.
- Inform and present community concerns to Government and other partners through accountable partnerships with local communities.

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<sup>21</sup> Third Sector Magazine, June 2003. Newsmaker: voice of the minority, Krishna Sarda, Chief Executive, Ethnic Minority Foundation.

<sup>22</sup> Black and Minority Ethnic Voluntary and Community Organisations: A Code of Good Practice. Home Office Active Community Unit Compact Working Group.

Despite these undertakings, it became clear during the course of this review that although there are a number of BME focused or BME led agencies support agencies operating at local (Progress Trust), regional (CEMVO and 1northwest) and national level (EMF-CEMVO), none appear to be locally accountable to the BME communities in Manchester.

A number of city-wide BME voluntary sector agencies and networks were represented on the City Councils' Partnership Steering Group that managed the development of the Funding Investment Strategy but none appear to have consulted the BME voluntary and Community Sector during the development of the strategy document.

Furthermore, none of the BME citywide groups appear to be playing a major role in helping the BME VCS to influence the commissioning of future infrastructure support services so that they meet the specific needs of the BME VCS.

The absence of effective representation and advocacy for the BME VCS may explain the reason why none of the major reviews covered in this report have considered the impact of proposed changes on the BME VCS or the BME communities they represent.

We agree with the Government with regard to participation and representation in policy development. It notes <sup>23</sup> that the "the cost of social policy interventions that fail BME communities is enormous, not only for public expenditure but also in terms of community confidence, cohesion and leadership". About BME representation the Code states that " Careful consideration should be given by the Government and the voluntary and community sector to the selection of individuals to act as representatives from BME communities...it is important that all relevant skills, experience and knowledge held by BME individuals are recognised and valued".

The BME VCS in Manchester needs effective champions to represent them on important issues such as funding and infrastructure support and policy development, effective consultations and negotiations. MCCR may wish to consider playing this role as it is not primarily an infrastructure support agency, and therefore has fewer potential conflicts of interests compared to other agencies. MCCR also has the advantage of being an established organisation with a membership and elected management committee.

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<sup>23</sup> Black and Minority Ethnic Voluntary and Community Organisations: A Code of Good Practice. Home Office Active Community Unit Compact Working Group

## 4 RECOMMENDATIONS

The report has highlighted the strengths and weaknesses of central government and Manchester City Council policies with respect to policy, funding, and investment in the BME VCS. It identified development and support needs of BME VCOs.

It also identified the need for better working relations between the voluntary sector support agencies, and, amongst BME-led or BME focused support agencies and suggested the public investments that are needed to develop, expand, or grow the BME CVS in Manchester.

This section lists the key recommendations arising from the findings and conclusion of this review.

### 4.1 Specific to Manchester

#### 4.1.1 Recommendations for Manchester Council for Community Relations

- 4.1.1.1 Publicise widely the findings of this review, especially to BME VCS in Manchester.
- 4.1.1.2 Work with Manchester City Council and the BME VCS to agree a long-term vision and investment strategy to develop, support, and sustain the BME VCS. This will require significant investments, clear and equitable partnerships, joined up work within local Manchester City Council and with other key partners.
- 4.1.1.3 Influence the commissioning process for Voluntary Sector Infrastructure support so that the needs of the BME VCS are met, paying particular regard to how services are delivered as well as what service are delivered.
- 4.1.1.4 Brings together all the key VSS agencies in Manchester to facilitate the development of trust and collaborative work on race -related work.
- 4.1.1.5 Champion the need of the BME VCS on behalf of BME communities in Manchester so that all BME communities are able to develop self-help and support to meet their specific needs.
- 4.1.1.6 Start a meaningful debate with BME VCS support agencies and networks to improve communication and trust between organisations and make representation and advocacy for the BME VCS a priority.
- 4.1.1.7 Influence the Government Office to ensure that Central Government funded BME VCOs can demonstrate accountability to and support from BME communities at a local level

## **4.1.2 Recommendations for Manchester City Council**

- 4.1.2.1 Manchester City Council should be requested to work with the BME V&CS to develop a detailed implementation plan for its BME Funding Investment Strategy.
- 4.1.2.2 It should monitor and review the impact of implementation of the Best Value Review, the Funding Investment Strategy and the VCS Infrastructure Review on BME communities and the BME VCS.
- 4.1.2.3 It should undertake a needs analysis of all the main BME groups in the city with the view of gathering baseline evidence on which to base future investment and service development strategies.
- 4.1.2.4 It should consider increasing the budget for central revenue funding of the BME VCS in the light of the growth of the BME population and the influx of new communities and the discrimination BME VCOs face in accessing charitable and trust funds.
- 4.1.2.5 That Manchester City Council review carefully the impact of adverse funding decisions on established and effective BME VCOs currently funded by central grants.
- 4.1.2.6 That Manchester City Council instructs service departments and persuades partner organisations to work with and not in competition against BME VCOs.
- 4.1.2.7 That Manchester City Council opens up its departmental commissioning processes to the BME VCS and publishes annual expenditure on the BME VCS. It should take a consistent approach to commissioning and ensure that bureaucracy is minimised and any unnecessary barriers are eliminated.
- 4.1.2.8 That Manchester City Council and strategic partners set challenging BME specific service priorities, which are measurable and time bound.
- 4.1.2.9 Ensure that the consortium that is commissioned to deliver infrastructure support can demonstrate capacity and competence to deliver to the BME voluntary and community sector.
- 4.1.2.10 Develop role of the VSPG section as internal advocates and champions for all excluded communities including BME communities

## **4.1.3 Recommendations for Government Office North West**

- 4.1.3.1 Ensure that funds for infrastructure support reach the BME VCS through accountable BME support agencies where is no local agreement for a single agency to provide such support.
- 4.1.3.2 Check the credentials of organisations and individuals that claim to represent the BME VCS with established organisations that have good governance processes.
- 4.1.3.3 Consider funding career development for managers, key workers, and representatives of BME VCS organisations. Turnover in key roles in BME VCOs is low. This suggests a lack of career development / opportunities for managers and other key senior staff.

## 4.2 Recommendations Applicable More Widely

- 4.2.1 Public authorities should provide core funding for local BME VCOs working with deprived BME communities in recognition of the fact the BME VCS has access to much less funding than the white VCS.
- 4.2.2 Public authorities should work with BME VCS to develop long term Investment strategies for the sector and the communities they work for. To this end, investments should be made in locally accountable BME-led development agencies.
- 4.2.3 Local authority departments and other public authorities, government departments and funding agencies, where appropriate, should be required to commission services from the local BME VCS.
- 4.2.4 There should be periodic analysis of local needs and barriers to access to public services based on ethnicity. This will help authorities to plan for services and enable BME VCOs to cite relevant evidence of needs in applications for funding.
- 4.2.5 BME VCO perceptions of service effectiveness of voluntary sector support agencies should be taken into account when awarding contracts to such agencies.
- 4.2.6 BME VCS wishes for separate infrastructure support provision should be respected if there is no local consensus for a single agency or consortium to deliver generic infrastructure support services.
- 4.2.7 Community strategies should set out the key issues facing local BME communities, the specific needs of these communities and the priority actions that will be taken to address these needs. It is not enough to refer to social inclusion, mainstreaming, and diversity, or intolerance towards racism.

## **Appendix 1: Participants**

### **Central Revenue Grant funded Organisation Audit Interviews**

1. Neesa Well Women Drop-In Project
2. Manchester Bangladeshi Women's Organisation.
3. Greater Manchester Bangladeshi Association
4. Broad African Representative Council (BARC)
5. Cheetham Al-Hilal Community Project
6. Indian Senior Citizens Centre
7. Wai Yin Chinese Women's Society

### **Other Participating Organisations (Interviews, workshops or conference attendance)**

#### **Central Revenue Grant Funded Organisations**

1. Manchester Refugee Support Network
2. Ahmed Iqbal Ullah Educational Trust

#### **Manchester City Council**

1. **Deputy Chief Executive**
2. Head of Performance
3. Assistant Director for Adult Services
4. Principal Manager, Children and Families
5. Senior Officers of VSPG

#### **Manchester Council for Community Relations**

Senior staff and members and Honorary Secretary

#### **Voluntary & Community Sector Support Agencies**

1. Community Network for Manchester
2. Council for Ethnic Minority Voluntary Organisations
3. Greater Manchester Council for Voluntary Organisations
4. Progress Trust
5. Manchester Race & Health Forum
6. Voluntary Action Manchester

#### **Other Organisations**

1. Gateway Publishing Charity
2. Social Enterprise Development Agency

## Appendix 2: MCCR Briefing Paper

# Manchester City Council Funding & Investment Strategy for the BME Voluntary & Community Sector

### Manchester City Council

Central revenue grants programme 2002/03. Total £4.6 million  
BME grant allocations £480,000, i.e. 10%.

### 2003 - Best Value Review for Voluntary Sector

Recommended move from Grant aid to:

1. Service commissioning
2. Investment led approach

2004 - "Mainstream" voluntary groups moved to service departments with £2.6 million transferred from Voluntary Sector Policy & Grants.

Separate strategy for BME groups/communities, i.e. not transferred to service departments with grants, but "**investment led approach**".

BME Funding Investment Strategy for the BME Voluntary & Community Sectors

Stage 1 - Basic principles:

1. Why BME groups should they be funded at all?
2. In what circumstances is funding needed to enable organisations to provide activity specifically to BME communities?

Stage 2 – Propose a framework of types of activity, which BME organisations might be engaged in.

Stage 3 – Propose priority areas for investment in terms of different types of activity.

1. New communities, i.e. refugees, asylum seekers, and migrant workers – encouraging community cohesion.
2. Tackling deprivation and exclusion, \* especially associated with race.
3. BME specific services \* "where public services must be compatible with the needs of every section of our society"
4. Employment - BME organisations providing a route into employment or business
5. BME community activity \* – improve quality of life for a particular BME community

\* Note: This does not include core funding to develop or manage these services.

Stage 4 – Identify the types of support that are needed:

1. To enable organisation to develop from one type to another:
  - Small community groups
  - Grant-aided groups
  - Commissioned or providing contracted services
  - Social enterprise groups
2. For the available City Council funding to follow the agreed priorities:
  - Commissioned and contracted BME groups for BME specific services.
  - Short term funding (grants?) for new communities.
  - Short term funding (grants?) for specific race related issues of deprivation and exclusion.

- Small grants for the development of community based BME self-help groups.
- Small grants for BME activities, projects, and events.
- Small grants for organisational development and change.

Manchester City Council approved this strategy in the summer of 2004.

Groups had to submit expression of interest forms by 27 August 2004. The only eligible areas of activity for funding are:

- Short term funding (grants?) for new communities.
- Short term funding (grants?) for specific race related issues of deprivation and exclusion. (A strategy group will decide applications meet this criteria)

Organisations already in receipt of VSP&G revenue funding will receive tapered funding from 1 April 2005, whether or not they apply for funding in 2005/06.

It was also possible for BME groups to apply under the new funding criteria for Community Associations. Copy available from VSP&G. The closing date for applications was 27 September 2004.

The approved strategy included the following commitments:

"The change needs to be carefully managed to enable BME groups to benefit from the new approach".

1. Two to three-year transitional funding period.
2. All BME groups must be supported to understand public sector funding and commissioning/contracting processes.
3. There must be comprehensive information available about City Council sources of funding.
4. There must be comprehensive information available about external sources of funding.
5. Groups will need to know where they currently fit in the funding strategy.
6. Groups moving into commissioning/contracting may need advice and training on service development and improvement, bidding for commissioned work and tendering for contracts.
7. Specialist advice will be needed for groups wishing to become social enterprises.
- 8. City Council Departments and other public sector agencies will need to actively support the development of BME groups as service providers.**
9. Successful implementation will also require the support and commitment of voluntary sector support agencies.

**Note: To address the loss of grants and services local fund managers will be encouraged to prioritise support for BME community groups.**

Note: The Funding Officer responsible for implementing the process has visited and explained the procedures to all of the groups currently in receipt of funding. VSP&G have also appointed two Capacity Building Officers to assist BME groups.

However, it is not clear who is supposed to provide the above services, i.e. VSP&G, voluntary sector support agencies, BME support agencies, etc. or whether this is included or separate from the forthcoming VSP&G commissioning of support services. **It is important that we clarify how the commitments are to be implemented:**

VSP&G have also identified the following infrastructure support issues.

Infrastructure Support:

1. Refugees and asylum seekers are not able to access infrastructure support.
2. **Groups will have to achieve quality standards**
3. **Groups will need support in business planning, staff/trustee development, and financial management/systems and enhance service delivery.**
4. It is imperative that that these issues are comprehensively covered by the Voluntary Sector Infrastructure Review being undertaken by CN4M.

**Expressions of interest:**

Three BME groups (Greater Manchester Bangladesh Association, Indian Senior Citizens and North Manchester Vietnamese) have had their applications rejected at the expression of interest stage because "your proposal is outside the identified priorities". The letter also states that the capacity officers "will be able to advise you on possible sources of funding".

There is no visible link to the list of commitments identified as necessary to make the funding and investment strategy work and statement **"The change needs to be carefully managed to enable BME groups to benefit from the new approach"**.

## **Appendix 3: MCCR Briefing Paper: BME Voluntary & Community Sector Infrastructure Support**

### **1. Regional:**

#### **GONW:**

Channels government funds for regional and local infrastructure support and development initiatives and approves ERDF capacity building programmes. Also developing new Voluntary and Community Sector Infrastructure Development & Exemplar projects at local, regional and sub-regional level as part of the "Change Up" programme of which MCCR's current project is financed by their Early Spend Fund. Other funded initiatives and programmes include:

#### **NW RDA:**

Has £1million pound allocation for capacity building social enterprises via Sustainability Grant Fund. Believe this comes out in £10k grants to organisations for enterprise management consultancy. Administered by Bolton Business Ventures.

#### **1northwest:**

Funded by Home Office Active Communities Unit. Regional BME voluntary and community sector network organisation. Has existed for 2 years, but to date little contact between them and BME groups in Manchester.

#### **Forward North West:**

Originally, a BME NW regional network organisation, but has not been noticeably active lately, probably due to loss of funding and internal issues?

#### **CEMVO/Ethnic Minority Foundation:**

Regional office of national organisation. Currently subject to cutbacks and National Audit Office, review. Manchester and Leeds office recently merged in Manchester and nationally 18 capacity building officers made redundant. If they had not purchased EMF House it is probably unlikely that they would have a presence in Manchester.

- ERDF – Purchased Ethnic Minority Foundation House, 12 Charlotte Street, M1 4HP, as a capacity building centre for BME social enterprises. Providing incubation facilities and services to groups?
- ERDF – 3 Regional Capacity Building Officers (1 seconded to the Progress Trust for Manchester area?)

### **2. Local:**

#### **Manchester City Council:**

ERDF – 750k per annum from People and Communities budget. We do not know how this is allocated, but it may include a grant towards the purchase of CEMVO's premises, 'Cash' grants to small groups and VSP&G Capacity Building Officers.

VSP&G Services - Support to 77 voluntary groups. This includes capacity building to BME groups, particularly those who lose their funding. State that the service is generic, but it is unlikely to provide necessary expertise, time allocations, and specialist knowledge to be effective in a demanding and competitive environment.

Regeneration Group has taken over responsibility from MSEF (Manchester Social Enterprise Forum?) for developing a social enterprise delivery programme based on identifying key markets and developing capacity. This is a joint NRF and ERDF project sponsored by the Employment and Enterprise NRF Theme group?

VSP&G Voluntary Sector Infrastructure Support Services tendered in October 2004. The tender will probably be generic and based on core services. It will not ask support agencies to deliver the support needs "commitments" identified in the BME Strategy, therefore, there needs to be a new specific capacity building programme to deliver the "commitments" in the BME Strategy. Probable outcome of tender.

VAM + CA + CTAC = Green Fish Consortium?  
+ (-)  
BME specific V&C sector infrastructure organisations?

**The Progress Trust Co. Ltd:**

Seven year BME SRB regeneration initiative established by Manchester City Council with Manchester Enterprises with the support of MCCR, LSCGM (all still board members). SRB programme has now ended. Considering transferring to Manchester Enterprises, as their core funding has expired.

Received £260,254 from Community Fund for BME voluntary sector development, now expired. Understand that further 3 year funding bid has been approved. Their Director is a member of Community Fund NW Regional Committee.

BME Focus (BME network group funded by GONW) – consulted on and approved BME funding investment strategy?

**MCCR (Manchester Council for Community Relations):**

Represents views, provides information, facilitates networks and liaises with "partners" regarding racial equality and community cohesion. Not currently funded to provide capacity building services, but provides project management and fundraising services to major BME projects/organisations based on strategic importance and need.

Ran ERDF citywide BME capacity building project for 2 years providing headline research and information, business planning and fundraising programmes based on management consultants attached to number of individual key BME organisations.

Currently undertaking GONW project to look at the impact and needs of groups because of BME funding and investment strategy.

**Third Sector Network:**

This is a new(ish) sizable social enterprise support infrastructure organisation which is part of Manchester Enterprises. Based in Manchester but works over larger area. Wants to work with BME sector.

**Cordis Bright Ltd:**

London based consultancy funded by Manchester City Council and CN&M to undertake research into Voluntary and Community Sector infrastructure needs. Only 4% of groups claimed to be social enterprises.

Has not addressed specific needs of BME organisations in relation to BME funding and investment strategy. Their interim report identified assistance with funding as the main support need of groups in Manchester.