

Funding to the Third Sector in the South West



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Introduction

The BSWN carried out a survey in July 2008 into the current pattern of funding support among regional BME Third Sector organisations, in order to determine the general patterns of funding and specifically to assess what impact, if any, the loss of funding streams, the use of the commissioning process and the draft cohesion guidance, might be having on the level of funding support for the BME sector.

This information and the survey were sought in response to a request from GOSW, for a quick review of evidence that assesses the funding crisis within the Third Sector."

Methodology & Survey

This brief assessment of the situation was carried out by means of a simple questionnaire and is designed only to give a snapshot of the overall funding situation within the Sector specifically within the BME-led organisations. The survey was composed of three basic multiple-answer type questions, with space provided for additional details and qualitative responses related to each answer. The survey was sent out to network member organisations as a postal survey.

Survey Questions:

1. Have you experienced any funding cuts this year? (If yes, please provide details; how much, from which source?)
2. If you have lost funding, do you anticipate being able to replace this from elsewhere? (If yes, please provide details.)
3. Do you anticipate losing more funding this year? (If yes, please provide details about how much and from which sources.)

The response represents 5% of the regional network membership; this represents a reasonable sample above the market standard of 2%.

Respondents to the survey:

- Ability Sports Association
- ALFFFA (Akbayan League of Filipinos, Friends and Families)
- Angela Victor
- Asian Woman and Friends
- Avon Indian Council
- Awaz Utaoh
- Barton Hill Settlement
- Bath & NES R.E.C.
- BREAD Youth Project
- Grassroots Newspaper (local paper)
- Malcolm X Elders Forum
- Nilaari
- Peaches Golding Marketing & Communications
- PINAS (Phillippine International Neighbourhood ASSN in Somerset)
- Refugee Action
- Race Equality Human Rights Service
- SEB SOB
- CEED

A random sample was generated from the responses voluntarily submitted. The sample of the sector is completely random in that there was no way in pre-determining which responses would be forthcoming and no way of predicting the composition of the sample drawn from the sector.

The concise aim of the survey was to provide a snapshot of the current short-term funding pattern and to delineate the longer-term implications for the BME-led Third Sector. 18 respondents returned their survey forms and of these we were able to generate a sample statistical overview.

The salient features of the responses to the survey were that:

- **55.6%** reported cuts in funding this year
- **86.7%** of those that lost funding do not anticipate being able to replace those sources within the year
- **66.7%** of all respondents anticipated losing more funding during the course of the year.

The **55.6%** that reported losses in funding represents a significant blow to the fragile BME Third Sector, and illustrates the devastating impact of one size fits all policy shifts, particularly on small marginal organisations working with deprivation and disadvantage, struggling to meet the needs of their community.

ISSUES AFFECTING FUNDING:

Commission-based funding

From the responses it was clear that the shift from grants-based investment to commissioning and contracts is having an impact. Several organisations reported a decline in Local Authority funding. There is a good deal of uncertainty and apprehension about community services, the likely impact of the commissioning process and the possible consequences of the cohesion funding guidelines, as well as the future levels of support for organisations described as ‘single-issue based’. Groups already have been told that this guidance helped to “negatively” define their funding going forward.

End of Regeneration Funding for Bristol

Some large and substantive organisations reported significant losses in funding that threaten their entire existence, leading to the loss of key staff, these organisations have been reduced to a skeletal staffing structure. The end of regeneration funding through the European Social Funding and Single Regeneration Budget has also meant a loss of revenue to local organisations, one respondent estimate that the area of St Paul’s for example has lost more than £1 million in revenue used to support employment skills and training opportunities.

Some large to medium sized organisations reported that they did not anticipate being able to replace lost funding sources, because they still find the commissioning process itself ‘opaque’ and advice and support in this area is rare if existent.

1. Have you experienced any funding cuts this year?

Answer	Percentage	Number
Yes:	55.6%	10
No:	44.4%	8

2. Do you anticipate being able to replace this funding from anywhere else?

Yes:	13.3%	2
No:	86.7%	13

3. Do you anticipate losing more funding this year?

Yes:	33.3%	6
No:	66.7%	12

Conclusion

The extent to which we can extrapolate these preliminary findings based on the random sample to analyse is questionable. We are with this survey able to discern within the sample of respondents that

there are clear patterns, specifically with regard to the level of funding support for BME-led organisations.

As all the respondents were invariably Third Sector organisations, the results can be seen as an accurate reflection of the current position, the general pattern documented through the assessment, shows clearly that:

The majority of BME organisations that responded have experienced a reduction in the level of funding, affecting the viability of their operations, the quality of services and the future of their organisations. Of these, many are, without exaggeration, in peril due to the already tight financial constraints they operate within. As one respondent noted the loss of funding has resulted in a total lack of finances, to operate, or provide services, or even to attend relevant community meetings.

It is worth noting that from several quarters there is general apprehension about the impact of commissioning and contracts on the sustainability and viability of the sector.

This was particularly relevant for smaller organisations that have less resilience to fluctuations in funding patterns and who are working from a position of economic and social deprivation, thus being subject to greater uncertainty. It is also clear that some of the well-established larger organisations are feeling the brunt of the reduced funding support and are having to scale back operations and look for commercially viable options to continue operations and services. This occurs in a climate of reduced economic activity, which is likely to first impact on the most marginalized communities, potentially undoing any positive effects of NR or the SRB programs.

What appears as a trend of funding reduction impacting on BME Third Sector organisations is documented by most of the organisations that responded to the survey and may be due to a number of predictable processes, such as the CSR (comprehensive spending review) the foreseeable end of contracts, grants or loans. Though predictable in many ways, recent changes in the economic climate and the impact of these changes, on the sustainability of the sector is reflected or anticipated in these funding and policy decisions, nor was there an apparent filtering of pertinent issues of persistent deprivation when we look at the impact of the broad thrust of decision making in this area.

The loss of the European Social Fund and Social Regeneration Budget as a source for regeneration also meant that many service organisations whose very *raison d'être* centre on the local regeneration programme, are now in dire straits as regeneration funding has ended, calling into question the sustainability of several organisations that were principally involved in local regeneration activities. There have been significant staff losses, downscaling of operations for some organisations that previously led regeneration activities locally.

These shifts in the policy-framework in relation to the cohesion guidance, and the new commissioning paradigm under the general funding regime, are clearly affecting the level of support to the sector. In line with the rationale of the cohesion funding guidance of declining support to 'single-issue' based organisations, we are effectively witnessing a new marginalisation and discrimination, meaning that if this policy direction is followed through, it will undoubtedly lead to the demise of a number of significant organisations in the process, particularly BME led organisations.

These summary findings point to a general pattern of under-funding and under-prioritisation of BME organisational interests within the sector and provides some support for the view that there is a conscious reduction of funding in the third sector through a 'sifting process' and that this will impact negatively on specialist organisations. It is worth noting that currently the 'single-issue' guidance is not yet formal policy, it is still out for consultation. There is concern and some evidence that some funding decisions are being influenced by cohesion funding guidelines proposals. There is a perception that the new cohesion guidelines amount to a targeted reduction of support to the services aimed at and led by BME communities and that irrespective of the intention there is a *de facto* 'sifting out' of those

organisations that fall within the theme of “single” strand organisations.

It is clear that the commissioning process, as a means of supporting Third Sector agencies, requires additional investment in advice and organisational development opportunities that support the sector’s capability to come to terms with this new process, including its legislative and procedural requirements. This support would strengthen the sector’s ability to participate and contribute to positive social outcomes, identified in a range of current policies, including new LAA. The evidence already generated and summarised in this report starkly points to the likely and disproportionate impact on marginal and BME groups of the proposed changes to the funding process. This conclusion and necessary consequences should therefore not come as a surprise to policy makers, when on the one hand we aspire to achieve inclusion and cohesion while with the other we reduce the ability of organisations to achieve inclusion and participation by withdrawing their capacity and resources.