



Stories of Resilience: BME third sector organisations finding solutions to the **Recession**

Case Studies

The challenges of the recession have brought about a strengthened resilience in the Black and Minority Ethnic (BME) third sector.

Voice4Change England presents solutions that BME third sector organisations have found to stand firm against the challenges of the recession. The stories also highlight the value of BME organisations and groups in meeting growing local needs and building civil society through volunteering and in many different ways.



Voice4Change England • A national voice for the Black and Minority Ethnic third sector



Foreword

The impact of the recession on the third sector is well documented. The findings of several regional and national studies have consistently reported the increase in demand in services from certain sections of the voluntary sector. This has been particularly significant for organisations providing advice services such as debt advice, employment support services, mental health support and support in domestic violence. Groups serving Black and Minority Ethnic (BME) communities and equalities groups have experienced an increased marginalisation of their service users. Higher levels of poverty due to rise in unemployment and cost of living increases have particularly impacted on young and older people, refugee and migrant communities.

Whilst demand for services has increased, the BME third sector has experienced a net fall in overall income due to reduced grants and donations and lower investment income. Smaller organisations who provide a more direct service to local, often hard to reach communities, have found that their lower profile and internal capacity has worked against them when trying to win contracts and commissioned work. The historic under-funding of BME organisations and a policy shift away from equality to cohesion has left groups struggling with a multiplied impact from the recession. (A list of relevant readings and websites can be found at the end of this publication).

However, the challenges of the recession have brought about a strengthened resilience in the sector. New initiatives have mushroomed in response to the new climate, emerging needs and opportunities.

Faced with a shrinking budget, BME organisations are even more prudent in the use of their limited resources; improving efficiency, reducing waste, re-structuring staffing, and increasing their engagement of volunteers. The recession has brought

into the market place a number of skilled and talented volunteers willing to provide a committed and substantial volunteer input into third sector organisations. Organisations have also formed consortia and partnerships to spread risks and resources and to benefit from economies of scale. There is also a trend for community led initiatives, a greater focus on re-cycling and drawing income streams from trading in existing and new markets.

Whilst several reports have been produced to capture the adverse impact of the recession on BME third sector organisations, 'Stories of Resilience' looks at the solutions that BME third sector organisations have found to help minimise this adverse impact and survive.

The four case studies are:

- **Naz Project London** has defied the recession by engaging more volunteers, by building on high quality research, maintaining an eye on the external environment in which they operate and responding to changes.
- **BANG Edutainment** 'strives to succeed' and sees the recession as a great learning opportunity which will strengthen the organisation's resilience to withstand future adverse situations. BANG has entered into partnerships with other providers so that it can continue to meet the demand for services from its beneficiaries.
- **Co-operative Community Action (CCA)** have changed their fundraising strategy. Whereas in the past they applied for larger funding, they are now not averse to applying for smaller pots of money and to work in partnership with other organisations.

- **MENTER** is preparing for the future by conducting an options analysis. The organisation is investing in future strategic planning with a reflection on organisation's priorities.

The stories of resilience provide positive examples of BME third sector organisations overcoming the challenges of historic under-funding, discrimination, institutional racism, further exacerbated by the recession.

In presenting these case studies, Voice4Change England hopes to give confidence to BME third sector organisations to be inspired and find solutions to ensure they continue to play their part in bringing positive social change for diverse communities in Britain. We hope readers are encouraged by the stories and value the honesty with which they are shared.



*Vandna Gohil, Director
Voice4Change England
October, 2009*

Case study 1:

Naz Project London (NPL)

An interview with the Chief Executive, Bryan Teixeira, explores how NPL is responding to the challenges of the recession and what opportunities they see for the future.



About Naz Project London

Naz Project London (NPL) was established 18 years ago as a charity. Over the years it has grown to become a successful pan-London provider of sexual health and HIV prevention and support services for targeted BME communities.

NPL has created bespoke specialist services to respond to the unique needs of different groups and

communities, focusing on families, men, women, young people, homeless people and refugees, and new migrants. Currently, it provides sexual health and HIV/AIDS prevention and support services to South Asians, Muslims from the Middle East and Africa, Horn of Africans, African Caribbeans, and Portuguese and Spanish speakers. NPL also provides leadership training, signposting, research, a wide range of free resources, and training and consultancy to health care practitioners.

In the last 18 months NPL has **expanded its services** and launched new products and services. For example, in early 2008 it launched the EHSAAAS group for young South Asian and Middle Eastern men who have sex with men (MSM). Through workshops and discussions young people build their friendships, improve self esteem and become

NPL has defied the recession in the last 18 months by increasing its turnover, expanding existing services, launching new products and services and moving to newly refurbished premises. The organisation has grown its services organically by building on high quality research, keeping a close ear on the ground and an eye on the external environment in which it operates. Whilst it is able to recession- proof the organisation through introducing strategies and actions that will bring about a more prudent use of resources, NPL is cautious about its future. The key to its future survival will be to remain true to its mission.

more assertive. In April 08, NPL launched a pilot counselling service for BME individuals, targeting mainly younger people and people living with HIV.

- May 2008 saw the establishment of the Monya Project offering prevention services for African MSM. In July 2008, NPL launched the Catalyst project which was a new education programme that focuses on improving and assisting in the sexual health and personal development of MSM aged 18-30 in the Greater London area.
- July 2008 saw the launch of NPL's first leadership training course for people with HIV. By September 08 NPL launched Portu-Gays, a peer support group for Portuguese speakers. As well as launching new services, NPL expanded its care and support services providing a linguistically and culturally accessible and responsive service.
- In March 2009, NPL with Joseph Rowntree Foundation and the Carnegie Trust developed a research project to look at the unique health and care needs of BME people living with HIV and the impact of non-medical BME social care initiatives in the community.

The organisation's turnover has increased from £674,000 in 2008 to £890,000 in 2009 and is predicted to reach just over £900,000 in 2010. This growth has largely been attributed to the organisation receiving significant contracts both for itself as well as the partnerships it leads. For example, in October 2008 it was the lead for outreach services of the Safer Partnership, bringing together 5 delivery agents to provide better HIV prevention outreach services for Africans in Lambeth, Southwark and Lewisham.

Challenges of Recession

The greatest challenge for the organisation at present is to retain a steady flow of income. NPL has found that in times of the recession, funders are more risk averse and are shying away from funding innovation and new work. Despite several applications to Trusts

and Foundations, the organisation has received limited success. The organisation does have some assurance of funding from Primary Care Trusts (PCTs) for 2010/11. **NPL predicts the impact of the recession may hit the organisation next year more than it did in the previous 18 months.** This is because some of its primary funders, which are PCTs are still trying to pull their house together and it is unclear how the recession will impact them.

Another challenge for the group is to juggle the uncertainty of the recession with the uncertainty of a potential change in Government. NPL is planning for this change through careful analysis of the health and social care policies and the role of the third sector within this. NPL has noted a heavier emphasis on the medical aspects of health care in proposed new policies. The potential shift of the third sector as a philanthropic provider rather than a provider of public sector commissioned services has been registered. And whilst philanthropic grants may be less bureaucratic, there is a fear that the pot available for the third sector may be smaller. The third sector has spent years positioning itself for large contracts which may not materialise under a new Government. NPL welcomes a business model that accepts that third sector organisations need to not only cover costs but also be able to generate a surplus if they are to be sustainable.

Solutions to Recession

Whilst the organisation continues to do well, it has taken a prudent approach towards its future. For the first time in years, the organisation is likely to make redundancies. As project funding comes to

With sixty volunteers engaged in supporting the organisation in its delivery of services, volunteers play a critical role in the organisation. Every programme has embedded the use of volunteers as an intrinsic part of how the services are delivered.

“You can never meet growing needs simply by expanding staff”

Bryan Teixeira, CEO NPL ”

an end and the organisation is unable to secure new funding to keep the people in post, some hard decisions will need to be made on the termination of those positions. This situation is unusual for the organisation, as, in the past it has always been successful in securing continuation funding for its projects.

Whilst cutbacks are anticipated with staffing, its position with volunteers is very healthy. Moving to new premises has enabled the organisation to accommodate more people. Bryan maintains “that you can never meet growing needs simply by expanding staff”. As the organisation delivers its services to vulnerable groups, such as homeless, refugees and new migrants, who are already operating at the margins of society, the recession has further impoverished them, creating a greater need for services. **With sixty volunteers engaged in supporting the organisation in its delivery of services, volunteers play a critical role in the organisation. As such every programme has embedded the use of volunteers as an intrinsic part of how the services are delivered.**

Recession proofing – planning ahead!

The recession has enabled the organisation to rethink how the organisation is run. NPL is considering making its business leaner by shrinking its management and administration. However, it is aware of the danger this may bring as Bryan explains “if you weaken the skeleton too much it will not be able to carry much meat”. It may indeed be time to re-look at the skeleton but with a caution as there is a constant need to build the infrastructure of the organisation.

The organisation is also looking at the possibility of **re-structuring its services**. This may involve looking at a reduction in the number of managers so that one manager manages across programmes rather than each programme having a dedicated manager. Any such decision will need to be guided

by an assessment of when to stop the rationalisation and what would be the triggers for this as it may jeopardise the efficient functioning of the organisation.

Bryan explains that throughout this period of uncertainty and future planning there is a need to ensure that

the relationships with the staff, partners, funders and the Governing Board is kept positive and current. The organisation needs to diversify funding and explore building relationships with funders who are willing to invest in them over a longer term.

The organisation is planning to **absorb the impact of recession**. A strategy has been put in place to look at what costs would be reduced if there was a 5% or 10% reduction in income. This involves a review of the funds available to the organisation, in particular those funds where there is discretion on how they are used. The strategy also considers all the areas where cutbacks can be made including staff training, travel, production of new materials and overhead and running costs such as telephone costs. Savings to staffing costs through a **pay freeze and awarding a bonus** rather than an increment, a re-structuring so that there **are less management positions** and managers managing across programmes are also part of the strategy.

Bryan explains that NPL would re-look at the services it provides and “will only offer those services that are mission critical without which the organisation would lose its purpose”.

NPL is also looking at **collaborations and building up relationships** with some of the “big boys” in the sector such as hospitals. The size and profile of the organisation means that the hospitals

NPL would re-look at the services it provides and “will only offer those services that are mission critical; without which the organisation would lose its purpose”.
Bryan Teixeira, CEO NPL

are increasingly comfortable working with them. NPL would also consider hosting a wide range of services rather than being a direct provider. In this way, clients still receive a service but NPL is not responsible for paying for them all. For example NPL's staff are already collaborating with Chelsea & Westminster Hospital for delivery at NPL of various hospital-led sexual health screening and testing services. NPL staff build their competence by learning from such clinical providers. In the future when this

capacity is built, NPL will be in a better position to be able to offer this service themselves rather than relying on other providers.

Further information about the work of Naz Project London can be found at www.naz.org.uk.

Case study 2:

BANG Edutainment

An interview with the Chief Executive, Jennifer Ogole, explores how BANG Edutainment is responding to the challenges of the recession and what opportunities they see for the future.



About BANG Edutainment

BANG is a charitable company established in 2001. BANG works primarily with young people, prioritising disaffected young people, focussing on ways of unlocking their potential and channelling their talents into creative industries. It does this by engaging young people on its FM Radio Station and

BANG Edutainment is not ready to 'quit' and sees the recession as a great learning opportunity which will strengthen the organisation's resilience to withstand future adverse situations. BANG is using the recession as a time for consolidation and preparation for future growth.

by delivering related accredited training.

BANG is the only UK charity that runs a youth focused radio station which is specifically addressing issues of youth exclusion. It provides young people and unsigned talent with a voice through the broadcasting of urban music and commentary. BANG's work on creating social change and the impact it has had on young people has been recognised.

- In 2008 BANG won the Radio-Academy Award for the best local radio station in London and was awarded 4 out of the 5 Gold Youth Arts Awards in London.
- In 2009 it was chosen as the charity of the year by the Mayor of Brent.

Working in an area which falls within UK's top 10% for deprivation (Harlesden, Northwest London) facing the highest rate of youth unemployment, low rates of educational achievement, low rates of literacy and

numeracy and challenging home lives, its services are in high demand. BANG's training centre is the only youth provision offering people recognised accreditation for learning and development opportunities in media and music in the local area.

Challenges of Recession

Up to two years ago, BANG had seen a steady growth in turnover from £360,000 in 2007 to over £500,000 in 2008 and had employed 9 staff. Last year, the organisation was faced with a reduction in its turnover to £400k and had to shrink its staff to 5 and also re-look at what services it could make available. The competition for funding has been a factor in this. In addition, the organisation had a £100,000 contract shrunk by half with 2 months notice.

The reduction in income has not impacted on the number of volunteers engaged. **The organisation engages 100 volunteers in supporting the organisation's service delivery, 60 of these are volunteer radio presenters.** Volunteers also acquire skills in media and admin as well as other core skills.

Solutions to Recession

BANG has continued to see demand for its services go up. As the organisation is primarily focused on skill development, the recession has increased the number of people that want to re-train or improve their skills. **Faced with higher demand but lower resources, the organisation has entered into partnerships with other providers so that it can continue to meet the demand for services from its beneficiaries.**

One such partner is Bigga Fish, an organisation providing education to 13-18 year olds, positively developing young people through music and music-related activity.

In addition, BANG is also looking at **cost reductions**. One of the first budgets to be affected is its marketing costs. It is also negotiating with the local authority to reduce its rent. Additionally, the

organisation is consolidating roles of staff, looking at a potential salary reduction and considering a change in how staff are engaged, with a possibility of offering **associate or free-lance opportunities**

rather than employing people through pay-roll. When asked what would be the key to this success, Jennifer offers the following tips:

- Watch your reserves- having a safety net is essential,
- Be positive – look at what you can learn from the recession,
- Make the most of your money by making your organisation leaner and SMARTER,
- Diversify your income streams, and
- Manage your finances and associated risks

Jennifer believes that there is some level of planning that is required to ensure that the organisation weathers the impact of the recession; but at the same time there needs to be some spontaneity in response to situations as they arise. **"It is the ability to work flexibly that is key in managing a difficult situation."** The recession has given BANG the opportunity to **re-model the organisation** and really think why they exist, creating a **more cost-efficient business**.

Recession proofing – planning ahead!

Jennifer wants BANG to be positioned as a leading provider in the sector of youth development and community radio in the future. This will require consolidation of what they are doing. **BANG see the diversification of their income as key to their sustainability and growth. The organisation wants to be in a situation**

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“You need to believe that the recession is not going to take you out. If you come through the recession then you will come through much more difficult situations and succeed”

Jennifer Ogole, CEO BANG Edutainment

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where it is less dependent on grant income.

They have already started this process, however, they have some way to go to change the mind set of their peers and commissioners. The organisation needs to be able to present its products as offering value for money to commissioners. *“The key to winning contracts is how you put across your services. The main components in this are: how you price your products so that they offer value for money, how you demonstrate that these products are required and needed by the commissioners in order for them to meet their outputs and requirements and finally why BANG is best placed to deliver these services.”*

BANG has started the process of redefining their products by introducing structured learning activities. They have **registered with accreditation bodies** to offer recognised qualifications. This has enabled them to win contracts through the Learning and Skills Council and mainstream their services. BANG has plans to make direct approaches to public sector commissioning bodies. They are also planning to **attract private sponsors** by engaging with local employer networks to mobilise private sector champions for their business.

The radio station offers a vehicle through which to **generate revenue from advertising**.

Jennifer takes a cautious approach to this as she wants to be confident that this enterprising approach is for social gain as she says “we need to know how can we sell products without compromising our community/social ethos”. BANG also wish to use new technology to shift the business so that they can serve on a multitude of platforms.

BANG has already made in-roads into businesses, outsourced advertising functions and are using a consultant to develop their business plan. They are working on a short time scale to penetrate new markets for advertising revenue and increase income from this source. With Jennifer leading this initiative, the organisation stands a good chance of success as her key message is one of hope and determination.

“Live with hope and strive to succeed. I am not ready to quit, why should I?”
Jennifer Ogole, CEO, BANG”

Further information about the work of BANG Edutainment can be found at www.bang-ed.com.

Case study 3:

Co-operative Community Action (CCA)

Through this case study we learn how CCA has become an award winning BME social Enterprise in Nottingham for the third year running, introducing new needs led services for its service users demonstrating their knowledge of market trends even in this time of the recession.



About CCA

Co-operative Community Action Ltd (CCA) was established in 2000 as a social enterprise. It believes in the active involvement of stakeholders in how it runs

and delivers its services. The organisation’s services have grown organically, driven by the passion of its founder Marva Daley-Lewis. CCA learned early on from its service users that it can provide nothing short of holistic quality services, as service users were hesitant to be signposted to mainstream statutory service providers.

Co-operative Community Action (CCA) is a client centred organisation that “chooses to care” by listening, responding and acting on service users’ needs. CCA’s leadership believes that having “hope is a big thing in life, if you start thinking negatively you will lose focus. Sustaining hope in an adverse situation is critical to your success” Steven Caswell, Manager CCA.

CCA believes that people’s needs are so inter-related that it is difficult to compartmentalise them. Often service users approach the organisation with one issue, but through careful consideration of their situation, CCA helps them with other problems that follow. For example, when dealing with refugee clients, you must first start by listening, then communicating that understanding, then provide the environment to build trust and confidence, support them with advice on housing issues, welfare, finding schools for their children, counselling, dealing with mental health issues, health, employment, training and ESOL. All this is in addition to their problem as a refugee.

CCA works primarily with the hard to reach individuals and their families, a significant proportion of whom are from ethnic minority communities, including refugees and asylum seeker families. CCA presently works with service users from over 50 different countries, and their services are increasingly taken up by new migrants from Eastern European countries. **Over 6,000 people visited CCA centres in 2008 and this number continues to grow due to quality and range of services they deliver as well as due to the impact of the current economic situation on their service users.**

CCA believes that staff is the driving force of the organisation and ultimately the success of the organisation. They believe that with trained capable

confident members of staff they can continue supporting their clients and delivering their range of services. Services include; training/development, employability skills, mental health support, housing, health, home care, interpreting/translation, counselling health and business support. These services are delivered through outreach, drop-in, one to one, group forums and events.

In 2008 CCA launched the Healthy Minority Communities Project which is supported by the Big Lottery Fund, and provides advice and guidance on health issues and counselling services to minority communities. This service has helped more than 1,000 clients over 15 months.

2008 also saw the establishment of two new projects:

- **Refugee Futures**, providing housing support to refugees and their families and
- **Getting Through**, providing a free confidential service to people with mental health difficulties to live independently in the community.

CCA has established three trading arms to meet their costs and generate a small surplus which is ploughed back into the business. Inter-Trans Exchange provides a translation and interpreting service; Star Business Centre provides business support, printing, copying and design services and Gateway Homecare provides homecare services.

Providing high quality, award winning services

CCA strives to provide the best service to its clients therefore quality standards are a fundamental part of its service provision. **Having achieved six recognised quality marks such as**

“It is expensive and time consuming to train and develop your staff, but the rewards at the end is worth it.”
Steven Caswell, Manager CCA ”

PQASSO, MATRIX, ISO 9001, Investor In People, ISO14001, CCA's message to other BME organisations is that *"it is expensive and time consuming to train and develop your staff, but the rewards at the end is worth it."* It is certainly worth it for CCA as their high quality service has won them several awards over the years.

- In 2007 CCA was awarded Social Enterprise of the Year by First Enterprise Business Agency.
- In 2008 it won the award for the Most Positive Contribution to Nottingham sponsored by Nottingham City Council.
- In 2009 it won the Business of the Year award for the 2009 Ethnic Minority Business Awards. The judges commended them by saying, "when it comes to a business that is run to the highest standards, that performs in the best interests of its customers and has plans for growth and success in the future there could only be one winner."

Challenges of Recession

Despite recent successes, CCA has not been untouched by the challenges of the recession. **CCA states that the organisation has taken a hit in income as the Government changed its commissioning criteria for employment support contracts which in effect wiped out of the competition many small providers.** With contracts awarded to prime providers, the bigger players were able to step in.

In 2008 CCA saw a dip in the organisation's income. This had an impact on staffing, with the loss of four positions, reducing staff from 23 to 19. The staffing for employment support had gone down to one advisor and this impacted on the amount of 1 to 1 support that could be provided to clients. However, the organisation is adamant not to lose its core staff and have strived to retain them. Staffing levels have nevertheless fluctuated according to the bids that the organisation wins. **The organisation**

complements its services through the engagement of volunteers. Student Social Workers and Counselling Students are drawn from four major universities and undertake **100 days of placements** at the organisation.

Whilst this provides the students their required practice placement for their qualification, the organisation gains from the support they provide to clients as well as carrying out other essential tasks. CCA also engages volunteers from the community, for whom they provide continuous personal and professional development support.

Solutions to Recession

The organisation has stepped up a gear in tackling the situation head on. All the staff have pulled together, putting a lot more time and effort to continue to meet their service users' needs. The organisation has also changed their fundraising strategy. Whereas in the past they applied for larger funding, they are **now not averse to applying for smaller pots of money and to work in partnership with other organisations.** They have recently been awarded funding through the Transformational Fund of £70,000 for informal learning projects to support BME communities, as well as apply for contracts and create consortia with other groups. As the organisation has a good working relationship with Natwest Bank it is able to **take larger overdrafts** to meet current liabilities. CCA is continuously in negotiation with contract providers to create and run new programmes.

CCA's Management's key message is that what we are going through is a rocky ride *"there will be times when we go up and down but it is important to sustain hope in adverse situations. You need to be*

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blunt and resolve issues and not to get bogged down with them but move on and keep going."

Recession-proofing: planning ahead!

CCA is mindful of the social indicators which are showing that young people are adversely affected by alcoholism, unemployment, crime and many other challenges in life. This is a new area for CCA but one which it feels is very important especially as it is well placed to deliver preventative measures through existing and new programmes. Another group for whom they wish to further their support is ex-offenders. Through motivational work and enterprise development, they wish to re-integrate ex-offenders and address issues of stigma.

CCA has also opened up a new centre in Mansfield. This centre will deliver services to all communities. The Centre currently provides training to young people as well as unemployed adults with basic

skills, IT skills and job ready opportunities & qualifications. Services will be further expanded according to new needs identified. Additional services will start in January 2010 and CCA are using this time to conduct community outreach to engage local people and gain their confidence and trust.

CCA has further ambitions to be a regional player. Senior Management representatives believe that "we have built the foundation for future growth and we are now ready to be a regional player and address the needs of more communities". The organisation believes that it is well placed to do this with the links the organisations has with partners in Derby, Leicester. Lincoln and Northampton.

Further information about the work of CCA can be found at www.cca-ltd.co.uk.

Case study 4:

MENTER - The East of England Black and Minority Ethnic Network

An interview with Ila Chandavarkar, Chief Officer MENTER, explores the situation of a Regional BME network for the East of England – MENTER in times of the recession.



About MENTER

MENTER was created in 2002 as a charitable company to take the place of a former BME Regional Network and was supported by GO-East, the East of England Development Agency, the ACU and COVER- the regional infrastructure

support organisation. MENTER has three main aims to:

- aid the development of the BME sector in the region;
- promote equality, especially race equality and advocacy for the sector;
- build a strong, informed and effective regional BME network.

MENTER's projects are focused on hard to reach groups which include long settled BME communities, asylum seekers and refugees, migrant workers and

MENTER is confronting the recession by investing in future strategic planning and with regular reflection on organisation's priorities. It has brought in external management expertise for evaluation and significant change management as this will help generate creative thinking and enthusiasm. As Ila Chandavarkar says "you can't be the best, responsive and creative organisation if you don't give yourself enough time to reflect".

Gypsies and Travellers. Whilst there is no single large BME community, the region has seen an influx of migrant workers and this has put pressure on the services delivered through both the statutory and voluntary sector locally without any resulting increase in public sector funding. MENTER's core role is to influence providers to make their services accessible and appropriate to the needs of BME communities and to increase participation and influence of BME communities in local democratic structures and partnerships.

Through **multi-agency working, consortia and partnerships**, MENTER creates strategic impact at a regional level and provides targeted local support where needed. With links to funding bodies such as the Big Lottery Fund, Heritage Lottery Fund and Sports England, it has connected the BME sector to funding opportunities. It has also brokered BME access to sports, participation in arts and culture and made an input into the development of sustainable communities. Through the commissioning of research it has evidenced the needs of BME communities and ensured that these needs find a place around the table of key decision makers. With a place on the East of England Regional Assembly and as a lead in regional infra-structure consortia, it has given voice and visibility to BME issues.

As a recognised player in the East of England, it

has attracted funding through regional and national funders. A successful bid to the Big Lottery enabled it to deliver a BASIS programme offering infrastructure support to BME third sector organisations, increasing participation and leadership. Support from East of England's Development Agency (EEDA) has meant the development of focussed economic work to help BME people face the recession as well as successfully access skills, employment and enterprise services. MENTER's success with Capacitybuilders funding enabled it to further develop its cross-sector equalities work. Recently it has been successful in its application for the Tackling Race Inequality Fund to develop a BME youth strategy. Its funding successes mean that it has confirmed funding until 2011.

Challenges of Recession

The recession has impacted on the organisation in two ways. Firstly, it is experiencing continuing decline in the opportunities for funding

from national and regional sources for the work that it does. Secondly it is affected by the impact of shrinking Local Authority funding budgets on its members, 70% of whom are reliant on Local Authority funding. **The majority of members are small organisations who are fighting for their survival as they are often not able to sustain their services with a loss or cut in funding.** Although the membership is aware of the funding threats to their organisations, they find it more difficult to minimise this threat as their services often go without recognition or voice. **As a member driven organisation, the transience in the membership makes it difficult for MENTER to plan and direct their services and be responsive to members.** MENTER's research shows that BME communities are still being

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The sector is particularly challenged as it is dealing with the influx of new migrants and refugee and asylum seekers, **with no new money available to address emerging needs of new communities**. Local Authorities are more inclined to retain funding to organisations with whom they have established funding relationships rather than enter into new funding relationships. **The lack of strategic framework in how funding to the sector should be used makes the BME sector particularly vulnerable.**

Ila believes that the voluntary sector will feel the greatest impact of the recession after one or two years. At present, an organisation may be one or two years into a three year funding agreement from funders who had awarded grants when times were better. As these funding streams come to an end, organisations will find it more difficult to replace the existing funding streams with new ones.

Solutions to Recession

MENTER is preparing for the future by

conducting an options analysis.

Together with the Board of the organisation, the Chief Officer, Ila will plan in which direction to take MENTER in the future. MENTER is realistic about the impending

funding situation and the challenges that this poses for the organisation. As Ila says “the reality is that

we are not going to have funding in the way that we did before”. The organisation has some tough decisions to make and these decisions will be determined by what role the organisation needs to play in the sector for the region. If it takes the role of an influencer, then its core work would revolve around policy and research highlighting the issues for the sector and campaigning for those issues. Also up for consideration is whether its work is thematic or geographic. If thematic this would allow it to tap into funding streams associated to the theme and would open up funding opportunities from Trusts and Foundations.

Another critical factor for MENTER as a member led organisation is to formulate its works around the needs of its membership. Currently the key issues for members are around care, health and housing and a higher proportion of members are working with young people.

The recession also poses a big threat from far right groups. Given statements from leading political figures advocating British jobs for British people, the area has seen a rise in Far Right activity and in race discrimination cases and hate crime with the increasing arrival of migrant workers.

After assessing all the **possible options**, the organisation will need to agree on the best options for it and this may bring about change which needs to be facilitated. Any change will need to be fair to everyone in the organisation. The focus for MENTER is therefore more on strategy, role and structure and less so on funding. For the organisation, either they have the money to deliver the project or they don't and if not it is important to establish an appropriate exit strategy. MENTER use a cost efficient formula to price their services. There is no more room to make any cuts to budgets without it impacting on their work. **For MENTER the most important consideration is the impact of its work and what difference its work is making to the lives of people.**

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Recession-proofing: planning ahead!

Alongside the decisions on its role for the future, MENTER is also considering **pathways out of grant dependency**. MENTER is looking into the possibility of setting up a trading arm. Although at the start up stage this is unlikely to generate sufficient turnover to cover significant costs such as salaries. For Ila "it is important that the trading arm should not divert us from our core purpose. Otherwise there is no point really".

The trading options are still at very preliminary stages of consideration and the feasibility and risks of each option still needs to be tested. One such option is a consideration for MENTER to be a subcontractor for prime contractors. Ila is aware

that where this involves payment on outcomes, it will need a careful weighing of risks. The second option is for MENTER to become a broker managing sub-contracts received by smaller organisations who may not have the required administrative capacity. A third option is for MENTER to provide a book-keeping and administration service to small businesses for which they would charge a fee.

Whatever the decision taken, MENTER will have taken it through a considered and planned approach, minimising any risk to the organisation.

Further information about the work of MENTER can be found at www.mentor.org.uk.

Conclusion

The BME Third Sector is in uncharted waters as organisations navigate themselves through the changes in the economic, environmental, political and social landscape. The full force and impact of the recession may not be felt for some time depending on secured income streams. However, none can be complacent and all need to change what we do and how, given fewer funding opportunities and increased competition. All need to review strategies for the future paying particular attention to the unique qualities of the sector – our values, access to 'hard to reach' communities, responsiveness to user needs, core purpose and making a difference to the lives of the most vulnerable in our society.

The qualitative case studies have illustrated how BME organisations are being resourceful, resilient and finding solutions to the recession. We believe there are messages to be inspired in all four case studies. To defy the recession BME third sector organisations can consider the following approaches:

- partnership and collaborative working,
- accreditation through quality standards, improving performance,
- staffing reviews and incentives,
- review of organisational and management restructure,
- effective engagement of volunteers,

- income diversification,
- service and membership reviews,
- exploring 'new markets',
- new options for sub-contracting and prime contracting,
- social networking,
- new media technology, and
- strategic planning.

This is not an exhaustive list of strategies and actions for BME third sector organisations. Voice4Change England believes that there are even more innovative approaches being implemented

by BME third sector organisations. We would like to encourage more shared learning across the BME and wider third sector so that we are able to support BME and other disadvantaged communities to achieve their fullest potential.

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List of relevant readings and websites

Readings

1. *'The economic downturn: 15 questions trustees need to ask'* (Jun 2009) The Charity Commission, www.charitycommission.gov.uk.
2. *'Rethinking recession – needs and opportunities for sector change: Report to the Prince's Trust'* by Cass Business School available at <http://www.princes-trust.org.uk>
3. *'The Economic Downturn and the Black, Asian and Ethnic minority (BAME) third sector'* (June 2009), Race on the Agenda, available at www.rota.org.uk.
4. *'The recession, Londoners and the Voluntary and Community groups who serve them'*, Big Squeeze Campaign Research Report Final (Jul 2009), LVSC, available at www.lvsc.org.uk.
5. *'Economic Survey of Charities: Research Report'*, (Mar 2009), Charity Commission, www.charitycommission.gov.uk/Library/common/downturn.pdf
6. *'Economic downturn and the voluntary and community sector: a short review of the evidence'*,

(Nov 2008), NCVO Research available at www.ncvo-vol.org.uk.

7. *'The Recession and Credit Crunch in England's Rural Economies'*, series of reports by the Commission for Rural Communities: tackling rural disadvantage available at www.ruralcommunities.gov.uk.
8. *'Crunch Time: A report on third sector local resilience action planning activities across England'*, (Aug 2009), Navca, available at <http://www.navca.org.uk/news/crunchtime>

Websites

1. NCVO's recession support <http://www.ncvo-vol.org.uk/advice-support/recession-resources>
2. Acevo's recession support www.recessionsupport.org.uk
3. Recession Response by London Funders www.londonfunders.org.uk
4. Local Government Association (LGA)'s recession support for the councils www.lga.gov.uk/lga/core/page.do?pagelD=1743526

To find out more about what we do and how you can get involved contact:

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