

Voice4Change England

Modernising Commissioning

Consultation Response

Submitted to Office for Civil Society

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Voice4Change England response to the Modernising Commissioning consultation

1 About Voice4Change England

- 1.1 Voice4Change England (V4CE) is a national support organisation for the Black and Minority Ethnic voluntary, community and social enterprise sector (BME VCS). We are a leading voice to inform the formulation of public policy and to influence practice that has a direct effect on the development, delivery and impact of BME voluntary, community organisations and social enterprises (VCOs). **We support the sector to build its capacity and secure resources so it can increase its ability to meet the needs of disadvantaged communities. By engaging and consulting with a wide range of organisations at the national, regional and local level, we provide an informed, authentic voice of the BME VCS.** We aim to develop a mutual understanding between the BME VCS and government to ensure policies are responsive to BME communities' needs and aspirations, including through our role as a Strategic Partner of the Office for Civil Society.

2 About the BME VCS

- 2.1 The BME VCS plays a key role in tackling race inequalities through a range of activities including: cultural, social and economic support programmes for younger, older and disabled people; advocacy and advice on legal issues, immigration, race equality and equal opportunity in employment issues; health services including support programmes on mental health issues and to help communities access mainstream health provision; welfare and economic support services; supplementary schools education and training; and day care community centres. According to research conducted for the Joseph Rowntree Foundation¹, **BME organisations meet the needs of BME communities 'to a much greater extent than the voluntary sector as a whole.'** They are able to reach communities that others cannot and do not reach and combine creativity, flexibility and commitment to meet the changing needs of BME communities. They also play an active role in advocating changes in the policy and practice of generic service providers.

¹ Mcleod M, Owen D & Khamis C., 2001, Black and Minority Ethnic Voluntary and Community Organisations: their role and future development in England and Wales, Policy Study Institute for Joseph Rowntree Foundation.

3 Methodology for the Response

3.1 Our response draws on evidence from previous consultation exercises V4CE has carried out including to inform our response to:

- The Government Spending Review (Sep 2010);
- CLG Localism Inquiry (Oct 2010);
- Joint Cabinet Office-BIS Task Force on cutting red tape (Sep 2010);
- Compact Renewal 2010 (Oct 2010).²

3.2 In addition we have used findings from our **Shared vision for the future of the BME VCS**³. This included over 100 online survey respondents as well as thirteen in depth interviews with leaders in the BME VCS.

3.3 We have also drawn on intelligence from our members collated from a focus group in the North West looking at the impact of public spending cuts.

4 Structure of the Response

4.1 In our response we have focused our attention under key headings: **The role of the BME VCS in commissioning; and Opening up the public service market for the BME VCS**. Where appropriate and for ease of analysis we have drawn out the key related questions set out in the consultation document.

5 The role of the BME VCS in commissioning and public service delivery

In this section we make a case for specific services delivered to BME and disadvantaged communities. We specifically explore the role which the BME VCS has to play in local service delivery and the importance of the need for Government to recognise the value and role of the BME VCS if it is to fully achieve its aims and objectives in developing a modernised commissioning framework, as well as a move towards achieving equality and fairness. In providing this particular response we have aimed to address the following two key questions asked in the consultation document, as well as some of the sub-questions within:

- How could commissioners use assessments of full social, environmental and economic value to inform their commissioning decisions?
- How could civil society organisations support greater citizen and community involvement in all stages of commissioning?

² Voice4Change England's policy responses are available at our website www.voice4change-england.co.uk

³ V4CE, September 2010, *Shared vision for the future of the BME VCS*.

Role of the BME VCS in public services

5.1 BME VCOs and social enterprises play a critical role in ensuring disadvantaged BME communities can access public services – both through direct service delivery as well as enabling BME communities to be involved in the shaping and development of both specific and mainstream services.

5.2 BME-specific services, such as those delivered by Southall Black Sisters⁴ and the Asian People's Disability Alliance⁵, have been designed in response to the failure of mainstream services to meet the needs of BME communities. They provide services that are in touch with services users, flexible to changing needs and reach people that others label 'hard to reach'. Their approach combines creativity, flexibility, commitment to service provision and an understanding of direct experiences of discrimination. Our case study report⁶ found that **specialist services: meet local needs; empower users; create bridging social capital; and contribute to social cohesion.**

5.3 BME VCOs provide a range of roles and carry out various functions in various public service areas:

- Cultural, social and economic support for younger, older and disabled people;
- Advocacy and advice on legal issues, immigration, race equality, cross equality issues, and equality of opportunity in employment issues;
- Health services including support programmes on mental health issues and to help communities in accessing mainstream health provision;
- Welfare and economic support services;
- Supplementary schools education and training;
- Opportunities to learn and practice ethnic arts and cultural education;
- Day care community centres;
- Language support and adult literacy skills.

Highlighted above is the role of the BME VCS in delivering specific services to BME communities. However this does not absolve the need to recognise the vital role which it plays in the delivery of generic services. Often a false dichotomy is drawn between generic or specialist services. In reality both are needed to meet the needs of disadvantaged communities. **We know that many generic services do not adequately meet the needs of diverse communities. BME VCOs have a key role to play by advocating for BME communities and transferring knowledge and good practice to generic**

⁴ For more information about Southall Black Sisters visit www.southallblacksisters.org.uk.

⁵ For more information about Asian People's Disability Alliance visit www.apda.org.uk.

⁶ V4CE, 2008, [Discussion Paper 3: Evidencing the value of the BME Third Sector](#).

service providers. This has been evidenced through larger generic providers seeking the help of small organisations in effectively identifying and meeting the needs of local communities.

5.4 Despite cuts in funding, BME VCOs have experienced an increase in service demand and a need for new services such as unemployment counseling and job skills training⁷. Public spending cuts are already having a profound effect on deprived BME communities that rely on public services. V4CE recently undertook a focus group in the North West region in which participants highlighted the importance of specialist services and what the impact of losing those services would be on disadvantaged communities. In particular the **SEVA project**, a project based in Manchester focusing on mental health and BME communities, is facing closure due to cuts from the NHS. The loss of such a service would leave a gap in provision for this service which BME service users rely on to meet both cultural and sensitivity needs. One participant stated that they had to signpost individuals to SEVA all the way from Cheshire due to lack of provision in the local area. Thus not only does this example paint a picture as to the impact that loss of services would have on disadvantaged communities, it also serves to demonstrate that **a gap in service provision to disadvantaged communities persists and that Government should be using the public service reforms as a platform for filling such gaps.**

Commissioning and Equality

5.5 V4CE welcomes Government's commitment and objective within the reforms to make strategic commissioning decisions based on social, environmental and economic impact, which 'may include issues relating to the promotion of equality, diversity and meeting the needs of disadvantaged groups'⁸. Additionally we welcome Government's commitment to allocating resources to those most in need, to address disadvantage and to achieve maximum impact⁹. **If Government is to be successful in doing this it must ensure equality is an integral part of commissioning processes by: recognising that inequality still persists amongst BME and disadvantaged communities; implementing its duties within law; and using public service delivery as one route to achieving equality. In doing these things it should be working in partnership with the BME VCS.** We address each of the three in turn:

⁷ MiNet, 2009, The Economic Downturn and the Black, Asian and Minority Ethnic (BAME) Third Sector.

⁸ Cabinet Office, 2010, Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery.

⁹ Office for Civil Society, 2010, Supporting a Stronger Civil Society (p7).

(a) Recognising the persistence of inequality

With a ever growing diverse population, driven by both strong migration as well as indigenous growth the need for specific services such as those exemplified at paragraph 5.3 above, are more prevalently required. According to the Office for National Statistics 2009 'Experimental Statistics' from mid 2006 to mid 2007 the number of people belonging to BME groups is on the rise. To highlight a few communities, the Pakistani community has grown from 861,000 in 2006 to 905,700; the Bangladeshi community from 338,300 to 353,900; and the Black Caribbean community from 594,700 to 599,700¹⁰.

As the population grows inequality becomes harder to combat. Although outcomes for some ethnic minorities in some areas of housing, education and employment have seen improvements others have seen limited progress and BME communities still face high levels of deprivation, disadvantage and discrimination. **The Government's Equality Strategy¹¹ provides some statistics underpinned by such research as the EHRC Triennial Review and from the Office of National Statistics. V4CE welcomes the Equality Strategy and the recognition that inequality persists. We invite Government to work closely with the BME VCS to implement the actions set out in the strategy.** The ability of BME VCOs to tackle inequality and be more effective in meeting the needs of the VCS as a whole is endorsed by research conducted for the Joseph Rowntree Foundation¹².

(b) Implementation of equalities legislation

The legal review of the BME Compact Code¹³ identified that not only do opportunities exist in equality law to create and deliver community (BME) specific services but that sometimes a requirement arises in equality law to create and deliver community (BME) specific services¹⁴. **This requirement continues by way of Section 158 of the Equality Act 2010 which creates provision for a person to take positive action to minimise the disadvantage suffered by groups who share a protected characteristics.** This could be by way of retaining

¹⁰ Office for National Statistics, Crown Copyright (2009), EE5: Components of population change by ethnic group, mid-2006 to mid-2007, (experimental statistics).

¹¹ HM Government, December 2010, The Equality Strategy – Building a Fairer Britain.

¹² Mcleod M, Owen D & Khamis C., 2001, Black and Minority Ethnic Voluntary and Community Organisations: their role and future development in England and Wales, Policy Study Institute for Joseph Rowntree Foundation.

¹³ Monaghan, K, 2008, An Independent Legal Analysis of the Compact Code of Good Practice on Relations with 'BME' Voluntary and Community Organisations, for the Commission for the Compact.

¹⁴ Section 35, Race Relations Act 1976

or creating specialist services. V4CE welcomes the intentions of Government to require public bodies to publish equality results in their services through the new public sector Equality Duty. **We urge Government to push public bodies to use data, not merely as a tick box exercise, but also to identify gaps in provision and act on this basis.**

(c) Equality through public service delivery

In its Equality Strategy, Government recognises the need to change cultures and attitudes if inequality is to be combated. **V4CE is adamant that commissioning services to the BME VCS can help achieve this as its key role in tackling race inequality and its intimate interactions with service users from BME and disadvantaged communities places it in a strong position to deliver on this.**

For example the Government Equality Strategy talks about its intentions to put in more effective measures to tackle hate crime and violence. **In order to create such measures it must consider underlying causes of hate crime, the effects it has on victims as well as exploring good practice examples existing which show responses to all forms of hate crime.** There are many BME VCOs operating at both a national and local level which are expertised in these specific areas and which Government should seek to resource in order to achieve its aims. This example can be extended to other areas such as inequalities in education and health.

Public Services (Social Enterprise and Social Value) Bill

5.6 V4CE is pleased to see the Government's support for the Public Services (Social Enterprise and Social Value) Bill. However we remain cautious in the fact that Government sees value for money as paramount. An emphasis on value for money will lead to loss of funding for BME VCOs who are unable to achieve economies of scale but who deliver to parts of the community that others cannot reach. Competing for value for money contracts may lead to BME VCOs taking on contracts that are not deliverable in terms of organisational survival. **Commissioners should therefore seek to involve local social and community enterprises, as well as prospective service users, in reviewing commissioning processes so that any new processes are designed to ensure accessibility.**

Thus in order for commissioners to make strategic commissioning decisions based on a full understanding of the social, environmental and economic impact it is vital that they recognise the following:

1. The ability of the BME VCOs to deliver specialist services to disadvantaged and 'hard to reach' communities;
2. The ability of BME VCOs to complement the services delivered by generic organisations;
3. The value of BME specific services and the impact of cutting such services;
4. The persistent inequality which continues to exist corroborated by various pieces of recent research;
5. The role of the BME VCS in combating race and cross-cutting inequality in areas such as housing, health, education and employment;
6. Their duties under equalities legislation and the BME VCS' willingness to work with them to implement these duties;
7. The role public services delivered by BME VCOs can play in tackling race inequality (e.g. reducing hate crime);
8. The cost to the economy which failure to tackle inequality would cause. The National Audit Office estimated that the overall cost to the economy from failure to fully use the talents of people from ethnic minorities could be around £8.6 billion annually;
9. The need to involve service users and VCOs in reviewing commissioning processes to ensure such processes are accessible for BME VCS service providers.

Localism and citizen involvement in public service delivery

- 5.7 V4CE welcomes the commitment by Government to devolve services and powers to a local level and to empower communities to have increased influence in what happens in their local area.
- 5.8 The majority of BME VCOs operate at a local level as marginalised and disadvantaged communities come together to develop their own solutions to tackling discrimination and disadvantage. The BME VCS is well placed to identify local needs and support citizens to have a greater say in decision-making.
- 5.9 To ensure localism is successful there need to be checks and balances in place for all citizens to have equality of opportunity when it comes to public services. Respondents to our *Shared vision for the future of the BME VCS*

research¹⁵ were concerned that **without a strong steer from national Government on commissioning frameworks, legal obligations, and expected objectives on equality and human rights issues, the response at a local level would be varied, creating a postcode lottery for BME communities.** This is already a concern in such areas as Northampton where Northampton Borough Council has failed to fund BME VCOs in the local area since 2008/09¹⁶. Compare this to Wolverhampton where the local authority and the local VCS have used the Compact to negotiate the ring-fencing of funds for the VCS, which also includes provision for the BME VCS. **These examples provide a stimulus for central Government to play an active role in promoting good practice in this area and to create an overarching framework for local authorities to adopt to ensure consistency across local areas.**

5.10 Our view is supported by the Institute for Public Policy Research (IPPR) which states in its discussion paper¹⁷ that **“what is more important is for central government to set a broad framework of national minimum outcomes and then to allow local decision-makers to design and deliver services which are more tailored to their own local needs”.**

5.11 V4CE welcomes Government's intentions to focus service design based on local need taking a bottom up approach through the introduction of community based budgets and Local Integrated Services. It is widely acknowledged that the focus on top down targets in recent years produced some unintended negative results. A shift in focus to outcomes from the point of view of the service user, and targeting of resources to meet local needs is extremely welcome in moving towards achieving desired social outcomes.

5.12 The Commission on 2020 Public Services *From social security to social productivity* report¹⁸ suggests three significant shifts in how public services are delivered. Firstly, a shift in culture to one where public services engage communities, families and enterprises is necessary to achieve better outcomes. Second is a shift in power – so that public services are co-designed with communities, and citizens control more of the money spent

¹⁵ V4CE, September 2010, *Shared vision for the future of the BME VCS*.

¹⁶ In December 2010, a coalition of BME VCOs operating in Northamptonshire submitted a statement to Northampton Borough Council's Overview and Scrutiny Committee calling for a review of previous commissioning frameworks and for a recognition of the value and need for resourcing of the BME VCS. To see the full statement visit <http://www.facebook.com/topic.php?uid=132292036784083&topic=250>.

¹⁷ ipprnorth, November 2010, *Five Foundations of Real Localism*.

¹⁸ *From Social Security to Social Productivity: a Vision for 2020 Public Services* (Commission on 2020 Public Services, 2009).

on services as well as neighbourhoods being able to commission their own services. The third is a shift in finance, so that the financing of public services is more open, transparent and understandable. **We support this approach and believe that all three shifts need to happen at the same time for there to be an efficient roll out of both the community based budgets and Local Integrated Services.**

5.13 Additionally, a new framework for performance management needs to be in place where service providers are answerable to local citizens and service users, rather than to national government; that safeguards against service failure and against discrimination; and where citizens have a clear understanding of what they can expect, and what to do when things go wrong. **Monitoring of standards to assure quality should be done through involvement of service users, residents and peer review. The VCS has a role to play in this to involve service users in evaluating services.**

5.14 Building on the notion of effective citizen and community involvement and a shift in power in commissioning processes to meet local need we need a framework for organisation, resourcing and decision-making at a local level that can support community action in a socially just way. It needs to support the growth of new civil initiatives that promote community resilience as part of our local economies – using ideas such as community co-operatives and community shares. It also needs to enable communities to exert an influence over decision-making through reformed and new forms of local and neighbourhood governance structures. **In short, there needs to be a real devolution of power economically and politically to the community, taking a bottom-up approach. The Sustainable Communities Act 2007 (SCA) should be used as a base for doing this to allow individuals to put forward proposals to protect or improve their area. However the proposals put forward so far by citizens have not been dealt with. V4CE urges Government to take the SCA seriously now that it has launched the second invite for proposals¹⁹.**

5.15 However according to IPPR there are a number of barriers to citizen participation including lack of confidence, time and skills as well as the way the state is organised and operates, for example rules and red tape. IPPR recommends a number of ways of unlocking citizen participation, which **V4CE feels the BME VCS can have a big hand in facilitating to ensure the**

¹⁹ On 15 December 2010 Decentralisation Minister, Greg Clark MP, launched the second invite to local authorities to submit proposals under the SCA. This means that individuals, communities and local councils will be able to put forward ideas for government action to reverse community decline and promote local sustainability. To find out more about the SCA visit www.localworks.org.

wide breadth of BME and disadvantaged communities are involved in local decision making:

- (a) Asking people to come forward;
- (b) Letting people know what opportunities are available;
- (c) Setting up systems to coordinate time and skills within the community;
- (d) Rewarding contributions;
- (e) Commissioning for participation (e.g. Camden Council looks for opportunities for co-production when it commissions services);
- (f) Challenging professional roles and attitudes; and
- (g) Training.²⁰

5.16 In developing improved systems of local governance, we need to learn the lessons from what has occurred before. There is clear evidence that BME communities and women are seriously under-represented on Local Strategic Partnerships (LSPs)²¹. Lack of representation is particularly acute for minority groups in rural areas and suburbs. **If decision-making is to be devolved to all communities, the mechanisms by which this happens must be more representative, and more importantly we need to develop and stimulate participation linked to these structures that involve all sections of the community.** An area in which the Government needs to allow this to happen is within the governance of Local Enterprise Partnerships (LEPs) which are going to be an important mechanism for driving local economic development. There remain reservations about whether BME social enterprises and businesses will be part of the engagement in the creation of local enterprise partnership boards²². Thus if BME communities are to have an active input in local economic development and if Government is to follow through with its commitment to taking a bottom up approach, **stronger neighbourhood governance needs to be clearly linked to strategic level decision-making at a LSP and LEP level so that strategic decisions are made based on community needs and aspirations.**

BME VCS and Personal Budgets

The growth of the personalisation agenda and a focus on user-led services has the potential to benefit BME communities and provide opportunities for BME VCOs. However, **personal budgets could make it difficult for BME VCOs to achieve economies of scale and risk fragmenting support between those**

²⁰ IPPR, 2010, Capable Communities: Towards Citizen-Powered Public Services.

²¹ *Where are the Women in LSPs?* (Urban Forum, Oxfam, Women's Resource Centre, 2008); *BME representation in LSPs* (BTEG and Urban Forum 2006, for CRE, now EHRC).

²² BTEG, December 2010, Local Enterprise Partnerships; A BTEG Briefing Paper.

who will seize the opportunity to manage their own services and those who will need support.

6 Opening up the public service market for the BME VCS

In this section we explore the barriers which BME VCOs face within commissioning processes. We then go on to suggest where the BME VCS would need support from Government if it is to respond to new opportunities as well as access the public service market. In providing this particular response we have aimed to address the following two key questions asked in the consultation document, as well as some of the sub-questions within:

- In which public service areas could Government create new opportunities for civil society organisations?
- How could Government make existing public services markets more accessible to civil society organisations?

6.1 V4CE welcomes Government's commitment to making it easier for small firms and VCOs to do business with government, as well as opening up opportunity to a public services system which is more open and transparent.

Barriers to commissioning

6.2 **Whilst some BME VCOs have successfully secured contracts, for many the barriers created by commissioning and procurement processes have prevented them from effectively competing.** For instance, research by Shared Intelligence²³ into procurement and commissioning found that BME VCOs shared many challenges with other small organisations. However it also found distinct concerns including: limited understanding of the BME VCS and the communities it works with; institutional racism; perceived lack of trust amongst commissioners of BME VCOs; and lack of engagement with the early stages of the commissioning process. Thus **any future programme of training public service commissioners should encompass a robust equality and diversity segment which provides focus on existing inequalities and the role of the BME VCS, as well as relationship building with diverse groups.**

6.3 Other key areas identified in our *Shared Vision for the Future of the BME VCS* research²⁴ include:

²³ Shared Intelligence, 2008, *Evaluation of the National Programme for Third Sector Commissioning: Consultation with BME Third Sector Organisations.*

²⁴ V4CE, September 2010, *Shared vision for the future of the BME VCS.*

Commissioning and Procurement Barriers and challenges

- **Funding and capacity:** the administrative, financial and reporting requirements of contracts can be too onerous for small organisations. Cash flow problems are created where contracts provide payment in arrears and the move to payment by results is likely to create huge challenges especially when working with vulnerable communities.
- **Consortia bidding:** Bidding in consortia can be a successful way for BME VCOs to bid for larger contracts. However, many BME VCOs have reported playing a marginal role in consortia arrangements and feel they were included only as an equality tick box, receiving little of the resources that enter the consortia.
- **Value for money:** Whilst value for money is important it is also important for social return on investment to be considered. The emphasis on value for money could lead to loss of funding for BME VCOs who are unable to achieve economies of scale but who deliver to parts of the community that others cannot reach.
- **Prescriptive contracts:** some tenders can be too prescriptive preventing VCOs responding to user needs.

6.4V4CE additionally responded to the Joint Cabinet Office-BIS Task Force on cutting red tape in September 2010. We were asked to identify five burdens that restrict the operation and running of small organisations. In summary these were:

- (a) **Tendering for contracts and fundraising** - applications are becoming more and more complex as well as cash flow problems due to lack of reserves;
- (b) **Evaluation and monitoring** – small BME VCOs do not have the funds to invest in quality assurance systems to assess performance and income; there is a lack of feedback from commissioners for unsuccessful candidates;
- (c) **Barriers to organisational development;**
- (d) **Funders and policy makers need to support small BME VCOs to evidence need;**
- (e) **Support in building collaborations and partnerships.**

Responding to new opportunities

6.5 As explained at paragraph 5.3 above, the BME VCS is already a key deliverer in a number of public service areas, as well as delivering in new areas (e.g. unemployment counselling and job skills training) and this should continue through and beyond any public service reforms to ensure equal treatment and equal opportunity²⁵ as well as progressing towards economic stability.

6.6 V4CE welcomes the Government's announcement in the Comprehensive Spending Review (CSR) to increase the diversity of service providers through proportional setting of services provided by non-state deliverers. The CSR explicitly refers to services in adult social care, early years, community health services, pathology services, youth services, court and tribunal services, and early interventions for the neediest families²⁶. There already exists a number of BME VCOs which deliver in these specific areas, for example **BANG Edutainment**, a BME VCO for young people based in North West London²⁷. If this policy is to work **Government must adopt a model of assessing need as well as making decisions based on social, economic and environmental value**. Areas with larger BME populations and disadvantaged communities should be the areas where the BME VCS is operating most prevalently. Thus diversification of providers potentially could create opportunities for BME VCOs. However it must be noted that this drive is linked to increasing payment by result in many areas. Payment by results is likely to create huge challenges for small BME VCOs, especially when working with vulnerable communities. This coupled with the fact that as shown above BME VCOs find it difficult to measure performance and evidence impact places BME VCOs in an unfavourable position when competing for contracts under the payment by results initiative. It seems that the initiative would most favour larger providers who have the resource to deliver.

6.7 There are other areas in which the VCS has a great role to play in public service delivery. Interviews carried out by ippr north with local authorities and other local service providers *generally* demonstrate a good level

²⁵ As equality is defined at page 6 of the Government Equality Strategy (see ante).

²⁶ HM Treasury, October 2010, Spending Review 2010.

²⁷ **BANG Edutainment** is a charitable company established in 2001. BANG works primarily with young people focusing on ways of unlocking their potential and channeling their talents into creative industries. BANG is the only UK charity that runs a youth focused radio station which is specifically addressing issues of youth exclusion. In 2008 BANG won the Radio-Academy Award for the best local radio station in London and was awarded 4 out of 5 Gold Youth Arts Awards in London. In 2009, BANG was chosen as the charity of the year by the Mayor of Brent. For further information visit www.bang-ed.com.

awareness of social and community enterprise and the value placed on their work in areas like health and social care, social housing, community regeneration and tackling climate change²⁸. However as the publication shows and further research by the Third Sector Research Centre (TSRC) displays, despite this general picture, there remains considerable variation in policies and strategies to support enterprises and the recognition of the value of BME social enterprise is scarce (see below).

- 6.8 In regards the right to challenge and asset-based services, there is some risk that funding communities to organise services themselves – through anticipated proposals for community right to buy and a community right to bid, and new 'free schools' – could exacerbate inequality. **Those with money, expertise and resources are better equipped to use their assets to organise themselves more effectively than those that do not, and this could lead to a redirecting of public money to affluent areas and away from where they are needed most.** On the other hand, initiatives that put power and resources into the hands of deprived or otherwise marginalised communities to organise themselves can be a powerful antidote to disaffection and alienation. **The VCS and the public sector both have key roles to play in providing the support, expertise and resources to bridge this asset gap, to ensure devolution of power is implemented in a socially just way. They can only do this if they are provided with the resources to do so.** It is as is declared in *Managing Risks in Asset Transfer*²⁹ there are risks of not transferring assets to communities:

"It is important to remember that there will be risks inherent in all course of action in relation to asset management. Not transferring an asset to a community-based organisation may mean that the local community risks missing out on social, economic and environmental benefits that can result. Processes such as community engagement, undertaking 'reviews of assets and developing approaches for valuing social benefit can all contribute to clarifying the situation. They can help show that the transfer of public assets to community-based organisations can meet local needs and generate value for communities that justifies any risks involved."

Collaborations, partnerships and consortia

- 6.9 V4CE pictures better collaboration between the VCS, private sector and public sector as well as investment in meaningful partnership and consortia.

²⁸ ipprnorth, 2010, Supporting community and social enterprise in deprived communities: A good practice guide for practitioners.

²⁹ CLG, 2008, Managing Risks in Asset Transfer

6.10 Better collaboration between BME VCOs with generic VCOs that are committed to equality can help the BME VCS to: reduce costs, for instance through sharing back office facilities; be more efficient in running services; and offer communities wider services; allow wider communities to benefit from services. **There may also be potential for larger BME VCOs to take on contracts and subcontract elements to smaller VCOs in order to open up opportunity for them. It is important however to recognise that resourcing is required to facilitate and support collaboration and to ensure organisations are confident of their new relationship(s).**

6.11 There is also much value in BME VCOs partnering with other BME VCOs to deliver services. However there remain barriers which prevent such organisations from competing in commissioning processes as partners be it cultural differences, differentiating missions, different service users or issues with governance. Again resources need to be made available in order to overcome such barriers and to facilitate the collaboration. One participant at V4CE's focus group in the North West suggested a model whereby the commissioning body administers additional funds, for example an extra 10%, for a lead organisation within the partnership to claim as a management fee. Resources are shared equally amongst partners and the additional 10% would be used to facilitate and manage the partnership, monitor and evaluate the contract, to resource the reporting requirements, to respond to changing user needs, as well as overcome any barriers faced.

6.12 Relationships between statutory partners and BME VCOs in local areas are patchy and often overlooked as is highlighted by the example of the borough of Northampton above. It is important that the Compact is used as a tool to better relationships between the two sectors. Many BME VCOs remain unaware of the Compact and how to implement it. Respondents to our *Shared Vision for the Future of the BME VCS* research³⁰ felt that Government, including commissioners in public authorities, needed to improve their awareness and implementation of the Compact, to ensure fairness and equilibrium in commissioning relationships. V4CE welcome the launch of the renewed national Compact and the supplementing accountability measures. This must now be filtered down to a local level and local Compacts where the majority of VCOs operate. **Government must invest in implementing the Compact in order for this to be achieved.**

Supporting community and social enterprise

6.13 Government has placed emphasis on the delivery of services coming from SMEs and social enterprises. New research by the TSRC has found that

³⁰ V4CE, September 2010, *Shared vision for the future of the BME VCS*.

Government policies risk alienating BME communities further³¹. **Despite a fast emerging wealth of BME social enterprises, they are still not being properly recognised as key delivery agents. They are still not enjoying many of the development and opportunities accessed by the wider social enterprise sector.** BME social enterprises are very well placed to build social cohesion, provide public services and deliver to groups that the mainstream cannot.

- 6.14 **In order for the BME social enterprise sector to be able to deliver to its full potential it must be able to access investment that enables it to take part; it should be given access to private sector expertise to build their capacity; and it needs better information and support services to allow them to grow.** V4CE also endorses ippr north's recommendations³² that **local authorities should provide 'seedcorn' grant funding in order to support organisations become 'enterprise-ready'.**

Big Society Bank

- 6.15 For some parts of the BME VCS including social enterprises access to finance is an important future income source. Finance will help the sector to scale up successful activities and to support core running costs. The BME VCS has already demonstrated an appetite for finance, through the high numbers of applications to the Futurebuilders programme. However the sector has had difficulty in accessing finance particularly through mainstream banking.
- 6.16 Those administering Big Society Bank funds should have an understanding of the role and value of the BME VCS and should be transparent application and assessment processes. **The Big Society Bank should include a range of products to meet different needs. This would include funds that BME social enterprises can use as collateral to look more attractive to investors. Competitive loan interest and overdraft rates should also be considered.**

7 Comments on the response

We would be happy to discuss our response further with the Cabinet Office.

For more information about Voice4Change England's activities, please visit www.voice4change-england.co.uk.

³¹ Third Sector Research Centre, December 2010, Social enterprise and ethnic minorities.

³² ipprnorth, 2010, Supporting community and social enterprise in deprived communities: A good practice guide for practitioners.

