

**RED 10 OCTOBER 2004**

**RACE EQUALITY DIGEST**

**Occasional briefing paper produced by Race Equality West Midlands  
on race equality issues.**

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**ASSESSING THE IMPACT ON  
LOCAL RACE EQUALITY WORK OF  
THE COMMISSION FOR RACIAL EQUALITY'S  
POLICY FOR FUNDING ORGANISATIONS UNDER  
SECTION 44 OF THE RACE RELATIONS ACT  
(GETTING RESULTS 2004-05)**

**OCTOBER 2004**

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The report has been prepared at the behest of the West Midlands Race Equality Forum and the Executive Board of the British Federation of Race Equality Councils as the basis for the development of their strategy towards the Commission for Racial Equality's *Getting Results* policy framework for funding organisations under section 44 of the Race Relations Act. It is intended to inform discussion and result in an agreed REWM and BFOREC position. The report's status is that of a draft discussion document. At the time of publication, opinions expressed are those of the drafting team alone. It should not at this stage be assumed that they are shared, or have been adopted, by other RECs/REPs, REWM, or BFOREC, although this may ensue.

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	<b>CONTENTS</b>	<b>PAGE</b>
	<i>Impact at a glance</i>	4
	<i>Preface</i>	7
1	The reasons given by the Commission for Racial Equality for changing the funding arrangements with race equality councils and partnerships.	9
2	The kinds of local race equality work the Commission for Racial Equality decided to prioritise and fund.	12
3	The allocation of <i>Getting Results</i> funding, April 2004 to March 2005.	14
4	The adverse impact on local race equality work of the Commission for Racial Equality's strategic objectives for <i>Getting Results</i> 2004-05.	18
5	The adverse impact on local race equality work of the Commission for Racial Equality's strategic management of <i>Getting Results</i> 2004-05.	23
6	The adverse impact on local race equality work of <i>Getting Results</i> in operation 2004-05.	26
7	Has <i>Getting Results</i> delivered on the promises made for it by the Commission for Racial Equality?	29
8	Recommendations	32
	Appendix A Position paper, April 2002	34
	<i>Bibliography and references</i>	39
	<i>Race Equality West Midlands publications</i>	41

## **Assessing the impact on local race equality work of the Commission for Racial Equality's policy for funding organisations under Section 44 of the Race Relations Act (*Getting Results* 2004-05)**

### **Impact at a glance**

#### **Strategic objectives**

- ES1 The CRE *Getting Results* priority areas are not aligned either with the CRE's own strategic priorities or with the RECs' own constitutional modes of operation.
- ES2 The *Getting Results* priority areas define local race equality work almost entirely as community development, omitting the important issues of policy development and complainant aid.
- ES3 The four *Getting Results* priority areas of leadership, cross-community work, conflict resolution and alienated communities are not discrete or easily distinguishable at practical project level, and do not relate to the Local Government Association's guidance on community cohesion.
- ES4 The *Getting Results* priority areas fail to take into account the important role that local race equality organisation is expected to play in assisting public authorities with their specific duties under the Race Relations (Amendment) Act.
- ES5 Despite forming part of the CRE's legal strategy, provision of local and regional complainant aid does not constitute a *Getting Results* priority area.
- ES6 *Getting Results* provides no incentive to encourage the development of partnerships, joined-up working, overarching sub-regional or regional projects, or the merger of non-viable projects.
- ES7 *Getting Results* shows no recognition of the need for infrastructural support to develop policy and strategy, respond to consultation, provide the race equality movement with a voice, organise professional development and training, undertake research and development, apply for grants, and gain greater access to funding.

#### **Strategic management**

- ES8 The funding methodology shows little recognition of the partnership dimension of funding allocations, of the consequence for all funding parties of unilateral withdrawal from funding agreements, and of the role of Section 44 funding in matched funding arrangements and financial leverage.

- ES9 One-year funding allocation restricts opportunities for forward planning and may result in major destabilisation of local race equality organisations when funding is unexpectedly reduced or withdrawn.
- ES10 As a direct result of the withdrawal of Section 44 funding, race equality councils have been forced to close and gaps have appeared in the local network.
- ES11 RECs awarded larger than expected amounts of funding have had to devise ways of delivering services within the year of allocation, without incurring ongoing commitments and costs.
- ES12 *Getting Results* funding allocations are not based on the real costs of delivering outcomes or of sustaining the network of financially-viable outcome-delivery agencies.
- ES13 The CRE did not allow for the effect of funding a reduced number of outcomes on the quantum of funding necessary to enable a local race equality council to stay in business.
- ES14 *Getting Results* funding is allocated on the basis of the promise of future outcome delivery and takes no account of an organisation's past record of outcome achievement.

### **Management of operations**

- ES15 Decisions on Section 44 grants are now decided nationally by a team distanced from regional and local considerations.
- ES16 There has been an exodus from the CRE of staff knowledgeable and experienced in regional and local race equality delivery.
- ES17 The role of CRE public affairs staff has been changed, with an adverse effect on CRE/REC liaison.
- ES18 The CRE has reduced the number of its regional offices. Its regions do not correspond with those of Government Offices for the Regions.
- ES19 The CRE has not consulted with RECs over the role proposed for them in the White Paper *Fairness for All*, or about its unequivocal rejection of the White Paper proposals.
- ES20 There are conceptual difficulties, unacknowledged by the CRE, in making precise distinctions between outputs and outcomes.
- ES21 Applications using these categories have been interpreted formulaicly and inflexibly, and amended unrealistically.

- ES22 It appears that smaller grants have been made to a greater number of organisations. This has undermined the financial viability of some RECs. (Nearly half of RECs claim to have received less funding in 2004-05 than in previous years.)
- ES23 RECs were not told of the decision to fund and the amount allocated to them until well into the second month of the financial year 2004-05, resulting in a catalogue of hardships.

## Preface

With other public authorities, the Commission for Racial Equality is subject to the provision of the Race Relations Amendment Act and is expected to set out:

- its arrangements for assessing and consulting on the likely adverse impact of its proposed policies.
- its arrangements for monitoring its policies for any adverse impact on race equality.
- its arrangement for publishing the results of any assessments and the consultation and monitoring it has done to identify any adverse impact on race equality.

Race equality council chairs and directors are unaware of any consultation taking place on the likely or actual impact on race equality of the CRE's recently-introduced policy for awarding grants under Section 44 of the Race Relations Act (known as *Getting Results*). Nor have they seen any published report based on the monitoring of its effects. To address this omission, Milton Crosdale, the former Chair of the British Federation of Race Equality Councils, suggested that a report be prepared on the impact of the new funding regime, together with recommendations to assist the CRE in making any changes it might consider necessary in future years.

The views set out in this report are based on the opinions and advice of REC directors, expressed at meetings at country/regional level, and at the June 2004 BFOREC conference and national board, and on data gathered from the 2004 national audit of RECs/REPs, as well as other research and information gathering undertaken by REWM.

The recommendations are offered not as a criticism of the CRE, an agency to which many RECs are grateful for support, advice and funding over many years, but as a sincere and considered effort to improve what has turned out in practice to be a deeply flawed and destructive methodology, introduced without meaningful consultation with those it was most likely to affect.

The British Federation of Race Equality Councils was launched in Birmingham on 25 April 2001. On 21<sup>st</sup> February 2002 BFOREC officers were invited to meet with Daniel Silverstone, the recently-appointed CRE Chief Executive, to discuss the CRE's proposals on arrangements to move from salary grant aid to transitional funding. Even at this stage, Mr Silverstone made it abundantly clear that the CRE was not prepared to consider any significant changes to its proposals.

A short residential conference was subsequently held on 19<sup>th</sup> and 20<sup>th</sup> April 2002 at which a CRE/REC joint working group discussed the CRE draft plans for modernising Section 44 funding arrangements. Dharmendra Kanani, the CRE's senior officer present, made it clear on that occasion that, while the CRE was prepared to incorporate some of the ideas emanating from the government's compact document with the voluntary sector, there would be no substantial changes to the draft

modernisation plan, that is, to the nascent *Getting Results* proposals. Shortly afterwards, BFOREC produced its position paper on modernisation (see Appendix A).

The Coventry conference was the last occasion the RECs met as a body with the CRE to discuss funding methodology. Few, if any, of their suggestions were taken on board. More worryingly, they were left with the impression that their views counted for very little, in the context of the poor reputation of RECs at the time, both in Whitehall and the Commission, and that they were fortunate that funding for them had been retained at all.

For the two and a half years that have elapsed since then, there has been no consultation between the CRE and RECs collectively on funding matters. This is a serious omission with serious consequences for local race equality work. A meaningful dialogue should be entered into immediately. For the sake of local race relations, any adverse impact must be addressed and the procedure for allocating Section 44 funding put right. Unfortunately, it may already be too late to make the radical changes necessary in time for 2005-06.

Currently, this document has the status of a draft for discussion. Opinions expressed are those of the drafting team alone. It should not at this stage be assumed that they are shared, or have been adopted, by other RECs/REPs, REWM, or BFOREC, although this may ensue.

**Frank Reeves**

Principal Officer, REWM  
and Acting Secretary of BFOREC  
on behalf of the drafting team.

**1.0 The reasons given by the Commission for Racial Equality for changing the funding arrangements with race equality councils and partnerships**

1.1 The Commission for Racial Equality first published its new framework for awarding grants under Section 44 of the Race Relations Act in December 2002. Under the title, *Getting Results, a new approach to funding local racial equality work*, the framework was purportedly devised with the government's modernisation and public accountability agenda in mind.

1.2 The new approach also claimed to take into account (i) the statutory duty on public authorities to promote race equality, (ii) the compact on relations between government and the voluntary sector in England, and (iii) the long-standing relationship with racial equality councils (RECs) and other voluntary sector organisations.

1.3 The preamble to the *Getting Results* proposals mentions:

- the increasingly ethnically-diverse population.
- social differences between ethnic minority groups.
- the experience and effect of direct and institutional racism.
- poor access to public services.
- the role of the voluntary sector in delivering local services, tackling social exclusion, contributing to local democracy and promoting citizenship, in a context of failure and inadequacy in mainstream services.
- the need to ensure public authorities engage more effectively with the communities they serve.
- the role of the voluntary and community sector in keeping a watching brief on public authorities' race equality schemes.
- public concern about community and race relations since the 2001 disturbances in Burnley, Bradford and Oldham, and the attacks on the USA on 11 September 2001, and consequent policies on promoting community cohesion.
- negative media coverage of asylum seekers and the growing influence of the racist far right.

1.4 Against this changing general background to British race and community relations, the reasons given for making changes to the funding methodology are:

- the 1997 KPMG review of the system of awarding grants to cover the costs of the salaries of professional staff working in the RECs and its recommendations.
- the termination of the quasi-employer relationship with RECs in 2002-03, and the introduction of transitional funding.
- the inadequacy of the previous method of assessing REC work programmes, and conducting work programme reviews. (Based on compliance, and generating information on inputs and activities, this had not apparently produced the results the CRE wanted.)
- the desire for a funding methodology based on outputs, outcomes and achievements, and which tracked performance, learned from good practice and informed national and local policy development.
- the need to ensure that local racial equality services were delivered consistently across Britain.
- the introduction of core standards for RECs (based on PQASSO - Practical Quality Assurance System for Small Organisations) as part of a quality-assurance framework for local race equality work and involving guidance on planning, monitoring and evaluating performance.
- the new environment for achieving race equality created by the Race Relations (Amendment) Act.

1.5 The *Getting Results* report singles out the following for particular attention in determining the partnership between the CRE and the voluntary organisations it funds:

- the ability of funded organisations to provide local racial equality services.
- the ability of mainstream funding agencies to take into account racial equality in their procedures and functions.
- the need for national and regional capacity-building strategies to include measures that promote race equality.
- the reflection of national policy, aims in the pursuit of local racial equality goals.
- the ability to attract additional matching resources to support effective local racial equality services.

1.6 The CRE promised to:

- improve its competence in awarding grants.
- follow best practice in its dealings with the organisations it funds.

- help the organisations it funds in building their capacity and competence.
- introduce a funding system geared to measuring and managing results.
- encourage more people and agencies to become involved so that it can widen the network of organisations it funds to deliver local race equality services.
- work more closely with the government and with other funding agencies to attract more investment into local racial equality work and to develop a more coordinated approach.
- develop and share a national data base of information about needs, circumstances, and best practice from various parts of the country.

1.7 The *Getting Results* approach to funding was devised with a number of specific objectives in mind for modernising local race equality work. These were to:

- achieve a better understanding of what was meant by race equality and how it might be achieved.
- make local racial equality services more effective.
- create a greater sense of commitment, involvement and common purpose among organisations and individuals.
- widen access to racial equality services that are needed, focussed, and tested for quality.
- improve accountability structures.
- encourage mainstream organisations to build racial equality objectives into all their local activities.
- respond to changes introduced through the government's programme for modernising public services.
- help lever more mainstream funds into racial equality.

1.8 The new proposals, it was believed, would enable the CRE to:

- better understand how public services could work towards racial equality, what specific outcomes might look like locally, and the costs of failing to achieve these.
- identify the practical barriers to improving racial equality and the factors that lead to success.

- see how organisations overcome barriers and deliver the outcomes they plan.
- consider ways of encouraging and sustaining progress over time.
- help staff to encourage better performance from those responsible for delivering local racial equality services.

1.9 *Getting Results* would be introduced over a three year period (2003-06) to give RECs time to equip themselves to deliver an *outcome-based* approach to racial equality work. In 2003-04, there would be ‘enablement and capacity-building’, in 2004-05, ‘consolidation and development of the programme’, and in 2005-06, ‘outcomes built into the process’.

1.10 The CRE would improve its methods of communicating with RECs (eg. through new technology) and adopt ‘a more collegiate approach’.

## **2.0 The kinds of local race equality work the Commission for Racial Equality decided to prioritise and fund**

2.1 The CRE stressed that it recognised that a ‘one-size-fits-all’ approach to local racial equality services was unlikely to be effective. Instead, it identified a range of activities which it felt reflected the variety of local needs and issues. These were grouped into four priority areas (leadership, cross-community work, conflict resolution, and alienated communities), which gave a definite indication of what local race equality organisations were expected to deliver.

2.2 While organisations were free to find their own ways of working, their grant applications had to show clearly how they were going to achieve the outcomes set out under the four priorities. There was some leeway for interpretation, but all the priorities specified fell under the heading of ‘community development’, with no mention of RECs’ other constitutional operation modes, such as case work for individual complainants of discrimination, or policy development with the public or private sectors.

2.3 Initiatives that might qualify for funding were set out under each of the priority area headings, as follows:

*Leadership* (encouraging young people to make their voices heard)

- programmes aimed at women and young people.
- mentoring.
- developing influencing skills among local communities.
- showcasing good practice.

*Cross-community work* (developing common ground between different local communities which often have little or no contact with each other)

- building links between communities on estates.
- undertaking public education.
- working in partnership to tackle racist far-right activity.

- fostering links between young people, older people, women and faith communities.
- tackling isolation and the lack of support people can experience in rural areas.

*Conflict resolution* (defusing tensions and resolving disputes between and within communities)

- addressing issues within disaffected white communities.
- adopting risk management strategies.
- spanning different social and economic sectors.

*Alienated communities* (developing confidence and encouraging involvement in decision-making in communities that feel cut off from the mainstream)

- working with Gypsy and Traveller communities.
- working with asylum seekers and refugees.
- working with people living in rural areas.

2.4 In addition to proposals for mounting initiatives of this kind, organisations applying for funding were expected:

- to have in place a quality assurance framework for the organisation as a whole.
- to provide evidence that they understood their communities and the relations between them.
- to demonstrate innovation in the way they delivered their objectives (eg. through partnership arrangements).

2.5 To receive a grant in the financial year 2004-05, a REC had to complete and return a form in hard copy and electronic version by 13 February 2004. The application had to include the following information:

- A summary of the changes the local organisation planned to bring about as a result of receiving CRE funding.
- A statement of the local organisation's purpose.
- An explanation (based on local research/surveys) of the need for the proposed activity.
- A spreadsheet setting out the proposed changes to be achieved under the headings: outcome, milestone, output, cost.
- In the light of finite resources, an indication of the outcomes the local organisation would choose to prioritise.
- An indication of the organisation's quality assurance system(s) eg. CRE core standards, CLS quality mark, OISC, Investor in People.

- The total amount of CRE funding requested.
- A detailed budget set out on the ACEVO (Association of Chief Executives of Voluntary Organisations) financial template of costs.
- Information on other funding partners and sources (helping to deliver the listed outcomes).
- Main contact person.
- The organisation's legal status.
- Bank details.
- Official signatures.
- Copy of latest audited accounts.
- Completed core standard self-assessment forms.

### **3.0 The allocation of *Getting Results* funding, April 2004 to March 2005**

- 3.1 Following the submission of their applications in mid-February 2004, the Communities and Partnership Committee of the CRE met on 23 March 2004 to agree on the allocation. Race equality councils had to wait until May 2004, however, before they were informed as to whether they were to receive funding for the financial year 2004-05, the amount awarded, and the priorities and outcomes for which the funding had been allocated.
- 3.2 The CRE had received 196 applications requesting, in all, a total of £10.9 million. This is a feature of *Getting Results* grant allocations: for 2004-05 applications outstripped awards by more than 2 to 1, while amounts applied for outstripped grants awarded by 3 to 1. The total bid for the Autumn 2004 specialist programme came to roughly 20 times the funding available.
- 3.3 Information is directly available from the CRE website on the amount of funding allocated in 2004-05 to local RECs/REPs, see tables 1 and 2. Under its *Getting Results* funding allocation for the financial year 2004-05, the CRE made available a total of £3,803,638, allocated to 93 organisations. Of that £3.8 million, £591,804 was paid out to 36 (39 %) of these organisations as employer pension contribution, almost 16% of the total spend.
- 3.4 Information supplied by the CRE shows that for 2004-05 the average CRE grant per organisation (all countries and regions but with considerable national and regional variation) was £34,536. Of all funded organisations, however, 22 (or 24%) of the total received about half or less in CRE grant aid (under £18,000) than the average of £34,536.

	<b>% of total CRE grant</b>	<b>% of total pension payment</b>	<b>% of total grant &amp; pension</b>	<b>% of organisations</b>
London and the South	51%	52%	51%	52%
Midlands	20%	24%	20%	22%
North	21%	9%	19%	15%
Scotland	6%	10%	7%	8%
Wales	3%	5%	3%	4%
	100%	100%	100%	100%

	<b>Number of organisations</b>	<b>Total grant aid</b>	<b>Average per organisation</b>
London and the South	48	£1,629,083	£33,939
Midlands	20	£633,973	£31,699
North	14	£659,401	£47,100
Scotland	7	£197,254	£28,179
Wales	4	£92,123	£23,031
<b>Total</b>	<b>93</b>	<b>£3,211,834</b>	<b>£34,536</b>

- 3.5 A recent independent REWM audit of RECs/REPs (RED 9, September 2004) showed that, of those RECs in receipt of CRE *Getting Results* funding, 70% reported that they were receiving less from the CRE than in 2003-04. This may be evidence to support the view, widely shared among RECs, that one of the effects of the 2004-05 *Getting Results* allocation had been to make smaller grants to more organisations.
- 3.6 The audit also showed that RECs had, on average, been funded to achieve three outcomes, at approximately £10,000 per outcome.
- 3.7 CRE and REWM audit data revealed that since 2003, when *Getting Results* was introduced, the CRE had discontinued funding at least 20 local RECs/REPs, resulting in the closure of some, although others continued as non-CRE funded bodies, see table 3. Not all closures, of course, should be attributed solely to the change in funding methodology, but to a combination of mediocre or poor service delivery, unfocused grant applications, weak management, and political infighting, which may also have resulted in a failure to meet funding criteria. The consequent withdrawal of grants still often proved terminal.

<b>Table 3</b> <b>Race Equality Councils and Partnerships in England, Scotland and Wales:</b> <b>changes in status since 2003</b>			
	<b>Listed* Aug 2003</b>	<b>Listed+ Sept 2004</b>	<b>With other CRE funded organisations in 2004#</b>
<b>England</b> 48 } } } 20 } Eastern } } 14 } West } } } North East } Yorkshire & Humber } North West	22 8 9 8 7 11 3 5 7	18 8 7 7 5 8 1 5 4	
<b>Scotland</b>	6	4	7
<b>Wales</b>	5	4	4
<b>Total</b>	91	71	93
* the majority, but not all, CRE funded.  + all CRE funded with non-funded RECs/REPs now excluded from the list.  # includes newly-funded RECs/REPs and other organisations that are not RECs.			

3.8 Those RECs that received no CRE funding or had funding drastically reduced on their previous year's figures, were notified for the first time more than one month into the financial year for which the application had been made. This made it very difficult to plan for orderly cost reduction and/or redundancies, and plunged those organisations relying on CRE funding into immediate crisis.

3.9 In recognition of this, Trevor Phillips, chair of the CRE, announced in June 2004 (at the BFOREC conference) the establishment of a hardship fund to which RECs, particularly adversely affected, could apply. Fortunately, while the CRE is a strategically-significant funder. RECs receive *on average* only one fifth of their total income from the CRE. RECs reliant on the CRE for a larger proportion of their budget would, of course, be more severely affected.

3.10 Although funding was withdrawn from some RECs, the number of CRE-funded organisations remained roughly the same, with the addition of other

agencies which, while providing some relevant service(s) in line with CRE priorities, were clearly not RECs/REPs as traditionally understood.

3.11 New CRE-funded and listed organisations included:

PACE - Bournemouth University  
BTCV Swindon  
City Life Church, Southampton (CLEAR Project)  
Dockland Settlement No 2, Isle of Dogs  
Gloucester Law Centre  
Irish Traveller Movement in Britain  
Islington and Camden Community Integration Project  
The Angolan Civic Communities Alliance  
West Lothian Council Advice Shop  
BTCV Birmingham  
Derby Millennium Network  
Huntingdonshire Housing Partnership Ltd  
Soft Touch Community Arts  
YWCA Worcester  
Novas Ouvertures Group  
Third Party Hotline

3.12 Leaving aside pension contributions, just over 10% of grants awarded under the CRE's 2004-05 *Getting Results* went to organisations that were not RECs or REPs in any traditional sense. (This figure does not include newly-formed steering groups or organisations set up to replace and offer local race equality services.) Some of the new organisations, while offering separate and distinctive services, were situated in locations already served by race equality councils or partnerships, for example, in Birmingham, Derby, Swindon, and Worcester.

3.13 Another unexpected feature to emerge from the REWM audit of RECs, was the amount of CRE *Getting Results* funding still being provided for legal aid work for complainants of racial discrimination. (Legal aid work does not feature in the list of priority areas or outcomes for funding, but see 4.15 - 4.18.)

3.14 The allocation of *Getting Results* funding was dependent on the CRE and each individual race equality organisation agreeing outcomes. Some RECs found that they were sent contracts accompanied by amended sets of outcomes, milestones or outputs, to which they were expected to agree before funding could be drawn down.

3.15 Some of the outcomes added by the CRE team were difficult to accept as they were not within the control or capability of the REC to deliver. For example, under the priority of cross-community work to tackle racist far-right activity, one REC was allocated the output of ensuring there were 'no further gains in council seats by far-right groups'. Despite querying this contractual requirement, the REC concerned never received any reasoned response from the CRE as to why this extraordinary condition had been imposed.

- 3.16 Following the *Getting Results* annual grant awards for the financial year 2004-05, two additional grants were made available to RECs: the previously-mentioned hardship fund and then, in September 2004, a specialist programme to support projects aimed at capacity-building or promoting integration which were additional to the everyday activities of the organisation.
- 3.17 Specialist funding would be for a period of twelve months from December 2004, with a maximum allocation to any one organisation of £50,000. This programme, with funds of about £350,000, attracted around 200 applications bidding for approximately £7 million.
- 3.18 These additional grant-making arrangements may well have been made in response to the perceived inadequacy and damaging consequences of the initial grant allocation.

#### **4.0 The adverse impact on local race equality work of the Commission for Racial Equality's strategic objectives for *Getting Results* 2004-05**

##### *Problems with CRE priority areas*

- 4.1 Section 44 funding is ostensibly allocated on the basis of the outcomes set out under the priority areas of leadership, cross-community work, conflict resolution and alienated communities on pages 9 to 10 of *Getting Results: a new approach to funding local racial equality work*.
- 4.2 Unfortunately, while RECs can express many of their activities in relation to these priority areas and outcomes, the *Getting Results* priority areas are not aligned either with the CRE's own strategic priorities (which include promoting race equality in the public and private sectors and using race relations law against discrimination), or with public authorities' duties to promote race equality in employment and service delivery, or indeed with the RECs' own constitutional modes of operation (to develop policy, to provide assistance to individuals, to engage in public education, as well as to support communities).
- 4.3 If the priority areas are to be taken at face value as the principal criteria for judging the importance and eligibility of outcomes for funding purposes, then RECs that submit alternative proposals are placing their funding applications at risk.
- 4.4 The failure of the priority areas to include key constitutionally-defined traditional areas of REC work is a serious weakness of the new methodology. The recent REWM audit, however, shows that, despite the stated priorities, the CRE is continuing to fund legal aid work at local level undertaken both by RECs and other agencies, such as law centres.
- 4.5 The four *Getting Results* priority areas, however, define local race equality work almost entirely as community development activity. On closer examination, the four categories of leadership, cross-community work, conflict

resolution and alienated communities are not easily distinguishable in practice and on the ground as distinctive and separate projects.

- 4.6 For example, people living in rural areas, while classed as *alienated communities*, probably require *cross-community work* involving building links between communities on estates and tackling isolation and lack of support. These links might be fostered through the exercise of *leadership* in programmes aimed at women or young people, mentoring, or developing influencing skills among local communities. Black and ethnic minorities living in rural areas might also be in need of *conflict resolution* services addressing issues within disaffected white communities and spanning different social and economic sectors. Efforts directed at black and ethnic minorities living in rural areas may well spill over into projects dealing with the new economic migrants working in agriculture, or Gypsy and Traveller Communities.
- 4.7 In short, the four *Getting Results* priority areas are not discrete and separate categories at all, but overlapping variations of the RECs' community support mode of operation.
- 4.8 Even on this front, however, *Getting Results* stands alone and fails to make adequate connection with the government's other important regeneration initiatives, such as New Deal for Communities (1998), Regional Development Agencies (1998), Sure Start (1998), Crime and Disorder Partnerships (1999), Neighbourhood Renewal Fund, and Neighbourhood Renewal Management (2000). It now needs to be related to the Safer and Stronger Communities Fund announced in the Spending Review 2004 and due to be rolled out across local authorities in England from April 2005.
- 4.9 Although *Getting Results* shows a recognition of the community cohesion agenda in the priority given to cross-community work, it does not relate or match, for example, its proposals for projects or outcomes to the Local Government Association's Guidance on Community Cohesion (May 2002), or to the Community Cohesion Pathfinder Programme (November 2002).

***Omission of support for the relationship between community engagement and service improvement implicit in the CRE's Statutory Code of Practice on the Duty to Promote Race Equality***

- 4.10 Despite the Race Relations Amendment Act 2000 and the CRE Code of Practice on the Duty to Promote Race Equality (consultation draft, December 2001), the *Getting Results* priority areas fail to take into account the important role that local race equality organisation is expected to play in assisting public authorities in identifying functions and policies relevant to the promotion of race equality, assisting in the assessment of, consultation on, or monitoring of the likely impact of policies, and ensuring the public has access to information and services.
- 4.11 The view in CRE quarters that RECs have no part to play in the regulation of the Act's provisions may be justified, but this need not rule out RECs taking

on the promotional activity necessary to make a success of the specific duties. (Recent research has shown that many public authority race equality schemes amount to little more than a rubric to achieve minimal legal compliance and that this flagship government initiative has not so far fulfilled its transformational potential.)

- 4.12 RECs have an important role in the building of bridges between local communities (particularly black and minority ethnic communities) and the public and private sectors in the drive to improve public services and extend equality of opportunity in employment. Through Local Strategic Partnerships, RECs are also in a position to encourage public authorities to join together in coordinating their race equality strategies and schemes at local level in a concerted drive to promote race equality.
- 4.13 Paradoxically, the *Getting Results* funding methodology fails to recognise these exciting possibilities at a time when the provisions of the Race Relations (Amendment) Act have never been in greater need of being driven forward decisively to achieve the objective of promoting race equality and eliminating institutional racism.
- 4.14 Another consequence of this omission is that RECs are not encouraged to provide essential support on race equality promotion to one of their main funders: the local authority, but see below.

***Increasing support for local and regional complainant aid services***

- 4.15 The CRE's legal strategy 2003 (consultation draft) recognised the need for a complainant aid referral service to deal with individual complainants who were declined assistance on the grounds that their cases were judged 'non-strategic'. Commissioners proposed the establishment of a directory of accredited advice and voluntary agencies, such as the Citizens Advice Bureau and RECs, which would be given access to CRE materials, guidance and specialist training to build their capacity and expertise.
- 4.16 Under the heading 'supporting complainant aid organisations' the strategy document states:

'We believe that quality-assured complainant aid organisations could provide cheaper, more efficient and effective advocacy and advice services at a local and regional level. This includes race equality councils that have achieved the Legal Services Commission quality standard or are working in that direction. We, therefore, propose to explore the possibility of expanding these services in geographic areas currently outside the reach of the Commission as well as encouraging others to mainstream racial discrimination advice and casework as part of the services they provide. The type of support that we aim to provide could include funding under the CRE's new outcome-based funding regime, *Getting Results*, assistance with capacity-building and access to Commission facilities, materials and training. Indeed, we have already used our funding programme to fund alternative sources of advice during the 2003-04 financial year' (p.15).

- 4.17 In the light of this statement and the fact that Section 44 funding has continued to be used to support complainant aid work, it is difficult to understand why the provision of local legal aid did not constitute a priority area under the *Getting Results* framework.
- 4.18 REWM's view (not necessarily shared by RECs as a whole) is that legal representation services should be provided at regional level, with referrals from locally-based RECs. CRE legal staff based in regional offices, or working at regional level, might well be better utilised if attached to regional legal service partnerships.

***The need to incentivise partnership work***

- 4.19 In the context of restricted funding, especially of Section 44 grant aid, both the CRE and the RECs should consider the possibilities for increased collaborative working between local race equality agencies. Many RECs are small, fragile and financially precarious, without the critical mass to extend and improve their services and attract capable staff.
- 4.20 The current *Getting Results* methodology lacks the means for encouraging the development of partnerships, joined-up working, overarching sub-regional or regional projects, or the merger of non-viable units. Individual RECs make applications which are considered separately, each on its own merits.
- 4.21 There should be scope within the funding methodology for incentivising partnership and joined-up working. Where possible, in the context of the need to retain local access, smaller RECs should be encouraged to combine their efforts, or to expand and extend their services to neighbouring areas still lacking local race equality services.
- 4.22 Funding priorities should be amended to emphasise the advantages of partnership working between the public, private, voluntary and community sectors, especially through the Local Strategic Partnership and its thematic and geographical sub-groups. As *Getting Results* currently stands, there appears to be little or no recognition in the funding arrangements of the relevance of collaborative working and partnerships to effective race equality outcomes.

***The need for infrastructural support***

- 4.23 Since the CRE disengaged from the quasi-employer relationship with RECs, and began to question the nature of its 'strategic partnership' with them, RECs have had to search out alternative sources of infrastructural support for local race equality work.
- 4.24 At regional level, organisations such as Race Equality West Midlands (REWM) and the East Midlands Race Equality Forum have been established. At national level, the British Federation of Race Equality Councils (BFOREC) has been brought into being.

- 4.25 These bodies have had to address the absence of infrastructural support for local race equality organisation by developing policy and strategy, responding to consultation, providing the movement with a voice, organising professional development and training, undertaking research and development, applying for grants, and gaining greater access to funding.
- 4.26 It is generally accepted that these functions are essential to the survival, adaptation and success of local race equality work and organisation. Yet infrastructural support for RECs and local race equality work was not considered eligible in 2004-05 for Section 44 funding. Neither BFOREC nor REWM was given funding for infrastructural development.
- 4.27 It was made clear that REWM, as a regional umbrella organisation, would have to deliver front-line race equality services to local service users to qualify for a *Getting Results* grant. Its strategic development and research, though praised by the CRE and RECs nationally as important and necessary for the movement, would not be funded.
- 4.28 Similar difficulties have reportedly been encountered by steering committees set up by public authorities and voluntary and community sector organisations aimed at developing new or replacement local race equality agencies. These new initiatives require a development phase before delivering the priority outcomes listed in *Getting Results*. They were led to believe that funding would not be made available for infrastructural development.
- 4.29 It is possible that the CRE has recognised this limitation and introduced the specialist programme 2004-05 as a response. The specialist programme focuses on projects in areas where there has been a reduction in, or withdrawal of, Section 44 funding over the last 18 months, or where there is high community tension, or projects which encourage better understanding, cooperation and interaction within and between communities.
- 4.30 The specialist programme, however, sees capacity building as repairing the damage done to the local race relations network by the rigid application of *Getting Results*, not as supporting existing agencies through the development of national and regional structures.
- 4.31 The future of the local race equality network is unlikely to be secured without putting into place national and regional agencies which provide strategic leadership, undertake research and development, and arrange professional updating and training. Section 44 funding must take into account these infrastructural requirements.

**5.0 The adverse impact on local race equality work of the Commission for Racial Equality's strategic management of *Getting Results* 2004-05**

5.1 RECs receive funding from seven sources in the proportions shown in table 4.

<b>Table 4 REC/REP funding sources</b>		
<b>Source</b>	<b>National Audit 2004</b>	<b>(West Midland Regional Audit 2003)</b>
The Commission for Racial Equality	20.1%	(11%)
Local councils	42.8%	(22%)
Other public authorities	11.8%	(7%)
Government regeneration initiatives	4.4%	(25%)
The Big Lottery (Community Fund)	5.6%	(30%)
RECs/REP own income generations (lettings, sales of services such as consultancy and training)	6.2%	(1%)
Other	9.1%	(4%)

5.2 While the CRE only provides one fifth of the funding for the average REC, the recognition of the work of the REC afforded by the CRE grant award, persuades others of the organisation's worth and legitimacy and helps it to attract funding from other sources.

5.3 Until comparatively recently, RECs were jointly funded by the CRE and local authority(ies), each contributing approximately half to the undertaking. Frequently, the CRE paid the salary and pension costs of the race equality officers while the local authority contributed premises and administrative support. The audited accounts of most RECs reflect the historical legacy of this arrangement, but with local councils now contributing almost twice as much as the CRE to the upkeep of voluntary sector local race equality organisations.

5.4 While there appears to be some awareness in the literature on *Getting Results* of the legacy of matched funding arrangements, of the multiple funding sources of most RECs, and of the financial leverage afforded by the CRE grant, there has been little recognition in the actual application and award-making process of the partnership dimension of funding allocations, or of the consequence for all parties of unilateral withdrawal from funding arrangements.

5.5 Sometimes, for example, local authorities continue to pick up the tabs, or their part of them, after the CRE ceases to fund the REC. On other occasions, local authorities use the CRE's withdrawal of funding as a reason for withdrawing their own contribution.

- 5.6 A major criticism of the introduction, application and management of the CRE's *Getting Results* funding methodology, is its apparent failure to recognise of take into account, at least in any formal sense, the continuing legacy of joint funding arrangements and the potential in the grant-making process for increased leverage or matched funding agreements. In some cases, there has been the spectacle of public authorities joining with community groups to protests at the withdrawal of CRE funds and the threat to local race equality services.
- 5.7 It would surely have served the CRE, with its strategic priority of promoting good relations between all communities, to have pressured those public authorities which currently make no contribution to local race equality work, by making known that matched funding was available and was being turned away.
- 5.8 *Getting Results*, however, has been operationalised in a way that provides public authorities with excuses for withdrawing funds from local race equality work, rather than contributing, or contributing further, funding to it. This is perhaps the most serious indictment of the current CRE approach to Section 44 awards.

***One year funding: the consequence of year-on-year variations***

- 5.9 *The Compact on Relations between Government and the Voluntary and Community Sector in England* recommends service level agreements of three years to enable voluntary organisations to develop and plan their services. One-year funding, in a context in which there is frequently variation between funding applied for and funding eventually allocated, not only restricts opportunities for forward planning, but may result in major destabilisation when funding is unexpectedly reduced or withdrawn.
- 5.10 There is clear evidence that application of the *Getting Results* approach to funding in 2004-05 has undermined the stability of RECs and resulted in the short-termism that the Home Office's recent document on capacity building and infrastructure framework for the voluntary and community sector, *Change Up* (2004), is seeking to avoid.
- 5.11 RECs with limited funding streams whose funding was adversely affected in this way, have been forced into terminating projects and services, making staff redundant and, in extreme cases, closing down. Gaps have subsequently appeared in the local network of race equality councils, with the majority of surviving RECs claiming that they have been approached in the last year for help by persons from neighbouring areas which do not have a local race equality service.
- 5.12 Conversely, RECs awarded larger amounts of funding have to devise ways of delivering services within the year of allocation, which do not incur ongoing commitments and costs. Thus, the staff required to deliver a particular project can only be given one-year fixed-term contracts or seconded in for the

duration of the funding, restricting the organisation's ability to attract people of sufficient calibre to provide the high-quality service expected.

- 5.13 One consequence of the *Getting Results* approach to funding has been the failure of a substantial number of race equality councils and the breakdown of any semblance of nationwide comprehensive local race equality cover. In June 2004, in recognition of the destabilisation caused by sudden variations in funding allocations, the CRE introduced a hardship fund for RECs in severe financial crisis.

***The need to recognise the real cost of sustaining a network of financially-viable outcome-delivery agencies***

- 5.14 The 2004-05 *Getting Results* funding allocation seriously disrupted the traditional pattern of the CRE payments to RECs. A significant number of RECs received less, considerably less, or nothing, in comparison with previous years. Often, the CRE achieved the reduction in payments by reducing the number of funded outcomes. There comes a point at which the size of the grant allocated for a particular outcome no longer covers the costs necessary to sustain the organisation's ability to deliver that outcome, or any other.
- 5.15 It is usually at this point that the concept of core costs is raised. Core costs are conceived as the minimum amount needed to enable the REC to continue as a functioning administrative unit and are unusually thought of as covering expenditure on core staff and administrators, office running costs, and rent. With outcome related funding, of course, these items should be priced and included in the costing of outcomes, much as a consultancy prices a consultancy day (which in reality for most RECs would work out at well over £500 per day).
- 5.16 Whether or not there is a place in the world of outcome-related funding for core costs as some RECs wish to argue (a view probably reinforced by the CRE insistence on using the ACEVO funding template), there is a point at which the amount the CRE is prepared to allocate for the delivery of an agreed outcome (or outcomes), falls below the sum necessary to deliver it (or them).
- 5.17 In other words, there is a minimum quantum below which it is simply uneconomical to expect the outcome to be delivered, unless it is being subsidised on the back of marginal costs provided by other funders. The degree to which marginal costing or cross-subsidy is possible will depend on the other funding streams at a REC's disposal.
- 5.18 The more a REC relies on the CRE as its main funding source, the more vulnerable it is to the variations in funding caused by rejection of some or all of its proposed outcomes. It is self-evident that, in making its 2004-05 grant allocation, the CRE did not allow for the effect of funding a reduced number of outcomes on the quantum of funding necessary for a local race equality council to stay in business. This, of course, would vary according to the other funding sources at a REC's disposal.

- 5.19 It is not acceptable, except in a context of an agreed partnership, for any funder to rely on others to help meet the full costs of the outcomes it has commissioned.

***Future outcome delivery versus past record of outcome achievement***

- 5.20 *Getting Results* funding is indeed outcome-related, but on promise of future outcome delivery, not on past record of outcome achievement. It is quite possible for a previously-successful REC, delivering local outcomes to the satisfaction of local agencies and communities, to have funding withdrawn on the basis of the perceived poor quality of its application.
- 5.21 This dimension of *Getting Results* contributes to many RECs' perception of it as a haphazard and insensitive methodology, turning on the quality of the paper work submitted rather than on any real knowledge of a REC's track record of achievement in particular local circumstances.
- 5.22 One way to counter this perception would be to split the funding allocation, awarding a proportion of it for the successful delivery of the previous year's agreed outcomes (based perhaps on the annual work review and assessment by CRE officers) and a proportion of it for the forthcoming year's promised outcomes. A methodology of this kind would also help to alleviate the shock of the instant withdrawal of all CRE funding at the commencement of the financial year.

**6.0 The adverse impact on local race equality work of *Getting Results* in operation, 2004-05**

***Centralisation of Getting Results decision-making***

- 6.1 Decisions on Section 44 grants were decided nationally against national priorities and criteria. Since 2003, to deal with its budgetary deficit, the CRE has embarked on a programme of voluntary severance and early retirement and 'streamlined' its regional presence by redefining the role of its community affairs team, closing its office in Leeds and relocating its northern operations in Manchester, and attempting to colocate the Birmingham team with the Government Office for the West Midlands.
- 6.2 Community affairs staff are now required to make links with the public bodies delivering the race equality duty across their regions, produce community and regional intelligence, and engage in work with the regional development agencies to develop strategic partnerships. (Building the capacity of local race equality organisations is not mentioned.)
- 6.3 The cost-cutting exercise has led to the departure of staff with knowledge of the local race equality context and to a serious truncation of the CRE's ability to operate effectively at regional and local level.

- 6.4 The post of Director, Countries, Regions and Communities, which carries responsibility for managing Section 44 funding, has been vacant for some time and the CRE has yet to announce an appointment. It is reported that letters to the CRE raising questions about local funding issues and allocations rarely receive acknowledgement, let alone an authoritative response. The impression shared by many RECs is of a community affairs team unable to provide a policy steer at regional or local level to local race equality agencies, or to monitor or appraise the quality of outcome delivery on the ground.
- 6.5 The feeling of rudderlessness has been exacerbated in recent months by the CRE's decision to 'unequivocally reject' the proposals in the DTI White Paper *Fairness for All: A New Commission for Equality and Human Rights*. The implications of the White Paper, whether implemented in full, or rejected, for local race equality work have yet to be properly explored. The White Paper view of RECs as delivering programmes aimed essentially at bringing about community cohesion, with examples given of promoting leadership and civic participation among young people and women in minority ethnic communities, is evidently derived from the CRE *Getting Results* priority areas and provides a wholly inadequate view of local race equality work.
- 6.6 The CRE has not consulted with RECs, either in relation to their proposed role under the CEHR, or prior to the decision to 'unequivocally reject' the White Paper proposals.
- 6.7 The CRE now has offices only in Birmingham, Cardiff, Edinburgh, London and Manchester. There is no correspondence between the CRE's regions and the nine Government Office regions in England. Indeed, in Scotland, Wales and the English regions, the CRE is generally perceived as a London-based quango, out of touch with race relations at local level. All this has to be set in a context in which the government wants to strengthen the role of Government Offices and delegate to them some of the functions that are carried out in Whitehall. GOs are to be given a leading role in negotiating and agreeing outcomes for the Stronger and Safer Communities Fund and in piloting local Area Agreements, including Local Public Service Agreements.
- 6.8 With a further reduction in its regional presence and a departure of staff with local knowledge and experience, the CRE is increasingly poorly equipped to make informed decisions about local grant allocations or the worth of local partnership objectives and arrangements.
- 6.9 For example, a decision on whether or not to fund Darlington and Durham REC in 2005-06 will have to be based on a funding application received centrally and any additional information supplied by the Manchester Office, a hundred miles distant.
- 6.10 The CRE's regional presence could be substantially augmented by co-locating community affairs staff at Government Offices for the regions. The CRE's current regional policy seems to have come about, not as a way of establishing an effective presence and service in English regions and localities, but as a means of cutting costs.

### *Distinguishing outcomes, milestones and outputs*

- 6.11 There is an assumption in the *Getting Results* booklet that outcome-related approaches to funding are new to RECs. For many years, RECs set out in detail the tasks they intended to undertake, when the tasks were to be completed, indicators of success, and the expected outcome or impact. Work programmes based on this information were then reviewed at the end of each year. In addition, many RECs had entered into service level agreements with local authorities.
- 6.12 The problem with the *Getting Results* outcome, milestone, output formulation lies not in the failure of RECs to accept or to adapt to it, but to intrinsic conceptual difficulties in distinguishing between:
- objectives and outcomes.
  - outcomes already achieved and outcomes proposed.
  - short-term outcomes and long-term outputs.
  - general and particular outcomes/outputs.
  - performance measures and performance indicators.
  - outcomes that are more easily measurable and outcomes that are difficult to measure.
  - outcomes that are within the control or remit of the organisation and outcomes that depend on others, or favourable circumstances.
- 6.13 *Getting Results* assumes the key to success lies in ensuring that agencies are working towards ‘solid measurable racial equality outcomes’ (p. 5). It would be instructive to ask the CRE, how solid and measurable the racial equality outcomes are that it sets itself. Within any given context, such outcomes, no doubt, can be set and will be achievable, but the idea that they are ‘solid’ and can be measured without difficulty is disingenuous. In the political context of current community development initiatives, the formulation and measurement of successful racial equality outcomes, in contrast to organisational outputs, is particularly problematic.
- 6.14 It is made more difficult for RECs because they not only have to take into account CRE priorities when deciding on outcomes, but their existing commitments, the requirements of their constitution, the needs of their local communities, and the skills and competences of their staff.
- 6.15 The formulaic and inflexible way in which CRE officers have applied the requirement to set out all activity that requires funding, in terms of outcomes, milestones and outputs, without exception, and in the context of the restrictions imposed by the priority areas, indicates an unwillingness to

acknowledge or recognise the complexity of the social, political and economic relations that constitute the reality of race equality promotion at local level.

- 6.16 There is a suspicion among RECs that the criteria have been applied formulaically and inflexibly, not to improve performance management and achieve better value for money, but in order to ration, and to justify the rationing, of the strictly-limited funds available. A poorly expressed outcome, dismissed as an output, is merely a convenient excuse for rejecting that part of a funding application without reference back to the realities of local need or context.

#### ***Smaller grants to a greater number of organisations***

- 6.17 Data from both the CRE website and REWM appear to show that in 2004-05 the CRE gave smaller grants to a greater number of organisations. Nearly half of RECs claimed to have received less funding than in the previous year, with more than a fifth receiving half or less than the average payment of £34,536.
- 6.18 The distribution of grant aid thinly and in smaller quanta may have been intended to be more equitable and achieve greater value for money, but, on the negative side, it has reduced the funding quantum to a sizeable proportion of RECs, forced some into financial crisis and, in a small number of cases, destroyed the existence of well-established and effective delivery agencies.

#### ***Late allocation of funding***

- 6.19 The main *Getting Results* funding programme allocates funding for the forthcoming financial year, usually towards the end of the current financial year. In 2004-05, however, the decision to fund, and the amount of funding to be allocated, were not conveyed to applicant organisations until well into the new financial year, resulting in some cases, in cash flow problems, difficulties in paying staff, and, where payment was not made, in redundancies and closures.
- 6.20 The treatment of small, fragile voluntary organisations in this way is not only damaging to their local reputation for financial propriety, but is unfair to staff who, in some instances, have given their lives to the movement.

### **7.0 Has *Getting Results* delivered on the promises made for it by the Commission for Racial Equality?**

- 7.1 The *Getting Results* policy framework for awarding grants was informed by the agenda for modernising government, an emphasis on public accountability, public authorities' new statutory duties to promote race equality, and the compact between the government and the voluntary sector.
- 7.2 It sets out to modernise the funding arrangement between the CRE and the RECs, by moving from an historical method of funding based on race equality officers' employment costs to one based on organisational outcomes. Public

accountability is interpreted as holding RECs accountable for delivering agreed outcomes in return for grant aid, not as holding the CRE accountable for ensuring the network of voluntary race equality agencies is retained and the services it provides improved and made more accessible.

- 7.3 *Getting Results* policy shows little sign of recognising the significant role that RECs might play in assisting public authorities in delivering their new statutory duties to promote race equality. As for the compact between the government and the voluntary sector, it is difficult to claim that the CRE has strengthened the organisations it has funded or helped them to plan for the longer term by developing a multi-year strategic funding programme. Indeed, the late allocation of grants 2004-05 helped to undermine still further RECs' capacity to engage in forward planning.
- 7.4 The CRE states that one of its main aims is to make sure that local racial equality work is delivered consistently throughout Britain, while acknowledging that this will vary according to local needs and circumstances. The focus on outcomes, however, has not ensured consistent delivery: rather, the withdrawal of funding from organisations considered unable to deliver outcomes considered to be of national priority by the CRE, has led to the collapse of potential delivery agencies, further gaps emerging in regional networks, and greater inconsistency in delivery overall.
- 7.5 There is, furthermore, little evidence that regional or local circumstances and priorities have been taken into account in the process of making grant awards. On first assessment, the CRE can scarcely claim success in widening access to much-needed local race equality services.
- 7.6 *Getting Results* is also intended to help lever more mainstream funds into racial equality work. It is difficult to see how the new funding methodology actively encourages the process of leverage, but it is just possible that, in some instances, the withdrawal of Section 44 funding may have led other public authorities to provide a greater share of the budget of a REC to prevent its closure.
- 7.7 *Getting Results* is also meant to encourage more people and agencies to become involved so that the network of organisations delivering local race equality services is widened. This is a laudable objective, but not necessarily an effective strategy, if it means giving smaller grants to a larger number of agencies, with the consequence that parts of the traditional local race equality network are put at greater financial risk.
- 7.8 *Getting Results* shows little awareness in its operation of other government initiatives in related fields of promoting inclusivity, partnership working, regeneration, and community cohesion, and it is difficult to see how, in practice, it has led to closer joined-up working with government and other funding agencies to attract more investment in local racial equality work.
- 7.9 On introducing the new funding methodology, the CRE made a number of promises.

- 7.10 The CRE would work to lever more mainstream funding towards racial equality work. There is scant evidence that either the grant-making mechanism itself, or CRE public affairs staff in the regions, have succeeded in encouraging or achieving greater leverage. Indeed, the withdrawal of CRE funding will, in all probability, have resulted in other public authorities withdrawing their share of funding, too.
- 7.11 The CRE promised to recognise and build on the strengths of local racial equality work by promoting and encouraging strategic partnerships. It is not clear what is meant here by a ‘strategic partnership’, but there is nothing in the *Getting Results* approach, per se, to encourage partnership development. Race Equality West Midlands has produced various models for promoting race and other equalities through Local Strategic Partnerships and Community Empowerment Networks, but these do not appear to have been actively taken up or promoted by the CRE at central office.
- 7.12 It is not clear, from the point of view of the RECs, how *Getting Results* has, as promised, contributed to more effective working relationships with ethnic minority voluntary and community organisations, other government agencies, and the wider voluntary and community sector.
- 7.13 The recent experience of the local race equality sector also undermines the claim that the CRE has made efforts to support organisations it would like to fund, or organisations that are trying to grow, but do not yet have the capacity, unless this was the reason for the introduction in September 2004 of the *Getting Results* specialist programme. There is still little recognition, however, of the need for stable capacity-building voluntary infrastructure at regional and sub-regional level to assist in extending and improving local race equality services.
- 7.14 It is not known whether the CRE has considered, as it promised, the feasibility of some RECs taking on work related to the development of a single equality commission, so that they can demonstrate their ability to work in a wider context. However, this proposal is unlikely to have been progressed, given the CRE’s current stance on the CEHR. This has not stopped the BFOREC, REWM, and other agencies actively exploring the possibilities for developments of this kind at local level.
- 7.15 Finally, it is again worth pointing out that, despite promises of intent, there has to date been no meaningful consultation by the CRE with RECs/REPs on:
- (i) the operation and effects of the *Getting Results* funding methodology,
  - (ii) the CRE’s promised codes of practice for the voluntary and community sector,
  - (iii) local race equality priorities,

- (iv) the White Paper on the proposed Commission for Equality and Human Rights,
- (v) the CRE's regional policy, or
- (vi) funding of infrastructure and capacity building.

## **8.0 Recommendations**

For the CRE:

- 8.1 To revise the CRE's *Getting Results* priority areas in the light of
  - (i) the CRE' strategic priorities,
  - (ii) a recognition of the contribution RECs can make in assisting public authorities to meet their duties under the Race Relations (Amendment) Act, and
  - (iii) the RECs' own constitutional modes of operation.
- 8.2 To recognise that Section 44 funding should also be used to fund complainant aid and policy development initiatives.
- 8.3 To align CRE *Getting Results* priorities with categories selected from cross-community work in the Local Government Association's guidance on community cohesion.
- 8.4 To accept that Section 44 funding might be used to assist in the development of coordinated race equality and community strategy at city, borough, county, and district levels through Local Strategic Partnerships and other partnership arrangements.
- 8.5 To develop CRE funding strategy to provide incentives at regional, sub-regional and local level for partnership working, mergers and infrastructural support.
- 8.6 To recognise that CRE funding strategy must take into account through infrastructural development the need for local race equality strategy, consultation, democratic participatory approaches, professional development and training, and initiatives to improve access to funding.
- 8.7 To recognise through the funding methodology the traditional importance of using Section 44 to lever in funding from other agencies and to encourage matched funding contributions.
- 8.8 To award Section 44 grants, or at least the greater proportion of them, for a period of more than a year, preferably for three years.

- 8.9 To give RECs ample notice of any decision to vary the amount of grant awarded (preferably for three years).
- 8.10 In addition to the September 2004 specialist grant programme, to introduce measures to encourage comprehensive local race equality coverage in Scotland, Wales, and the regions of England. This will mean special provision for areas in which local race equality services have never before been provided or have recently been withdrawn.
- 8.11 To make sure that *Getting Results* grants cover the full costs of delivering agreed outcomes and are provided in sufficient quantity to sustain delivery agencies.
- 8.12 To explore the possibility of providing a proportion of the *Getting Results* grant aid on the basis of the successful delivery of outcomes in the previous year (ie. a REC's track record) rather than as in 2004-05, solely on the promise of future outcome delivery.
- 8.13 To revisit the *Getting Results* grant allocation process to see whether decisions could be better made at regional level and in the light of knowledge of local circumstances.
- 8.14 To explore the possibility of realigning and relocating CRE regional staff to the nine English regions recognised in the government's regional strategy and by the location of GOs and RDAs.
- 8.15 To include the oversight, facilitation, and capacity-building of local race equality organisations as part of the job description of the remaining public affairs staff.
- 8.16 To consult with RECs over the role proposed for them in the White Paper *Fairness for All* and the CRE's rejection of the White Paper proposals.
- 8.17 To consult with RECs over the formulation of outcomes/outputs, providing, where possible, examples of appropriate wording and successful grant applications with explanations.
- 8.18 To explore ways of reducing the large difference between the amount of funding requested by local agencies and the amount available for awards (ie. between demand and supply). To reduce the number of speculative or unrealistic applications.
- 8.19 To inform RECs of funding decisions well before the commencement of the financial year in which the allocation is to be spent.

## **Appendix A**

**29 APRIL 2002**

### **BRITISH FEDERATION OF RACIAL EQUALITY COUNCILS**

#### **MODERNISING THE WORK OF THE RACE EQUALITY VOLUNTARY SECTOR AND ITS PARTNERSHIP WITH THE COMMISSION FOR RACIAL EQUALITY**

##### **POSITION PAPER, APRIL 2002**

1. **Need for review**

Race equality councils and partnerships in the English regions, Scotland and Wales recognise the need to examine and update their functions and services in the light of changing social, political and legal circumstances.

2. **Expansion and improvement**

While conscious of their unique role, serving as a local network for the promotion of racial equality, and of their past successes, they are also aware of the need to expand and improve their work in eliminating discrimination, promoting equal opportunities, and improving relations between racial groups.

3. **New functions**

The Race Relations (Amendment) Act has provided a new impetus to public authorities to take into account the needs of local users of all ethnic groups when planning services and employment policies. Racial equality councils and partnerships have an essential contribution to make in monitoring and scrutinising policies and assisting in the public consultation process.

4. **New vision and purpose**

In entering into consultation and/or negotiation with the Commission for Racial Equality and other relevant national and regional bodies, racial equality councils and partnerships wish to set out convincingly their vision and purpose, and to secure the resources necessary for their transformation into dynamic bodies for the promotion of race equality at local level.

5. **New funding arrangements**

The background is of the Commission for Racial Equality's decision to terminate salary grant aid to councils and to replace it with a new funding regime based on outcome-orientated performance. Realisation of a new vision

and purpose will involve participating with the Commission in plans to develop a draft contract governing racial equality councils' relationship with the Commission and new criteria for the allocation of funds, based on performance.

6. **Securing funds sufficient for purpose**

It is unlikely, however, that the existing sum made available by the Commission, nor indeed the additional funding given by local authorities, will be sufficient to provide the level of service requested by the general public or judged necessary in any realistic analysis of local structural need. In addition, therefore, to giving consideration to a fairer distribution of existing resources, BFOREC invites the Commission for Racial Equality to join with it in developing a common strategy to promote local racial equality work, and to locate and draw down new dedicated funds in support of it.

7. **Principles for the distribution of proposed strategic funding**

BFOREC is prepared to enter into discussion with the Commission on the redistribution of current funding levels on the basis of the following principles:

- (i) *Promotion of local racial equality services*  
The Commission should openly acknowledge and promote the value of local racial equality services provided by racial equality councils and partnerships, and make it known publicly that they are its preferred partners.
- (ii) *Service accessibility*  
Local development and funding distribution should be coordinated in such a way as to ensure that all areas of the English regions, Scotland and Wales have access to local racial equality services and that these services are locally accessible to all who need them.
- (iii) *Consideration of local variation*  
The new formula should take into account local and regional differences, acknowledging the differences in approach and work between, for example, urban and rural settings and areas of economic prosperity or of industrial decline.
- (iv) *Level of funding*  
In the process of transition from the old funding regime to the new, the same or an increased level of funding overall should be provided by the Commission to racial equality councils and partnerships.
- (v) *Minimum quantum*  
The Commission should provide a minimum CRE funding quantum to each CRE-funded REC/REP, which would be sufficient to support the salary of a race equality professional, plus 20 per cent on costs (conceived as including employer NI and pension contributions). This quantum, duly inflation-proofed, would be recognised as the minimum

level of strategic funding that any CRE-funded organisation would receive from the Commission. To it, might be added further amounts of strategic funding, project funding, or development funding.

- (vi) *Safeguarding measures*  
Adequate measures must be put in place to safeguard the interests of existing councils and especially of their employees. It is self-evident that the new arrangements will lead to some RECs/REPs receiving more funds and others less: consideration must be given to the prospects, terms and conditions of staff in post.
- (vii) *Transparency*  
All funding arrangements should be designed to improve the comprehensiveness, quality and delivery of services to users. Criteria for the allocation of funds and the amount of each grant eventually made should be transparent and seen to be fair by RECs, their honorary officers and other interested public bodies.

#### 8. **Further requirement for modernising the partnership**

While the aforementioned principles must underpin the arrangements for the transition to performance related funding, they are not in themselves sufficient to modernise the partnership between the councils and the Commission. This requires the development of a shared, new and enhanced vision of the necessity and scope of local racial equality work.

#### 9. **Joint strategy for local delivery**

The existing Joint Working Party must be more than a consultation meeting to explore new funding arrangements. Immediate steps must be taken to put in place the procedures necessary to develop a joint strategy for local racial equality work and development in which RECs/REPs are collectively viewed as an equal partner and a necessary vital agent for local delivery.

#### 10. **Need for more resources**

BFOREC wishes to explore with the Commission the potential for increasing the resources available to RECs/REPs for engaging in the following kinds of local racial equality work, as it believes RECs/REPs are the only agencies in a pivotal position to initiate, coordinate or deliver the overall objectives:

- (i) *Community cohesion*  
The promotion of community cohesion in those areas assessed as at risk of social fragmentation. Projects would focus on improving contact and social interaction between racial groups in the four key areas of housing, education, employment, and leisure and sporting activities.

- (ii) *Anti-racist work with young people*  
Anti-racist youth, community and training projects (possibly mounted as part of Connexions programmes), aimed at ameliorating the effects of extreme right-wing racist activity among disaffected young people and in the areas they live.
- (iii) *Scrutiny of local race equality policies*  
Projects for monitoring, scrutinising, assisting with consultation on public authority race equality schemes, and in undertaking local coordination and research into their effectiveness.
- (iv) *Refugees, asylum seekers and new immigrants*  
Projects to assist in the initial integration of refugees, asylum seekers and new immigrants and residents into established local communities.
- (v) *Rural racism*  
Projects, mounted by race equality councils in the counties, shires and rural areas, to tackle rural racism, including anti-harassment initiatives to support:
  - isolated ethnic minority families and individuals.
  - isolated refugees, asylum seekers and new immigrants.
  - gypsies, travellers and itinerants.
- (vi) *New 'equalities' case work*  
Experimental development projects linking race, gender and disability equalities case work (so-called 'one-stop shops'). These would involve joint planning between the CRE, the Equal Opportunities Commission and the Disability Rights Commission, as well as joint funding of the RECs by the Commissions.
- (vii) *Private sector initiatives*  
Increasing the amount of racial equality council work undertaken with private sector employers, in recognition of the fact that the private sector accounts for 80 per cent of total employees.
- (viii) *Access initiatives*  
Various access-to-employment projects mounted as a partnership between RECs, LSCs and employers who are experiencing difficulty in recruiting a multi-cultural workforce.

## 11. **The need to build REC/REP capacity**

In further recognition of the need to modernise the CRE/REC partnership, as well as to ensure that both the CRE and the RECs/REPs are (after many years of structural neglect) 'fit for purpose', BFOREC wishes to join with the CRE in a coordinated drive to build the capacity of the local race equality movement. This might best be undertaken by establishing projects based on each of the nine Government Office regions of England and the counties of Scotland and Wales.

## 12. **Capacity-building tactics**

The capacity-building projects' role would be to assist local racial equality councils and partnerships with the following tasks:

- strategic and policy development.
- service improvement.
- acquisition of funding.
- training policy and programmes.
- research.
- communication.
- performance monitoring.
- collaborative ventures and partnership formation.
- consultation exercises.
- supporting BFOREC.

## 13. **Summary**

BFOREC seeks to modernise the work of the race equality voluntary sector and its partnership with the Commission by:

- participating in the development of the new performance-based funding regime, with a view to securing a fairer distribution of existing resources.
- making the case, in a new partnership with the CRE, for new and increased funding for local race equality work through projects led by RECs/REPs.
- securing, in partnership with the CRE, new capacity-building facilities to improve the quality of REC/REP functions and service delivery.

Milton Crosdale (Chair) and  
Frank Reeves (Acting Secretary)  
BFOREC, April 2002

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Race Equality West Midlands (February 2004), *How should local race equality work be organised? Developing and positioning race equality organisation in the context of Neighbourhood Renewal and the statutory duty of public authorities to promote race equality*, REWM, Birmingham.

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## Race Equality West Midlands

### Publications list

**Most Race Equality Digests and research reports are available in hard copy from the REWM office or on the REWM website at [www.rewm.org](http://www.rewm.org).**

#### Race Equality Digests (RED)

- RED 1      *Community cohesion, Bradford, Burnley and Oldham: four significant reports* (January 2003).
- RED 2      *The draft statutory code of practice on the duty to promote race equality* (February 2002).
- RED 3      *Ethnicity and religious affiliation in the West Midlands region: information from the 2001 Census* (Spring 2003).
- RED 4      *The success of the British National Party and other extreme right-wing parties in the local elections on 1 May 2003* (May 2003). RED Supplement: *From BUF to BNP: a concise chronology of extreme right-wing activity in Britain and of the responses to it* (May 2003).
- RED 5      *How should local race equality work be organised? Developing and positioning race equality organisation in the context of Neighbourhood Renewal and the statutory duty of public authorities to promote race equality* (October 2003).
- RED 6      *Race equality councils and partnerships: their strengths, needs and aspirations. The 2003 audit of resources of West Midlands race equality councils and partnerships* (February 2004).
- RED 7      *Gypsy and Traveller Communities in the West Midlands Region with information from the last five ODPM counts* (July 2004).
- RED 8      *Modelling the delivery of local equality services in rapidly changing circumstances. Exploring the feasibility of local equality and human rights facilities in a world of Race Equality Councils and other single equality strand agencies* (July 2004).
- RED 9      *The 2004 national audit of race equality councils and partnerships* (September 2004).
- RED 10     *Assessing the impact on local race equality work of the Commission for Racial Equality's policy for funding organisations under Section 44 of the Race Relations Act (Getting Results 2004-05)* (October 2004).

## Research reports

1. *Race equality: the significance of working with local communities. A strategic review of West Midland racial equality councils and partnerships* (August 2001, revised November 2001).
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6. *Impact assessment as a means of improving race equality schemes, eliminating institutional racism and promoting race equality. Scoping the tasks involved with a view to undertaking further analysis of method and providing guidance* (Race Equality West Midlands in association with Government Office for the West Midlands, the Commission for Racial Equality, Birmingham office and West Midland Race Equality Councils and Partnerships) (December 2003).
7. *A new approach to race equality in Warwickshire* (research report undertaken for Warwickshire County Council and other partners as a joint report by TMP Worldwide and Race Equality West Midlands) (May 2004).
8. *Walsall racial equality and diversity audit, review and plan* (research and development report undertaken for Walsall Borough Strategic Partnership) (August 2004).
9. *Jigsaw Mentoring Partnership. Project Review and Recommendations*, prepared for East Staffordshire Race Equality Council (May 2004, finalised September 2004).