

Refugee Council and Refugee Action's Response to Department of Culture, Media and Sport consultation on the National Lottery Distribution Fund

20 August 2010

Introduction

Who we are

1. [Refugee Council](http://www.refugeecouncil.org.uk)¹ and [Refugee Action](http://www.refugee-action.org.uk)² are two of the largest organisations in the UK working with asylum seekers and refugees.
2. Refugee Council is a human rights charity, independent of government, which works to ensure that refugees are given the protection they need, that they are treated with respect and understanding, and that they have the same rights, opportunities and responsibilities as other members of our society.
3. Refugee Action is an independent national charity working with refugees to build new lives in the UK by providing practical advice and assistance for newly arrived asylum seekers and long term commitment to their settlement through community development work.
4. [The Basis Project](http://www.thebasisproject.org.uk)³ is an England-wide partnership project led by Refugee Council and Refugee Action. Basis is the only national specialist project to support refugee community organisations (RCOs) in all the English regions.⁴ Our Organisational Development Officers give one-to-one support to hundreds of RCOs to help them manage, develop and sustain their work. In particular we support RCOs in four key areas: fundraising, financial management, project development and organisational governance.
5. We also work closely with funders and mainstream support providers, such as the Councils for Voluntary Services, to help increase their understanding of RCOs, the benefits they bring and the particular challenges and barriers they face, in order to improve RCOs' access to funding opportunities and sources of mainstream support.

Why we are responding

6. Refugee Council and Refugee Action are responding to this Department of Culture, Media and Sport (DCMS) consultation to raise awareness about the potential implications for RCOs of the proposals contained within the draft 'Apportionment of Money in the National Lottery Distribution Fund Order 2010'.
7. The consultation suggests that DCMS wishes to 'restore the National Lottery to its original purpose' and plans to increase the amount of good causes funding allocated to the arts, sport and heritage to 20% each. This would reduce the proportion of good causes funding available to the Big Lottery Fund (BIG) from 50% to 40%. DCMS plans to make this reduction in two stages: on 1 April 2011 to reduce BIG's allocation to 46% (and increase the arts, sport and heritage allocation to 18% each) and on 1 April 2012 to reduce BIG's allocation to 40% (and increase the arts, sport and heritage allocation to

¹ <http://www.refugeecouncil.org.uk>

² <http://www.refugee-action.org.uk>

³ <http://www.thebasisproject.org.uk> The Basis Project is funded for five years by the Big Lottery Fund.

⁴ The regions we work in are the South East, South West, London, East of England, East Midlands, West Midlands, Yorkshire and Humberside, North East and North West.

- 20% each).⁵ DCMS has further stated that it will provide guidance to BIG so that all of its funding is available to the voluntary and community sector.⁶
8. This submission is drawn from our experience through our Basis Project of supporting RCOs throughout England, particularly around securing and managing funds. As a result of our work we know how instrumental funding provided by BIG is in enabling RCOs to make a real difference within their local communities. Our submission also draws upon discussions at our Basis National Conference in June 2010 where RCOs, funders and support organisations came together to discuss the theme ‘Sustainability and Survival’.

Refugee Community Organisations (RCOs)

9. The UK has a proud history of providing protection to people seeking sanctuary from persecution overseas. There have been refugee communities in the UK for hundreds of years and refugees have made an immense contribution, culturally and financially, to society.
10. In turn refugee communities themselves have a long track record of establishing community organisations or RCOs. The Home Office describes RCOs as ‘organisations run by and for refugees [...which] provide advice and support, often informally, and act as bridges to mainstream services and other local groups.’⁷ The work of RCOs is testament to the resilience and strength of their members, many of whom have used their own experiences of persecution and exile to develop services to support others.
11. The government’s dispersal of asylum seekers out of London, introduced under the Immigration and Asylum Act 1999, marked a significant change in how refugee communities live and work together. Such changes have inevitably impacted on the development of RCOs. Historically concentrated in London and a small number of other metropolitan centres, RCOs have now been established in all the regions of England and face the challenge of meeting a wide range of needs in areas where other support for refugees is underdeveloped.
12. In July 2007, primary research undertaken to inform the development of the Basis Project established a database of 668 known and established RCOs operating throughout England.⁸ 63% of organisations had an annual income of less than £50,000 and most relied heavily on the work of volunteers. Our research also highlighted the diverse nature of RCOs and the wide range of critical, frontline services they provide to people across the country who are often excluded, marginalised and vulnerable.
13. This diversity of needs, and the importance of RCOs in meeting them, was recently reconfirmed by a July 2010 Home Office study on refugee

⁵ Open letter to stakeholders from Jeremy Hunt (undated)

http://www.culture.gov.uk/images/consultations/National_Lottery_Shares_Consultation_Letter.pdf

⁶ Department of Culture Media and Sport, Structural Reform Plan, 15 July 2010, action 2.3

http://www.culture.gov.uk/images/publications/SRP_DCMS_150710.pdf

⁷ See Refugee Council and Refugee Action, Refugee Community Organisations in England – Realising Potential, July 2007, p.8

http://www.thebasisproject.org.uk/Resources/The%20Basis%20Project/Documents/PDF/BASIS_Report_RCOs_in_England_Realising_Potential.pdf

⁸ Refugee Council and Refugee Action, Refugee Community Organisations in England – Realising Potential, July 2007

integration.⁹ It found that over half of refugees from DRC/Congo (64%), Ethiopia (77%), Somalia (55%), Sudan (60%), Turkey (57%), Zimbabwe (74%), the rest of Africa¹⁰ (52%) and Asia¹¹ (60%) had made contact with an organisation set up for their national or ethnic community. According to the study, refugees reported approaching such organisations with a wide range of needs, including support to access information (27%), legal advice (26%), interpretation or translation (24%), work or housing (23%), financial help (21%) and emotional help (18%). The study further found that 20% of refugees were in contact with a national or ethnic community organisation at least once a week, underlining the extent to which RCOs provide essential services.

RCOs and the Big Society

14. While public debate continues as to the practical application of the ‘Big Society’, RCOs are not waiting for the idea to be firmed up. They are putting the Big Society in action, just as they have always done.
15. Many aspects of community activism described in recent debates about the Big Society are demonstrated in RCO work taking place across England. Examples include providing specialist services to refugees, asylum seekers and immigrants,¹² training programmes for young people,¹³ community outreach services,¹⁴ English language classes,¹⁵ community cohesion activities,¹⁶ allotment projects¹⁷ and health projects.¹⁸ RCOs offer a diverse range of services rooted in local communities, responding to local community needs, finding innovative solutions from within communities, and acting as a bridge between different communities and service providers.
16. However, the essential tension of the current climate, with the voluntary and community sector being asked to do more while facing unprecedented threats to its funding, will have a particularly disproportionate impact on RCOs. This is explained in further detail below.

⁹ Home Office, Helping new refugees integrate into the UK: baseline data analysis from the Survey of New Refugees, July 2010

<http://rds.homeoffice.gov.uk/rds/pdfs10/horr36c.pdf>

¹⁰ Defined in the Home Office study as Algeria, Angola, Burundi, Cameroon, Central African Republic, Chad, Cote D’Ivoire, Djibouti, The Gambia, Ghana, Guinea, Guinea- Bissau, Kenya, Liberia, Malawi, Mauritius, Morocco, Niger, Nigeria, Rwanda, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Uganda and Zambia

¹¹ Defined in the Home Office study as Bangladesh, Bhutan, Burma/Myanmar, China, India, Indonesia, Japan, Mongolia, Nepal, Philippines, Sri Lanka, Thailand and Vietnam

¹² Dover Detainee Visitor Group and NILE African Development Organisation - The Basis Project, Working with Refugee Community Organisations, June 2010, p.6 and p. 8

<http://www.thebasisproject.org.uk/Resources/The%20Basis%20Project/Documents/The-Basis-Project-booklet-2010.pdf>

¹³ Leeds Afro-Latino Group - The Basis Project, Working with Refugee Community Organisations, June 2010, p.7

¹⁴ Peterborough African Community Organisation - The Basis Project, Working with Refugee Community Organisations, June 2010, p.10

¹⁵ Leicester Congolese Community and Sudan Women’s Association - The Basis Project, Working with Refugee Community Organisations, June 2010, p.9 and p.11

¹⁶ Liver World Community Sports - The Basis Project, Working with Refugee Community Organisations, June 2010, p.12

¹⁷ The Discovery of the Talents - The Basis Project, Working with Refugee Community Organisations, June 2010, p. 13

¹⁸ Refugee Women of Bristol - The Basis Project, Working with Refugee Community Organisations, June 2010, p. 14

Current funding environment for RCOs

17. The timing of the proposed reduction in BIG's allocation of good causes funding is particularly unfortunate for RCOs. Reports from our Organisational Development Officers across England suggest that RCOs are being squeezed from two sides: while there is an increasing need for the services they provide, the funding to resource the provision of these services is being curtailed.

Increasing need

18. A particular challenge for RCOs is meeting the long-term needs of their members with refugee status (for example around employment, education and housing), as well as the acute immediate needs of their members whose asylum applications have been rejected (for example around destitution and legal representation). While the Home Office is keen to see the former group integrate in UK society, the latter group are largely excluded from mainstream services and are barred from accessing the labour market.
19. RCOs tell us that in the absence of mainstream services they are picking up the burden of supporting the large number of refused asylum seekers forced to live destitute across England. They are also supporting their members with refugee status who are more vulnerable to unemployment in the current financial environment and who are increasingly unable to access mainstream support due to cuts in local services.

Reduced funding

20. The proposal to reduce the proportion of funding allocated to BIG should be seen within the context of other threats to income sources relied upon by RCOs:
- local authority spending cuts have directly impacted on RCOs through a reduction in the availability of grants to provide community services. For example, in one area RCOs supported by Basis were providing services to the local Primary Care Trust but have been informed that the grants for this work will not be continued. Some estimates place governmental sources as having provided RCOs with around 50% of their total funding.
 - cuts in local authority spending have also impacted indirectly on the ability of RCOs to provide services because mainstream support for community and voluntary sector activity, including local Councils for Voluntary Services, is being curtailed.
 - the trend in local authorities towards commissioning services has also negatively impacted on the funding available to many RCOs. With a few exceptions, most RCOs have struggled to compete in the commissioning environment due to their relatively small size compared to the 'bulk' contracts on offer, their inexperience in commercial contracting, and difficulties accessing the influencing processes that set local priorities for the services that are commissioned. Their reach into 'hard to reach' communities however remains unparalleled and cannot be replicated by other agencies.
 - a reduction in the income to the voluntary and community sector available from grant funders has already been felt by many RCOs. The current financial environment has led to a decline in the investment income of many grant funders which in turn has impacted negatively on the amount of disburseable grant funding available.

- the funding trend away from organisations working with ‘single identity’ groups towards those that work with ‘all communities’ has also affected RCOs. While some RCOs do have a multinational membership, many others choose to maintain a specific national or ethnic identity. This approach makes RCOs distinctive from mainstream providers and allows them to provide services in a culturally and linguistically appropriate way to people who are often extremely vulnerable and would otherwise remain isolated.
21. In the context of the above, the timing of the proposed cut of funding allocated to BIG is a significant blow for RCOs who have been left even more reliant on funding from sources such as BIG to continue to provide much needed community services.

Impact of the proposals on RCOs

Importance of BIG to RCOs

22. RCOs have built up an impressive body of work using BIG funding streams such as Awards for All and Reaching Communities. For example, the community radio station run by the [Peterborough African Community Organisation](#)¹⁹ and the support provided to detainees by the [Dover Detainee Visitor Group](#).²⁰ BIG funding is a key factor in enabling RCOs, particularly small and medium size RCOs, to provide services within their communities and to act as a bridge to mainstream agencies.
23. BIG is a particularly important funder for many RCOs for the following reasons:
- BIG is a key source for small and medium size RCOs. Awards for All funding allows RCOs to build a track record of applying for, securing, managing and reporting on funding. Using Awards for All funding to establish their credibility, Basis-supported RCOs have successfully gone on to attract multi-year funding from BIG and funding from other sources.
 - BIG’s willingness to fund ‘core’ costs (including staff and office space) as part of project funding applications is especially important to RCOs because most are small in size and have limited reserves.
 - RCOs value the breadth of activities funded by BIG. Whereas many other grant funders restrict their funding thematically, RCOs are able to apply to BIG for a range of different initiatives. The flexibility of BIG’s funding criteria is particularly important because RCOs are able to identify and demonstrate community need in a diverse range of areas, also providing the mainstream with this intelligence.
 - many of our Organisational Development Officers have stated that in their experience no other funder could replace funding for RCOs at the same level as that currently provided by BIG. For example, in one region our Organisational Development Officer reported that more than half of the RCOs he supports are successfully managing projects funded through BIG.

¹⁹ A filmed case study and transcript is available at <http://www.thebasisproject.org.uk/casestudies/Peterborough+African+Community+Organisation>

²⁰ A filmed case study and transcript is available at <http://www.thebasisproject.org.uk/casestudies/Dover+Detainee+Visitor+Group>

Impact of reduced BIG funding on RCOs

24. Based on our experience, we believe that RCOs will be among the first groups in the voluntary and community sector to feel the impact of any reduction in funding from BIG because they are already disadvantaged and under-resourced.
25. The vast majority of RCOs do not have large financial reserves to draw upon – according to the Evelyn Oldfield Unit, ‘[t]he recession has not brought a sudden funding crisis to a previously well-funded sector [...as RCOs] have always been under-funded compared to other providers of similar services.’²¹ When funding sources are cut, rather than stopping the services they provide RCOs have typically sought to continue to operate by relying on volunteer support and small donations from within the community.
26. However, as small, sparsely financed, volunteer-led groups already operating on the margins of viability, many may not survive cuts to a funding stream as important to the sector as BIG. The impact of any reduction in the availability of BIG funding will, in our view, be reinforced (a) because too often the important contribution of RCOs is poorly recognised and understood by other funding agencies and (b) because of the timing of the proposals in relation to local authority cuts and restrictions to other sources of grant funding.
27. There is also an equalities perspective to the impact of the proposals on RCOs. RCOs can represent minorities within minorities (for example the Somali community within the wider BAME sector) as well as offering a unique link to refugees within wider immigrant communities. They also offer a bridge to help challenge inequalities within communities (between men and women for example) and between refugee and other established communities. The negative impact of reduced BIG funding will therefore be felt not just by RCOs but by government and other mainstream agencies who rely upon RCOs, for example around community cohesion or equalities initiatives.

Unintended consequences of proposal

28. We are concerned that an unintended consequence of the proposed 5% administrative cap on distributors’ administrative costs²² will be that distributors, such as BIG, are encouraged to disperse larger blocks of funding to the detriment of small organisations like RCOs. We also hope that the push to drive down administrative costs will not have a negative impact on the quantity or quality of feedback and development support given to organisations applying for funds. Feedback on funding applications is a key way for RCOs to learn how to make successful funding applications. Our Organisational Development Officers report that the most successful relationships between RCOs and funders involve dialogue between both parties. This better enables RCOs to develop unsuccessful applications into future funding, and better enables funders to tailor their practices to be more accessible to RCOs.
29. Whereas arts, sport and heritage activities have all had success in attracting significant funding from other sources, including through public donations and private financing, this is not the case for RCOs. If the proposal to increase the

²¹ The Evelyn Oldfield Unit, Refugee and Migrant Community Organisations in 2009: the first in an annual series of reflections on the state of the sector, p.3

<http://www.evelynoldfield.co.uk/downloads/RMCOs%202009.pdf>

²² Department of Culture Media and Sport, Structural Reform Plan, 15 July 2010, action 2.4

proportion of good causes funding allocated to arts, sport and heritage is taken forward, specific provision should be made to ensure that community level projects are funded through these streams. However for RCOs to benefit from community level arts, sport and heritage funding, these application processes need to be aware of and respond to the specific needs and experiences of RCOs, learning from other funding good practice with refugee communities. Furthermore it is unlikely that funding available to RCOs through the arts, sport and heritage funding streams would fund their 'core' work providing services to vulnerable people, and helping them integrate and contribute to the UK as they would like to. These activities, many of which are currently funded by BIG, are exactly those which the government is looking to communities to take on as part of the Big Society.

30. The Impact Assessment conducted as part of this consultation suggests that 'the voluntary and community sector [...] can expect, on current projections, to receive more, in cash terms'²³ as a result of the policy direction to BIG that all funds should be directed towards the sector and the end in 2012 of transfers from the National Lottery Distribution Fund to the London Olympic Games. However the figures for these financial projections are based upon the future sale of National Lottery tickets. It is not guaranteed therefore that the £150million a year lost by BIG as a result of the reallocation of good causes money will be replaced.

Conclusions

31. Based on our experience through the Basis Project we are using this consultation to raise awareness of the range of community projects RCOs are successfully managing as a result of BIG funding and the impact of diverting funding away from BIG upon this work.
32. BIG funding is a key factor in enabling RCOs, particularly small and medium size RCOs, to provide services within their communities and to act as a bridge to mainstream agencies.
33. Any reduction in BIG funding streams has the potential to seriously and negatively impact on the sustainability of many RCOs across England. This is because of both the direct and indirect consequences to RCOs of the current proposal, and because of the timing of the proposal in relation to wider funding threats.
34. We are concerned that the very activity that makes RCOs such a vanguard in the discussion about the Big Society is at risk of being curtailed.
35. For further information about the Basis Project, our work with RCOs and our views about the impact of the DCMS proposal regarding funding allocated to BIG, please contact amandashah@refugee-action.org.uk until 24 September 2010, and emily.kippax@refugeecouncil.org.uk from 27 September 2010.

²³ Department of Culture, Media and Sport, The Apportionment of Money in the National Lottery Distribution Fund Order 2010 – Impact Assessment, 15 June 2010, p.7
http://www.culture.gov.uk/images/consultations/ImpactAssessment_Lotteryshares.pdf