Built on Trust, Starved of Resource Executive Summary

Drawing on insight from over 300 organisations, this summary points out what makes the BME VCSE sector a vital, trusted lifeline for communities, and what is keeping it trapped in cycles of underfunding and crisis management

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EXECUTIVE SUMMARY

Overview

This report provides a comprehensive analysis of the Black and Minority Ethnic (BME) Voluntary, Community, and Social Enterprise (VCSE) sector. With over 300 organisations contributing their reflections, insights and lived experience via interviews, focus groups and a sector wide survey, the findings reveal a landscape that is functionally essential yet systemically undervalued locally and regionally.

BME organisations demonstrate high levels of specialised expertise and community trust, yet they are operating in a space defined by chronic underfunding, capacity constraints, exclusion from decision-making, and asset poverty. The sector remains a lifeline for grassroots communities, however, the infrastructure designed to support these groups is often fragile and under-resourced. Post-COVID awareness of equity and justice has failed to translate into stability and instead, front-line organisations find themselves operating reactively to manage crisis rather than focusing on strategic growth.

The report brings together:
Refections from over 300 organisations
Sector insights from infrastructure bodies, strategic partners and BME-led organisations
Local and regional challenges and successes
Practical recommendations for both funders and the sector

Key Data Insights

Capability and Asset Imbalance

While 53% of organisations rate their individual capabilities “Very Strong”, only 11% report strong physical or financial assets. This “knowledge-rich, asset-poor” state forces a highly skilled sector to solve systemic problems without the necessary tools, accelerating burnout and limiting scalable impact.

The Participation-Power Disparity

High engagement does not mean high influence. Despite 80% organisations engaging in advocacy, 81% of respondents find influencing strategic decisions difficult, citing tokenism and institutional resistance as primary barriers both locally and regionally, preventing civic participation from converting into actual policy influence.

Transition Gap for Mid-Sized Organisations

A critical support vacuum exists for mid-sized organisations. Most existing support is geared toward early-stage groups and there is a lack of tailored help for organisations transitioning into more the complex phases required for sustainability such as property ownership, larger staff teams, and earned income models.

Infrastructure Mismatch and Geographic Inequity

Generalist infrastructure support is not yet fully meeting sector-specific needs and could be strengthened to better respond to sector-specific needs. 48% of organisations rate current support as only “moderately useful”, with “sparse” infrastructure support available in rural areas. There is significant demand (82%) for culturally competent, “by and for” shared services in HR, IT, and legal compliance.

Using AI to Offset Under Resourcing

59% of organisations currently utilise AI tools in their work to help with capacity constraints. These tools are being used as a “shadow workforce” to streamline operations and mitigate persistent skill shortages.

Critcal Risk Factors

Infrastructure Fragility

Many BME-led organisations operate as “one-man bands”, where the loss of a single leader or the termination of a short-term lease poses an existential threat.

Loss of Community Assets

Financial pressures on local authorities have led to the sale of community hubs and shortened leases, removing the physical “anchors” necessary for service delivery in the community.

Restricted Funding

Dependency on short-term project grants is high (74% from Trusts; 71% from Local Government), which precludes the development of unrestricted reserves and long-term financial planning. By restricting funds to immediate delivery, current funding models systemically prevent BME-led organisations from achieving the financial autonomy required for strategic expansion.

Strategic Recommendations

For Funders

- Transition from short, restrictive project cycles to 3-5 year core and flexible funding to enable sustainability and strategic growth.

- Focus on equity-led distribution by implementing ring-fenced and intentional funding streams and co-designed application processes to address systemic exclusion.

For Infrastructure & Strategic Partners

- Develop regional hubs for shared, culturally competent back-office functions to reduce the administrative burden on grassroots leaders.

- Provide specialised consultancy for mid-sized organisations attempting to scale into property ownership or complex earned-income models.

For Policy Makers & Regional Authorities

- Move beyond consultative engagement by establishing permanent, voting seats for BME-led infrastructure at strategic boards.

- Utilise the Civil Society Covenant to transition from equity awareness to accountability, with measurable, audited improvements in sector stability.

Conclusion

The BME VCSE sector remains a foundational pillar of social cohesion, yet it is currently constrained by a model of reactive crisis management and systemic underinvestment. BME organisations are highly connected to their communities but are severely weakened by a lack of physical and financial assets. To ensure the long-term survival of the BME VCSE sector, stakeholders must move beyond funding frontline delivery in isolation and prioritise strategic investment in infrastructure, income disversification support and community-led asset ownership to ensure a sustainable future.