

Paul Hamlyn
Foundation

Racial Justice Audit Analysis of PHF's UK Grant-making 2021/22

Headline findings from applying the Funders for
Race Equality Alliance (FREAA) racial justice audit tool

Contents



Interactive document

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Introduction

In November 2021, using the toolkit provided by the Funders for Race Equality Alliance (FREAA), we were able to see the proportion of our funding and grants awarded to Black and minoritised communities and organisations in the year 2020/21 and use this as a baseline to measure change.¹

Here, we present the findings of our second annual audit of PHF's UK grant-making for the year 2021/22.² In this short report, we compare the results of the audits from 2020/21 and 2021/22 and take a deep dive into the results for our main non-emergency funding portfolios.

By comparing the results, we are able to consider the changes that have been made in our grant-making, as well as identify areas for further improvement.

The publication of these results forms part of PHF's commitment as a member of FREAA, as well as our organisational commitment to transparency in our work to centre Diversity, Equity and Inclusion across our grant-making.³

Key terms and definitions

Sector organisations

A Black or minoritised sector organisation – or simply **sector organisation** – is classed as an organisation that has both Black or minoritised majority (at least 50%) leadership and a mission and purpose to support Black or minoritised communities.

Projects to benefit communities

Projects that **benefit** Black or minoritised communities refer to grants that fund work specifically designed with this purpose, regardless of the delivering organisation's mission or leadership.

By and for projects

Projects *by and for* Black or minoritised communities – or simply **by and for** projects – are those led by Black or minoritised sector organisations which are designed to benefit Black or minoritised communities. There is therefore significant overlap between funding and grants awarded to sector organisations and funding and grants awarded to *by and for* projects.

Open funds

Open funds are PHF's main funds which are open to unsolicited applications. They fall under the following priority areas:

Arts	Arts Access and Participation Fund
Education	Arts-based Learning Fund; Teacher Development Fund
Migration	Shared Ground Fund
Youth	Youth Fund
Nurturing Ideas and People	Ideas and Pioneers Fund ⁴

Invitation-only funds

PHF's invitation-only funds are awarded at the discretion of the board of trustees, through invited applications, or by recommendation. The invitation-only funds included in this analysis are: Arts Evidence Fund, Backbone Fund, Development Fund, Evidence and Learning Fund, Major Grants, Our Neighbourhood Fund, Strategic Interventions Fund, and Voice, Influence and Partnerships Fund. More details can be found in our [annual review](#).

Non-emergency funding

Non-emergency funding refers to PHF's usual grant-making outside of the Covid Response Fund, which ran from March 2020 to December 2021.

Enquiry calls

Optional enquiry calls are offered to applicants to the following open funds: Arts Access and Participation Fund, Arts-based Learning Fund and Shared Ground Fund.

They are intended as an opportunity for applicants to have a conversation with a member of one of the grants teams to discuss their potential application, ask questions, and confirm their suitability for the fund. Enquiry calls are offered to applicants on the following basis:

Arts Access and Participation Fund
Enquiry calls are available to organisations *without* a current funding relationship with PHF.

For organisations based in England, Scotland and Wales enquiry calls are *prioritised* for organisations that:⁵

Have a turnover between £25,000 and £250,000 AND where at least 51% of the

organisation's leadership is from one or more of the following groups:

- Black, Asian and/or other groups who experience racism
- Deaf, disabled and/or neurodiverse people who experience the effects of ableism
- People who identify as part of the LGBTQ+ community
- People from economically marginalised communities or experiencing poverty

Enquiry calls are offered to all organisations based in Northern Ireland, acknowledging the funding challenges in this geographical context.

Enquiry calls cannot be offered to organisations who have already had a call within the past 12 months.

Arts-based Learning Fund
Enquiry calls are available to all applicants.

Shared Ground Fund
Enquiry calls are available to all applicants.

Headline findings



By and for projects received a higher proportion of funding in 2021/22 compared to 2020/21



Sector organisations received a higher proportion of funding in 2021/22 compared to 2020/21



The funding gap for Black and minoritised sector organisations in terms of grant size was halved between 2020/21 and 2021/22

By and for projects and sector organisations received half as much funding from invitation-only funds than open funds

Headline findings

Proportion of funding

In total, 360 grants amounting to £29,694,261 were analysed in the 2021/22 audit (Table 1).⁶

Overall, **a higher proportion of funding** was awarded to projects *by and for* Black and minoritised communities, to Black and minoritised sector organisations, and to projects designed to benefit Black and minoritised communities, in 2021/22 compared to in 2020/21 (Table 2), based on the comparison of percentage points (PP) for each year.⁷

Funding to:

- Projects *by and for* Black and minoritised communities increased by **6 percentage points**
- Black and minoritised sector organisations increased by **5 percentage points**
- Projects to benefit Black and minoritised communities (regardless of organisation type, mission or leadership) decreased by **9 percentage points**.⁸

Table 1. Total funding analysed in the 2021/22 FREA audit

Funding type	Grants (n)	Amount (£)
Non-emergency funding	280	27,654,051
Covid Response Fund	80	2,040,210
Total	360	29,694,261

Table 2. Proportions of funding awarded in 2020/21 and 2021/22

% of funding awarded to:	2020/21	2021/22	PP difference
Projects <i>by and for</i> Black and minoritised communities	9	15	+6
Black and minoritised sector organisations	11	16	+5
Projects to benefit Black and minoritised communities	39	30	-9

Headline findings

The 'funding gap'

The 'funding gap' between the average non-emergency grant size and duration for Black and minoritised sector organisations compared to non-Black and minoritised sector organisations was **notably reduced** in 2021/22.⁹

Compared to grants to non-Black and minoritised sector organisations, grants to Black and minoritised sector organisations were, on average, **14% smaller** and **3% shorter** in 2021/22, compared to 30% smaller and 9% shorter in 2020/21 (Tables 3 and 4).¹⁰

This demonstrates a considerable reduction in the funding gap for Black and minoritised sector organisations, which was more than halved in terms of grant size and reduced by two-thirds in terms of grant duration.

Table 3. Average monthly non-emergency grant size (£) in 2020/21 and 2021/22

Organisation type	2020/21	2021/22
Black and minoritised sector organisations	2,373	3,226
Non-Black and minoritised sector organisations	3,411	3,747
% difference	-30	-14

Table 4. Average non-emergency grant duration (months) in 2020/21 and 2021/22

Organisation type	2020/21	2021/22
Black and minoritised sector organisations	21	25
Non-Black and minoritised sector organisations	23	26
% difference	-9	-3

Non-emergency funding 2021/22

Table 5 shows the distribution and overlap of grants according to the main FREA criteria.

The majority of non-emergency grants (65%) were awarded to organisations without a specific mission or leadership identity, and for projects that were not designed to benefit Black and minoritised communities.

The remaining 35% had either a mission to support, organisation leadership from, and/or a project designed to benefit, Black and minoritised communities.

Table 5. Distribution and overlap of grants according to the main FREA criteria

Number of grants	% of grants	Organisation mission to support Black and minoritised communities	Organisation leadership from Black and minoritised communities	Grant intended to benefit Black and minoritised communities
182	65	×	×	×
47	17	✓	✓	✓
21	8	✓	×	✓
17	6	×	×	✓
8	3	×	✓	×
2	<1	✓	×	×
2	<1	×	✓	✓
1	<1	✓	✓	×

Non-emergency funding 2021/22

Overall, non-emergency funding in 2021/22 was awarded as follows:

- 15% was awarded to projects *by and for* Black and minoritised communities
- 16% was awarded to Black and minoritised sector organisations
- 31% was awarded to projects intended to benefit Black and minoritised communities.

Comparing these proportions with non-emergency funding awarded in 2020/21 (Table 6) shows that the proportion of funding to

- *By and for* projects increased by **6 percentage points**
- Sector organisations increased by **4 percentage points**
- Projects designed to benefit Black and minoritised communities decreased by **11 percentage points**.¹¹

Table 6. Non-emergency funding awarded in 2020/21 and 2021/22

% of funding awarded to:	2020/21	2021/22	PP difference
Projects <i>by and for</i> Black and minoritised communities	9	15	+6
Black and minoritised sector organisations	12	16	+4
Projects to benefit Black and minoritised communities	40	31	-11

Non-emergency funding 2021/22

The grantee journey: enquiry calls, applications and awards

Overall, applications to PHF's non-emergency UK funds in 2021/22 had an approval rate of 24%. Further analysis shows that approval rates vary according to fund, organisation leadership, and whether an organisation previously had an enquiry call (Table 7).¹² Enquiry calls are intended as an opportunity for applicants to have a conversation with a member of the grants teams to discuss their potential application, ask questions, and confirm their suitability for the fund.

Overall, approval rates show that:

- In the Arts Access and Participation Fund, Arts-based Learning Fund, and Youth Fund, the approval rate for applications from **Black and minoritised-led organisations** was considerably **higher** than for applications from non-Black and minoritised-led organisations.

- In the Arts Access and Participation Fund and Arts-based Learning Fund, applications from Black and minoritised-led organisations who previously had an **enquiry call** had a **higher approval rate** than those who did not have an enquiry call, including non-Black and minoritised-led organisations.
- In the Teacher Development Fund and Shared Ground Fund, applications from Black and minoritised-led organisations had a **lower approval rate** than those from non-Black and minoritised-led organisations. This reflects the differing contexts and processes across our funds (see endnotes 14 to 16).

It can also be concluded that, overall, **enquiry calls supported a higher proportion of Black and minoritised-led organisations** to successfully gain a grant award.

The approval rate for Black and minoritised-led organisations who had an enquiry call in 2021/22 prior to deciding whether to apply was 12%, compared to 7% for non-Black and minoritised-led organisations.

Table 7. 2021/22 application approval rates by fund and organisation type (%)

Fund/application type	All applications	Approval rate (%)	
		Applications from Black and minoritised-led organisations ¹³	Applications from non-Black and minoritised-led organisations
Arts Access and Participation Fund	16	22	15
<i>with enquiry call</i>	18	36	15
<i>without enquiry call</i>	15	13	15
Arts-based Learning Fund	44	71	41
<i>with enquiry call</i>	50	100	44
<i>without enquiry call</i>	39	50	38
Teacher Development Fund ¹⁴	16	8	19
Ideas and Pioneers Fund ¹⁵	11	–	–
Shared Ground Fund ¹⁶	57	52	58
Youth Fund	10	16	9

Non-emergency funding 2021/22

Open versus invitation-only funds

In 2021/22, invitation-only funds accounted for 25% of non-emergency funding audited. The breakdown of funding awarded through open and invitation-only funds is shown in Table 8.

Analysis shows that, proportionally,

- *By and for* projects and sector organisations received half as much invitation-only funding (9%) than open funding (18%)
- Projects to benefit Black and minoritised communities received 40% less invitation-only funding (21%) than open funding (35%)

The proportion of grants awarded through invitation-only funds according to the FREA categories is shown in Table 9.

Table 8. Open vs. invitation-only non-emergency funding awarded in 2021/22

% of funding awarded to:	Open	Invitation-only	PP difference
Projects by and for Black and minoritised communities	18	9	-9
Black and minoritised sector organisations	18	9	-9
Projects to benefit Black and minoritised communities	35	21	-14

Table 9. Invitation-only grants by FREA category

Number of invitation-only grants	% of invitation-only grants	Organisation mission to support Black and minoritised communities	Organisation leadership from Black and minoritised communities	Grant intended to benefit Black and minoritised communities
70	74	×	×	×
10	11	✓	✓	✓
10	11	✓	✓	×
4	4	×	×	✓

Non-emergency funding 2021/22

Fund-level insights

Non-emergency funding to projects **by and for** Black and minoritised communities in 2021/22 was split across the fund portfolios as shown in Figure 1.

Across all funding areas except for Ideas and Pioneers, there was **an increase in the proportion of funding** awarded to projects **by and for** Black and minoritised communities, to Black and minoritised **sector organisations**, and to projects designed to **benefit** Black and minoritised communities (Table 10).

The most notable increases of proportion of funding to both **by and for** projects and sector organisations were in the **Arts portfolio**, with an increase of 12 percentage points across both categories.

Meanwhile, there was a decrease in the proportion of funding to **by and for** projects and sector organisations in the **Ideas and Pioneers Fund** which closed to applications in November 2021. The Ideas and Pioneers Fund is distinct from our other funds in supporting individuals as well as organisations.

Figure 1: *By and for* funding by fund portfolio

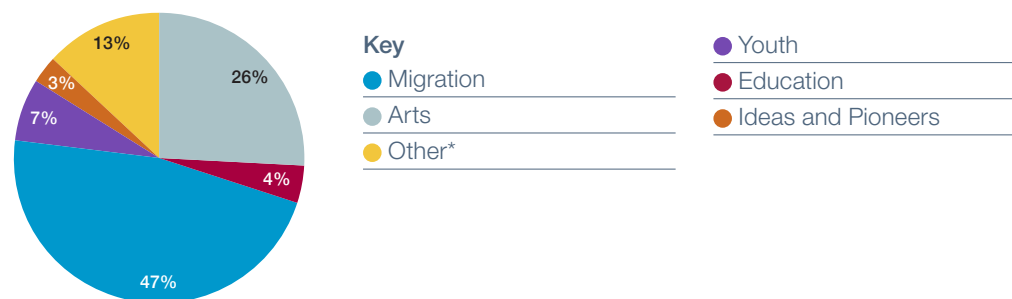


Table 10. Proportion of funding awarded by year and portfolio

	Arts			Education			Migration			Youth			Ideas and Pioneers		
	2020/21	2021/22	PP difference	2020/21	2021/22	PP difference	2020/21	2021/22	PP difference	2020/21	2021/22	PP difference	2020/21	2021/22	PP difference
By and for projects	6	18	+12	2	3	+1	23	34	+11	5	6	+1	44	25	-19
Sector organisations	6	18	+12	2	5	+3	32	34	+2	5	6	+1	41	25	-16
Projects to benefit Black and minoritised communities	45	22	-23	20	6	-14	95	88	-7	21	20	-1	50	35	-15

What the results mean for our grant-making

Our reflections

When we published the results of our first racial justice audit in November 2021, the findings confirmed much of what we already knew: that there was a real disparity in funding awarded to Black and minoritised communities and organisations. The first auditing process, while informative and challenging, was ultimately a precursor to more concrete actions that we recognised we needed to take – and still need to take – as a funder.

As we consider the results of the second audit, we are able to see some of the positive changes that actions have made to the proportion of our funding awarded to Black and minoritised communities, organisations and projects, at the same time as highlighting more specific barriers and imbalances that persist in the ways that we fund.

In our Arts Access and Participation Fund, for instance, the considerable increase in the proportion of funding awarded to projects *by and for* Black and minoritised communities (which effectively tripled between 2020/21 and 2021/22) speaks to some of the changes that were made to the Fund, including enquiry calls which are now underpinned by a positive action approach.¹⁷ We are excited to see how this approach materialises in further changes in our audit of grant-making in 2022/23.

While improvements in our open funds show that we are heading in the right direction in terms of racial justice funding, consideration of our invitation-only funds shows that there is still far to go to make our grant-making truly equitable for all organisations and applicants. The steps we have taken in the past year are the beginning of a longer journey to racially just grant-making that we hope will be sustainable and meaningful, rather than short-term or tokenistic. With these audit results at our disposal, we now move to consider how we can further action changes across our funds and our grant-making practices to build on our modest progress so far.

What the results mean for our grant-making

PHF and the wider sector

In September 2022, FREA published the results of their 2021/22 'cohort' audit, combining findings from the audit data of 15 members including PHF.¹⁸ Results from the combined analysis show that:

- 24% of funding was awarded to Black and minoritised-led organisations
- 46% of funding was awarded to projects to benefit Black and minoritised communities.¹⁹

FREA plan to analyse their cohort data in greater depth in 2022/23, in order to provide a fuller picture of the racial justice funding landscape over a three-year period, encompassing the impact of the Covid-19 pandemic, Black Lives Matter, and the cost of living crisis. PHF will continue to contribute to this work as a FREA member.

Diversity, Equity and Inclusion

At PHF, we are committed to centring Diversity, Equity and Inclusion (DEI) across our grant-making and our organisation. The annual FREA audit forms part of our DEI three-year action plan against which we publicly track our progress on an annual basis.²⁰

We welcome feedback on our plan and progress, and on this report. You can get in touch with us at dei@phf.org.uk or complete this [anonymous survey](#).

Endnotes

- 1 Read the report: [Racial Justice Audit Analysis of PHF's UK Grant-making 2020/21](#).
- 2 Find out more about the [Funders for Race Equality Alliance](#).
- 3 Find out more about our [DEI commitments](#).
- 4 This fund closed for applications in November 2021.
- 5 As of November 2021, changes to the criteria meant that enquiry calls were **limited** to these organisations exclusively, rather than prioritised.
- 6 The audit excluded the following grants: Awards for Artists, grants made to organisations outside the UK (including our India programme), large grants for re-granting, inflation-indexed payments.
- 7 This includes both non-emergency funding and Covid Response Fund.
- 8 This decrease could reflect changes to the FREA audit tool in 2021 which removed the category for grants that benefit Black and minoritised communities 'by serendipity.' It could also suggest the redirection of funding from non-Black and minoritised-led organisations delivering projects to benefit Black and minoritised communities, to *by and for* projects.
- 9 These figures are based on non-emergency funding only due to the relatively small number of Covid Response grants awarded in 2021/22 compared to 2020/21.
- 10 Based on the mean average grant duration in months and mean average grant amount per month.
- 11 See note 8.
- 12 Based on enquiry calls between November 2020 and November 2021. This does not account for organisations awarded a grant beyond 2021/22 following an enquiry call in this same period.
- 13 As unsuccessful applications are not considered in the FREA audit, this category is based on available data provided by applicants confirming that their organisations are led by Black and minoritised people, or that more than 50% of their leadership identify as Black and minoritised.
- 14 Calls similar to enquiry calls are offered to selected Teacher Development Fund applicants after they have made a first stage application before they make a fuller second stage application. It is important to note the context of the fund which often supports primary schools as lead applicants, few of which have the majority of their leadership identifying from Black and minoritised communities.
- 15 These figures are skewed from previous years due to the closure of the fund in November 2021 which prompted a considerable uplift in applications to the fund in the run-up to the deadline. The Fund makes awards to both individuals as well as small organisations, so not all applications and awards will be eligible to be analysed in the audit.
- 16 A large proportion of enquiry calls for the Shared Ground Fund are arranged on an informal basis meaning that data on calls and outcomes for the fund were not available for this area of analysis.
- 17 Read more about these changes in [this blog](#) by Head of Programme - Arts, Ushi Bagga.
- 18 PHF's data accounted for just under 30% of total grants audited in the cohort audit for 2021/22.
- 19 The full results of the cohort audit for 2020/21 and 2021/22 are published on the [FREA website](#).
- 20 Read more about our [DEI work and plans](#).

Paul Hamlyn Foundation

Paul Hamlyn Foundation
5–11 Leeke Street
London WC1X 9HY

Tel 020 7812 3300

information@phf.org.uk

phf.org.uk

@phf_uk

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