

Paul Hamlyn
Foundation

Racial Justice Audit Analysis of Paul Hamlyn Foundation's UK Grant-making 2022/23

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



Contents



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Introduction

This report outlines the findings of our third annual racial justice audit of Paul Hamlyn Foundation (PHF)'s UK grant-making for the year 2022/23.

Using the toolkit provided by the Funders for Race Equality Alliance (FREA), we have been able to track the proportion of our funding and grants awarded to organisations led by and for communities experiencing racial inequity each year since 2020/21.

In this report, we consider the results of the 2022/23 audit in the context of the two previous audits, considering the changes that have been made in our grant-making and opportunities for further improvement.

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

Background

How the racial justice audit works

Our approach to the racial justice audit involves assessing each grant made in the financial year (with certain exclusions)¹ according to three criteria. The results are then used to assign each grant to up to three non-mutually exclusive categories following the framework in Table 1. *By and for* race equity projects must meet all three criteria (organisation mission, organisation leadership and project intention), whilst race equity sector organisations need only meet the two criteria relating to the organisation (mission and leadership).² Projects to benefit communities experiencing racial inequity is the largest category, since grants only need to meet the criterion about the intention of the project being funded.

Table 1. Racial justice audit criteria and categories

Racial justice audit criteria	Racial justice audit categories	
Is the organisation's mission and purpose to benefit people experiencing racial inequity?	By and for race equity project	Race equity sector organisation
Is the organisation's leadership (defined as at least 75% of the Board and 50% of senior staff) ³ from communities experiencing racial inequity?		
Is the project intended to benefit communities experiencing racial inequity?		Project to benefit communities experiencing racial inequity

To ensure consistency with the new DEI Data Standard, the Funders for Race Equality Alliance's audit now uses the language "people/communities experiencing racial inequity", defined in an exclusive manner to include:

"All people and communities that experience inequity, discrimination and disadvantage based on their race or ethnic identity. This includes migrants (including migrants from EU countries) and Gypsy, Roma and Travellers."⁴

Background

PHF's UK grant-making

In 2022/23 just under three-quarters of the total value of PHF's UK grant-giving analysed for the audit was **open funding**, that is, it was given through PHF's main funds, which are all open to unsolicited applications.

PHF's open funds fall within the following thematic portfolios:

Portfolios	Funds
Education and Learning through the Arts (Education)	Arts-based Learning Fund; Teacher Development Fund
Investing in Organisations Supporting Young People (IYP) ⁵	Youth Fund
Migration and Integration (Migration)	Shared Ground Fund
Widening Access and Participation in the Arts (Arts)	Arts Access and Participation Fund

PHF's **invitation-only funds** are awarded at the discretion of the board and staff, through invited applications, or by recommendation. These include:

- Backbone Fund
- Development Fund
- Evidence and Learning Fund
- Major Grants
- Our Neighbourhood Fund
- Strategic Interventions Fund
- Voice, Influence and Partnerships Fund
- Youth Led Change grants
- Youth Strategic Investment Fund.

Potential applicants for PHF's open funds are sometimes eligible for an **enquiry call** prior to applying. Enquiry calls are an opportunity for applicants to discuss applying, ask questions, and confirm their suitability for the fund with a member of the relevant grants team.

Enquiry calls are offered to all applicants to the Arts-based Learning Fund and Shared Ground Fund, and to certain applicants to the Arts Access and Participation Fund.

To receive an enquiry call, Arts Access and Participation Fund applicants must meet these criteria:

- No current funding relationship with PHF and have not already had a call within the past 12 months
- Organisations based in England, Scotland and Wales must 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 Neurodivergent people who experience the effects of ableism
 - People who identify as part of the LGBTQ+ community
 - People from economically marginalised communities or experiencing poverty
- All organisations based in Northern Ireland, acknowledging the funding challenges in this geographical context.

Headline findings

Projects and organisations across all racial justice audit categories received a higher proportion of funding in 2022/23 compared to 2021/22.

The average grant size was higher for race equity sector organisations than non-sector organisations for the first time.

The overall approval rate for applications from organisations led by people experiencing racial inequity was significantly higher than for organisations not led by people experiencing racial inequity.

PHF's invitation-only funding was more likely than its open funding to go to *by and for* projects and race equity sector organisations.

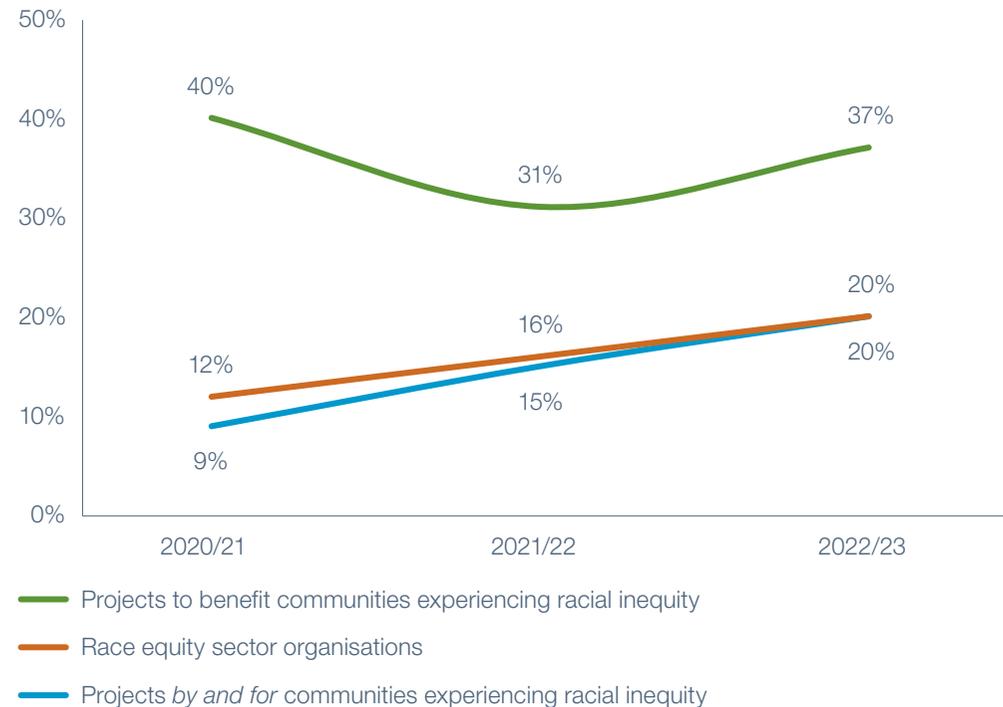
The percentage of IYP portfolio funding awarded to *by and for* projects and race equity sector organisations significantly increased.

Proportion of funding awarded by racial justice audit category

In total, 207 grants across PHF’s UK grant-making, amounting to £26,716,460, were analysed in the 2022/23 audit.

Analysing this data by racial justice category shows a largely positive trend (Chart 1), with the proportion of funding to projects *by and for* communities experiencing racial inequity and race equity sector organisations increasing each year.⁶ Funding to projects to benefit communities experiencing racial inequity rose by six percentage points in 2022/23 compared to 2021/22, however its peak was in 2020/21.⁷

Chart 1. Proportion of funding awarded by racial justice audit category each year



This increase in funding to *by and for* projects and race equity sector organisations across PHF as a whole may be in part due to increases by the IYP portfolio’s funding to these organisations. Removing IYP portfolio funding from the calculations lowers the proportion of funding awarded to these organisations to 16% for both, which is similar to 2021/22. Funding to projects to benefit communities experiencing racial inequity remains at 37% with or without IYP portfolio funding included in the calculations.

Grant size and duration

In 2022/23, for the first time the average grant size for race equity sector organisations was 10% larger than the average grant size for non-sector organisations.

Table 2 shows that there has been steady progress in the relative grant size over the last three years. In the first year we conducted the audit, the average grant for race equity sector organisations was 30% smaller than for non-sector organisations.

Table 2. Average monthly grant size (£)⁸

Organisation type	20/21	21/22	22/23
Race equity sector organisations	2,373	3,226	4,568
Non-race equity sector organisations	3,411	3,747	4,157
% difference between sector and non-sector organisations	-30	-14	10

Grants to race equity sector organisations were on average one month shorter than those to non-sector organisations, as in 2021/22. However, this discrepancy is moving in the right direction, as there was a two month difference in 2020/21.

Table 3. Average grant duration (months)

Organisation type	20/21	21/22	22/23
Race equity sector organisations	21	25	28
Non-race equity sector organisations	23	26	29
% difference between sector and non-sector organisations	-9	-4	-2

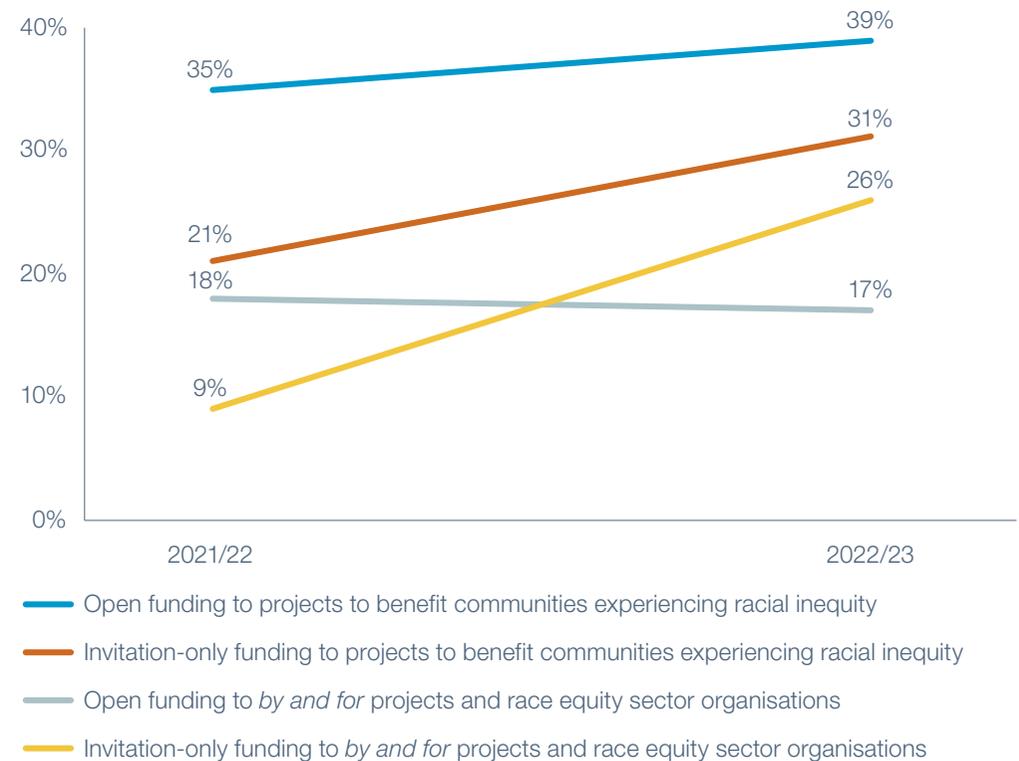
Open versus invitation-only funds

In 2022/23, 74% of the total value of PHF’s UK grant-giving analysed for the audit was **open funding**, given through PHF’s main funds, which are all open to unsolicited applications, whilst invitation-only funding accounted for 26% of the total value.

In terms of the number of grants, open funding accounted for 58% of grants audited and invitation-only for 42%.

Comparing the findings for 2022/23 with those for 2021/22 (Chart 2) shows that the percentage of open funding awarded to *by and for* projects, race equity sector organisations and projects to benefit communities experiencing racial inequity remains similar to last year, while the percentage of invitation-only funding to these organisations and projects considerably increased.⁹ Consequently, there has been a reversal whereby invitation-only funding is now more likely (26%) than open funding (17%) to go to *by and for* projects or race equity sector organisations.

Chart 2. Percentage of open and invitation-only funding awarded by racial justice category each year



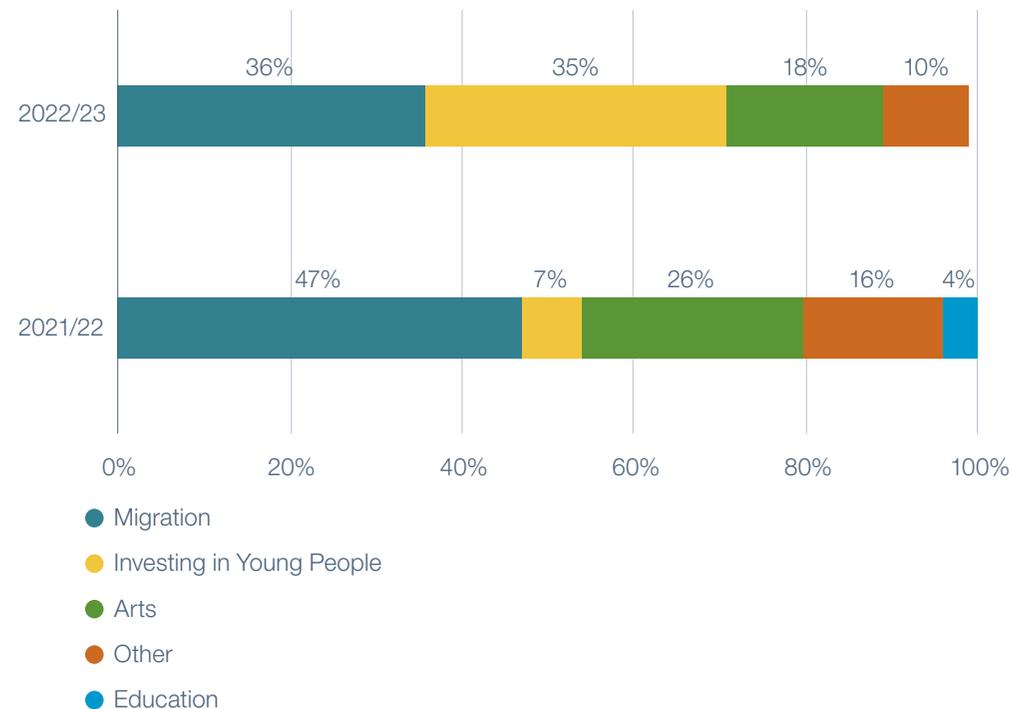
Portfolio-level insights

Breakdown of PHF's *by and for* funding by thematic portfolio

The percentage of PHF's total funding (both open and invitation-only) that went to *by and for* projects increased from 15% to 20% over the last year. Looking at how PHF's *by and for* funding was split across thematic portfolios shows that there was considerable change between 2022/23 and 2021/22 (Chart 3).

The most dramatic change was in the proportion of funding to *by and for* projects awarded from the IYP portfolio, jumping from 7% to 35%. Likely in relation to this change, the proportion of *by and for* funding to each of the other areas declined slightly compared to the previous year.

Chart 3. All PHF funding (open and invitation-only) to *by and for* projects categorised by thematic portfolio¹⁰



Portfolio-level insights

Analysis of each thematic portfolio's funding

Focusing on the proportion of each portfolio's funding awarded to *by and for* projects and race equity sector organisations each year shows a varying picture across the portfolios.

In the **Arts portfolio** (Chart 4), there has been a slight increase in the proportion of funding to projects to benefit communities experiencing racial inequity since last year, although as with PHF funding overall (Chart 1), this peaked in 2020/21. The proportion of funding to *by and for* projects and race equity sector organisations dropped slightly compared to last year but was still substantially higher than in 2020/21.

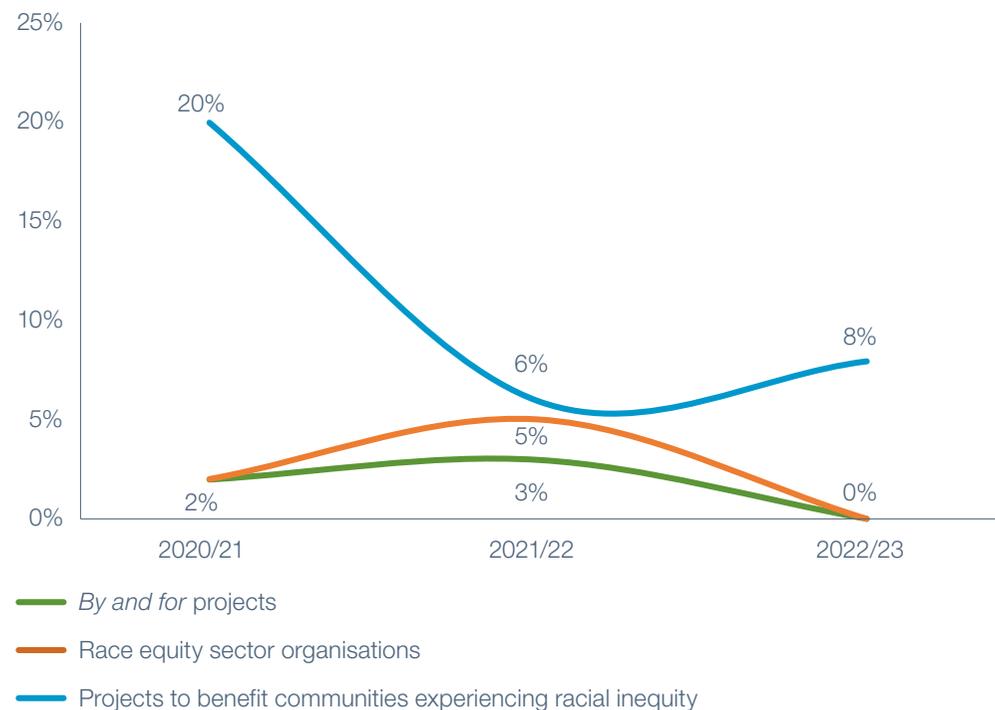
Chart 4. Proportion of Arts portfolio funding awarded by racial justice audit category each year



Portfolio-level insights

The **Education portfolio** (Chart 5) saw the same pattern as the Arts portfolio for funding to projects to benefit communities experiencing racial inequity. However, in 2022/23 the Education portfolio didn't fund any *by and for* projects or race equity sector organisations. It is important to consider the context here, and in particular the diversity of leadership of the types of organisations (arts organisations working in schools and schools themselves) funded by the Arts-based Learning Fund and the Teacher Development Fund. As Table 4 on page 16 shows, in 2022/23 these two Funds received just three applications in total from organisations led by people experiencing racial inequity.

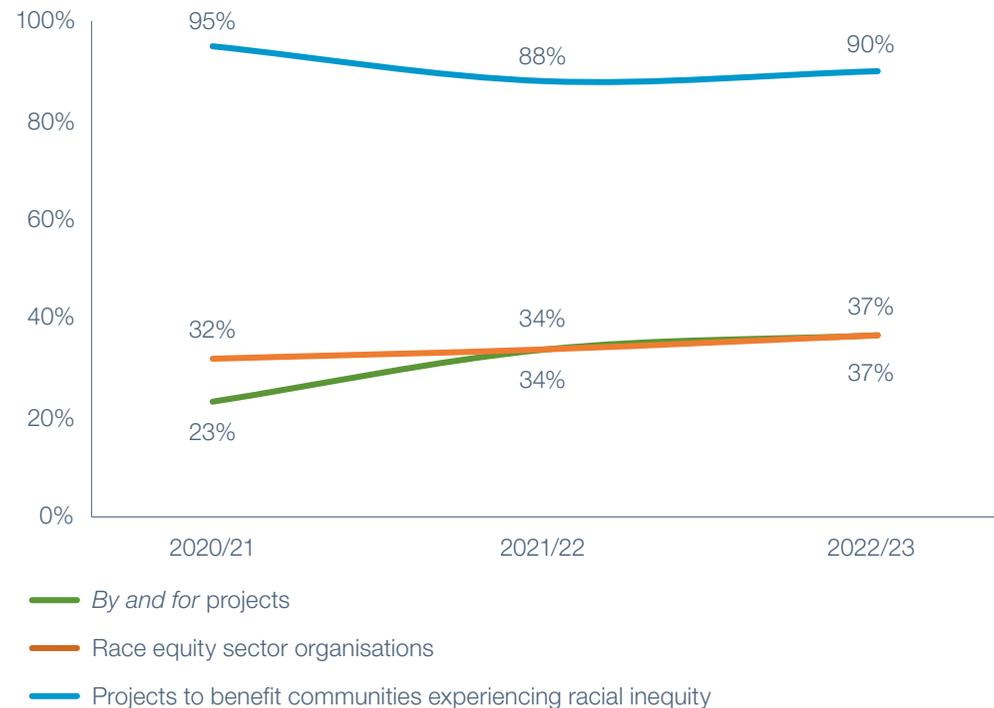
Chart 5. Proportion of Education portfolio funding awarded by racial justice audit category each year



Portfolio-level insights

There was a largely positive trend with the **Migration portfolio** (Chart 6). The proportion of funding to *by and for* projects, race equity sector organisations and projects to benefit communities experiencing racial inequity have all increased by a small number of percentage points each year (with the exception of projects to benefit communities experiencing racial inequity which again peaked in 2020/21).

Chart 6. Proportion of Migration portfolio funding awarded by racial justice audit category each year



Portfolio-level insights

Most notably, over the last year the **Investing in Young People portfolio** (Chart 7) has increased its funding to *by and for* projects and race equity sector organisations from 6% to 33%, and to projects to benefit communities experiencing racial inequity from 20% to 40%.

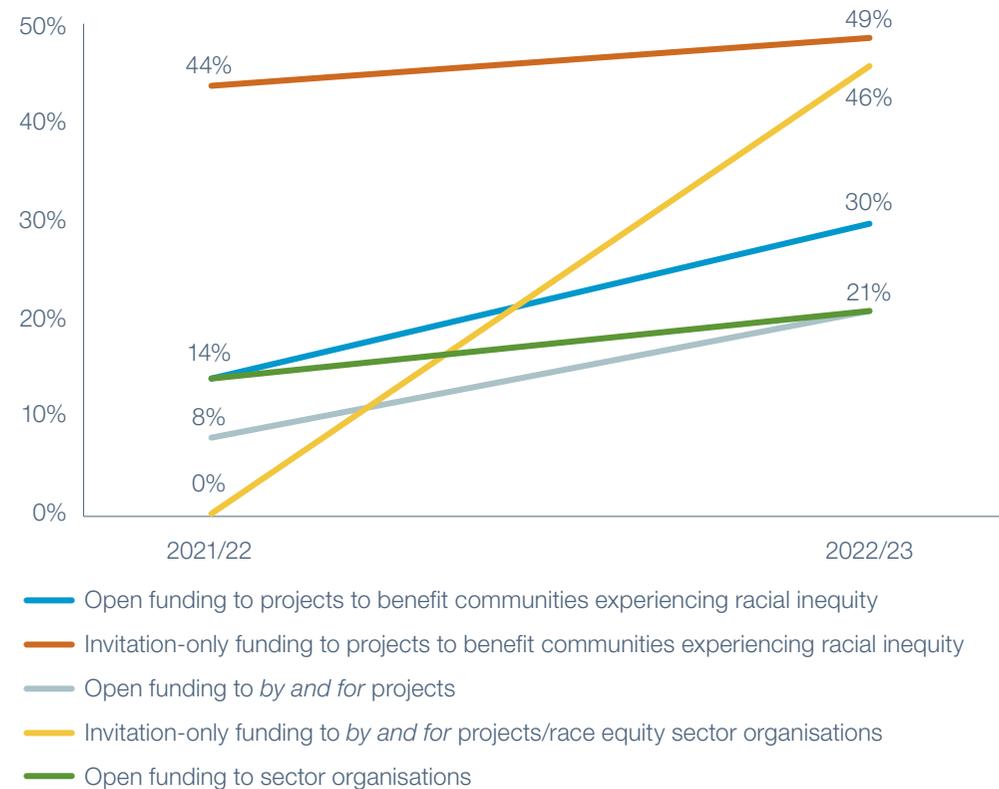
Chart 7. Proportion of Investing in Young People portfolio funding awarded by racial justice audit category each year



Portfolio-level insights

Analysing the IYP portfolio in more detail (Chart 8) reveals that the most dramatic increase in funding in the IYP portfolio over the last year was for invitation-only funding to *by and for* projects and race equity sector organisations (increasing from 0% to 46%), although there has been an increase in every category. Exactly half of the total value of IYP portfolio funding analysed was for open funding and half for invitation-only funding.

Chart 8. Proportion of open and invitation-only Investing in Young People portfolio funding by racial justice category awarded each year



The applicant journey: enquiry calls, applications and awards

The earlier sections looked at *funded* organisations. This section considers successful and unsuccessful applicants to PHF's open funds, looking in particular at apparent differences by fund and organisational leadership.

Table 4. 2022/23 application approval rates by fund and organisation type

Fund/application type	Number of applications		Approval rate (%)		
	Total number of applications received	Number (and percentage) of applications received from organisations led by people experiencing racial inequity	All applications	Applications from organisations led by people experiencing racial inequity	Applications from organisations not led by people experiencing racial inequity
All open funding	658	76 (12%)	18%	29%	17%
<i>with enquiry call</i>	108	21 (19%)	45%	52%	44%
<i>without enquiry call</i>	550	55 (10%)	13%	20%	12%
Arts Access and Participation Fund	246	21 (9%)	14%	33%	12%
<i>with enquiry call</i>	41	8 (20%)	34%	50%	30%
<i>without enquiry call</i>	205	13 (6%)	10%	23%	9%
Arts-based Learning Fund	69	2 (3%)	39%	0%	40%
<i>with enquiry call</i>	28	0 (0%)	54%	0%	54%
<i>without enquiry call</i>	41	2 (5%)	29%	0%	31%
Teacher Development Fund	49	1 (2%)	16%	0%	17%
Shared Ground Fund	63	21 (33%)	48%	43%	50%
<i>with enquiry call</i>	39	13 (33%)	51%	54%	50%
<i>without enquiry call</i>	24	8 (33%)	42%	25%	50%
Youth Fund	232	31 (13%)	9%	19%	7%

The applicant journey: enquiry calls, applications and awards

Who is applying for funding?

Before investigating variations between application approval rates, it is important to consider the context in terms of the proportion of organisations led by people experiencing racial inequality applying and the varying diversity of leadership in different sub-sectors.

Overall, 12% of applicants to PHF's open funding were from organisations led by people experiencing racial inequality, however this proportion varied considerably by fund. For the Arts Access and Participation Fund and Youth Fund the proportion was close to the overall average (9% and 13% respectively).

However, for the Shared Ground Fund, 34% of all applicants were from organisations led by people experiencing racial inequality. This perhaps partly reflects FREA's inclusive definition of experiencing racial inequality, which includes all those who experience inequality, discrimination and disadvantage based on their race or ethnic identity, including all migrants (and those from EU countries).

In contrast, as noted above, the proportion of applications from organisations led by people experiencing racial inequality was much lower for the Arts-based Learning Fund and the Teacher Development Fund (3% and 2% respectively), which fund arts organisations working in schools and schools themselves.

Application approval rates by leadership

Applications to PHF's open UK funds in 2022/23 had an overall approval rate of 18%. The overall approval rate for applications from organisations led by people experiencing racial inequality was significantly higher than for applications from organisations not led by people experiencing racial inequality, at 29% compared to 17%.

Looking at the results by portfolio reveals that approval rates for applications from organisations led by people experiencing racial inequality were higher than those from organisations not led by people experiencing racial inequality for the Arts Access and Participation Fund (21 percentage point difference) and Youth Fund (12 percentage point difference). However, for the Shared Ground Fund, the approval rate for organisations led by people experiencing racial inequality was seven percentage points lower compared to organisations not led by people experiencing racial inequality.

The approval rates for the Youth Fund were only slightly higher than in 2021/22, as was the proportion of applications received from organisations led by people experiencing racial inequality. This reflects the findings shown in Chart 8, which suggest that the increase in the IYP portfolio funding towards *by and for* projects is largely accounted for by a substantial increase in invitation-only funding to these projects, rather than open funding. This demonstrates that 'intentionality' is a key factor in this change.

The applicant journey: enquiry calls, applications and awards

Application approval rates by enquiry call

For some funds, potential applicants have the opportunity for an 'enquiry call', that is, to discuss their application, ask questions, and confirm their suitability for the fund with a member of the grants team.¹¹ Table 4 refers to the 108 enquiry calls made in 2022/23 which led to applications (16% of the total number of applications).¹² This is split between 41 enquiry calls about the Arts Access and Participation Fund (17% of their applications), 28 about the Arts-based Learning Fund (41% of their applications), and 39 about the Shared Ground Fund (62% of their applications).

The data for all open funding suggests that receiving an enquiry call correlated with a considerable increase in the approval rate for all applicants (32 percentage points overall), which was similar whether or not they were from organisations led by people experiencing racial inequality.

Receiving an enquiry call correlates with a considerable increase in the approval rate for all Arts Access and Participation Fund applicants (27 percentage points for those from organisations led by people experiencing racial inequality and 21 for those from organisations not led by people experiencing racial inequality), and for Shared Ground Fund applicants from organisations led by people experiencing racial inequality (29 percentage points). There is an increase in approval rates for everyone receiving an enquiry call, except for organisations applying to the Shared Ground Fund who were not led by people experiencing racial inequality. This may reflect the fact that enquiry calls are available to all applicants to Shared Ground. In contrast, to manage capacity, the Arts Access and Participation Fund restricts enquiry calls to those meeting particular eligibility criteria (see the section on PHF's UK grant-making on page 5), which means that those receiving enquiry calls are already a closer fit to the ambitions of the fund.

Understanding approval rates

Application approval rates do not just reflect grant-making decisions made at the end of the application process, but also the type of organisations that are applying for funding. Comparing approval rates between organisations led by people experiencing racial inequality and organisations not led by people experiencing racial inequality may not necessarily be comparing like with like. Further analysis of applicants could consider factors such as the average organisation turnover, number of staff and whether or not the organisation has previously been funded by PHF.

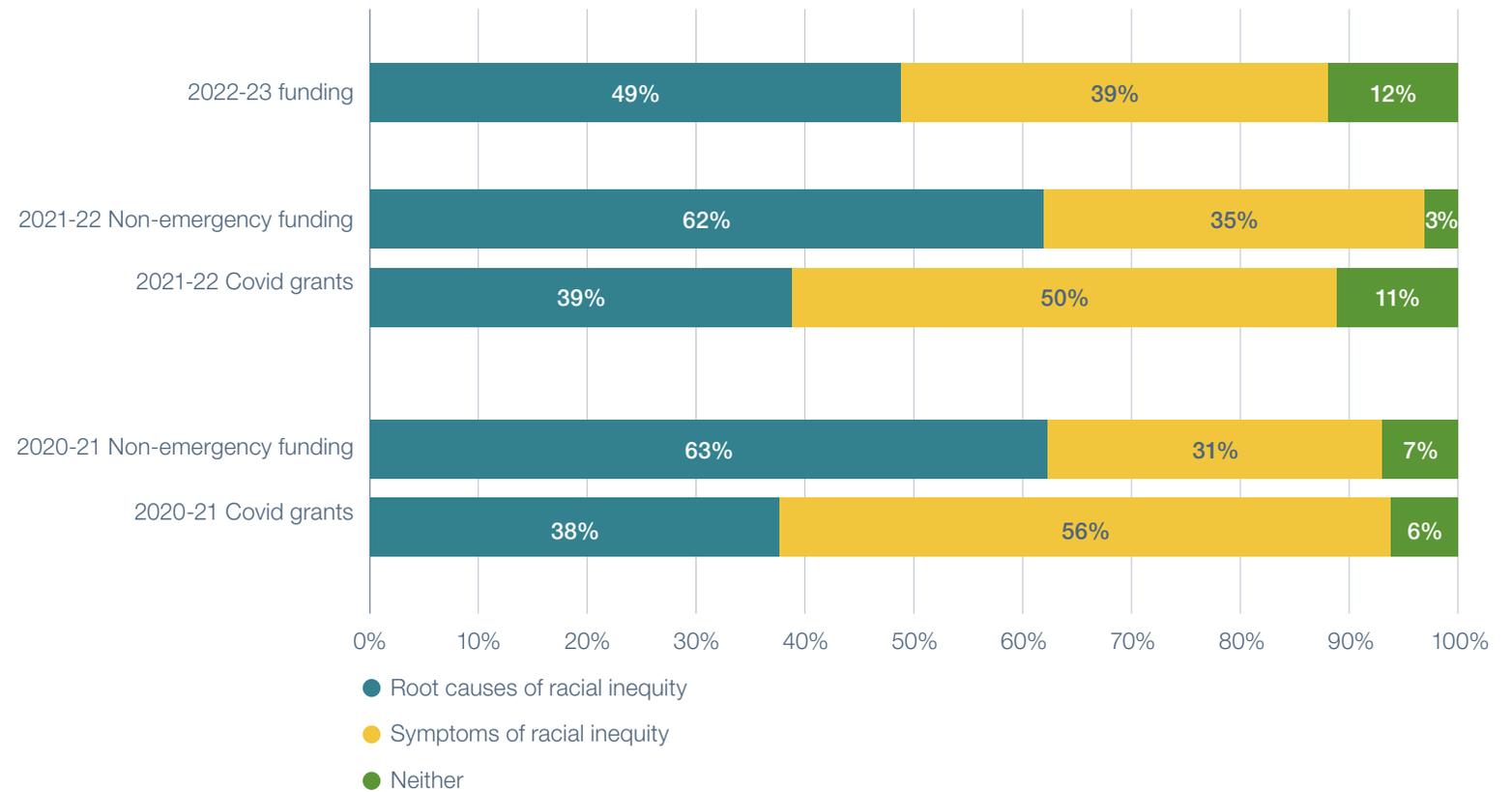
To increase funding to particular organisations, such as organisations led by people experiencing racial inequality, it is important not just to consider approval rates, but also factors such as awareness levels of funding opportunities and the accessibility of the application process.

Tackling the root causes or the symptoms of racial inequity?

The racial justice audit requires funders to classify grants intended to benefit communities experiencing racial inequity by the type of impact that the work focuses on, asking whether the work is intended to tackle the root causes of racial inequity, the symptoms of racial inequity or neither.

For the previous two audits there is a clear distinction between non-emergency and Covid funding, with the former more likely to address the root causes, whilst Covid grants were perhaps more likely to be focused on immediate needs and service provision. Funding in 2022/23 suggests a more even split than non-emergency funding in previous years (though still weighted slightly towards work addressing root causes). It should be noted that interpretation of the categories leaves some room for error in this analysis.

Chart 9. Type of impact of grants intended to benefit communities experiencing racial inequity



What the results mean for our grant-making

This is the third time we have completed a racial justice audit of our grant-making, and there is clear evidence of progress since our first audit was published in November 2021, although there remains plenty of scope for further action.

Between 2020/21 and 2022/23, the proportion of PHF funding to projects led *by and for* people experiencing racial inequity increased from 9% to 20%. This year, for the first time, the average grant size was actually larger (by 10%) for race equity sector organisations compared to non-sector organisations.

In our last audit we noted that improvements in our open funds suggest that we are heading in the right direction in terms of racial justice funding, but were concerned about our invitation-only funds. While the proportion of our open funding that went to *by and for* projects or race equity sector organisations (17%) remained similar to last year, there was a notable increase in the proportion of our invitation-only funding (from 9% to 26%). As a result, our invitation-only funding is now significantly more likely than open funding to support *by and for* projects and race equity sector organisations.

This outcome likely reflects the changes in our IYP portfolio, where funding to *by and for* projects and race equity sector organisations rose from 6% to 33%, and funding to projects to benefit communities experiencing racial inequity rose from 20% to 40%. Analysing the IYP portfolio in more detail reveals an increase across its funds, but a particularly dramatic increase (from 0% to 46%) for invitation-only funding to *by and for* projects and race equity sector organisations.

The overall approval rate for applications to PHF's open UK funds from organisations led by people experiencing racial inequity was 12 percentage points higher than for applications from organisations not led by people experiencing racial inequity in 2022/23. Nevertheless, for our Shared Ground Fund the opposite was true and we will be exploring this further. This analysis also highlighted that some funds, particularly in the Education portfolio, are far less likely to be working with organisations led by people experiencing racial inequity. It is important to consider not just how grant-making decisions are made, but also the type of organisations that are applying for our funding in the first place, the extent to which certain sectors lack diverse leadership, and factors such as awareness levels of funding opportunities and the accessibility of the application process.

What the results mean for our grant-making

While this audit focuses on racial justice, we also collect data (applying the DEI Data Standard) on a wide range of characteristics, and are starting to use this data to inform our broader approach to DEI. We also have relevant data from other sources, such as our recent [survey](#) of grantees and declined applicants' perceptions of PHF conducted by the Center for Effective Philanthropy. This highlighted that the organisations led by people experiencing racial inequity that we fund rate PHF's transparency and approachability significantly lower than other grantees, whilst those led by Deaf, Disabled, and/or Neurodivergent people rate the accessibility, ease of use, and troubleshooting of the application and grant-making process, and PHF's approachability, significantly lower than other grantees.

Clearly there are still many issues for us to address as we seek to work towards racially and socially just grant-making in a sustainable and meaningful way. We are taking steps to do so across the organisation. For instance, we are currently taking a user-centered approach to the process of developing a new website. The grants teams have individual objectives and plans in respect of anti-racism, diversity, equity and inclusion which are tailored to their contexts. We will continue to analyse these audit results and wider relevant data to determine how we can further action changes across our funds and our grant-making practices to build on our modest progress so far.

Diversity, Equity and Inclusion at PHF

At PHF, we are committed to centring Diversity, Equity and Inclusion (DEI) across our grant-making and our organisation. The FREA audit forms part of our action plan which we report on annually. You can read about this [here](#).

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 The audit excluded grants to individuals (e.g. Awards for Artists), grants made to organisations outside the UK (including our India programme), inflation-indexed payments and the Cost of Living grants programme. Large grants for re-granting were also excluded from the analysis, but it is relevant to note that in 2022/23 PHF made a Major Grant of £1 million to support the establishment of the Baobab Foundation, which provides tailored support and long-term unrestricted funding to organisations and movements led by and for Black people and communities affected by racism.
- 2 In the 2022/23 audit, all grants assigned as race equity sector organisations happened to also be *by and for* projects.
- 3 Note that previously this was at least 50% rather than 75% of the Board; FREA have made the decision to increase the threshold this year in line with the latest version of the DEI Data Standard.
- 4 As defined in the *Racial Justice Audit Tool: Guidance booklet* developed by The Funders for Race Equality Alliance, June 2023.
- 5 The Investing in Young People (IYP) portfolio is the only portfolio that includes invitation-only funds. Exactly half of the total value of grants analysed for the audit was open funding (Youth Fund) and half was invitation-only funding (Youth Fund Follow-On Funding, Youth Strategic Investment Fund, Youth Led Change grants).
- 6 This comprises 67% of PHF's total funding of £39.6 million (581 grants) in 2022/23; for more on grants excluded in the audit see the Background section on page 5.

All funding in 2022/23 was 'non-emergency funding'. Comparisons to previous years are made only to non-emergency funding made in these years (i.e. excluding Covid response grants).
- 7 This peak could partly reflect a methodological change to the FREA audit tool made after 2020/21, removing the category for grants that benefit communities experiencing racial inequity 'by serendipity.' It could also perhaps reflect some redirection of funding from organisations delivering projects to benefit communities experiencing racial inequity but not led by people experiencing racial inequity, to *by and for* projects.
- 8 Note that the figures in Table 2 are nominal values so are not adjusted for inflation which was significant over this period.

As noted, the audit excludes grants made as part of the Cost of Living grants programme which PHF began in 2022, offering a 10% uplift on outstanding payments to grantees in response to high inflation.
- 9 See Chart 8 for an analysis of changes in the IYP portfolio's open and invitation-only funding.
- 10 'Other' refers to all other funds outside the main portfolios, made up of the majority of PHF's invitation-only funds, as well as the Ideas and Pioneers Fund, which was closed to applicants throughout 2022/23.
- 11 For further information on eligibility for enquiry calls, see the Background section on page 5 on PHF's UK grant-making.
- 12 After some enquiry calls the organisation decides not to make an application.

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