



2023

Cross cohort analysis

Funders for Race
Equality Alliance



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Acknowledgements

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This collective and collaborative effort has made this report possible, contributing towards advancing race equality in the funding sector.

Thank you to all our members for your continued support, and commitment to systemic change towards racial justice

Introduction

At the Funders for Race Equality Alliance, we are committed to creating an equitable and just society by decolonising philanthropic practice. Our network brings together over 45 funders who share our concern about the entrenched racial disparities, in systems and communities in the UK. We believe that the philanthropic sector has a vital role to play in tackling race inequity, and we are actively working to mainstream justice and equity into philanthropic practices.

Our values

We are a collaborative and inclusive alliance that is committed to both short- and long-term change. We are also active listeners and comfortable with challenge.

The audit

One of our key aims is to increase sustainable and flexible funding for Black and minority-led organisations and for communities experiencing racial inequity. To achieve this, we have developed a racial justice audit tool that provides funders with a snapshot of their current portfolio through a racial justice lens. This tool helps increase accountability, transparency, and collaboration, and it acts as a baseline against which to measure progress.

When completing the audit, funders analyse their portfolios in four dimensions:

- 1 The proportion of funding going to organisations led by people experiencing racial injustice.
- 2 The extent to which funded projects are designed to meet the needs of communities experiencing racial inequity.
- 3 The type of work funded (for example service provision, campaigning, research).
- 4 Whether funding for racial injustice work is intended to address the root causes or its consequences.

We have now delivered our annual audit to the funding community for three years, auditing 4,093 grants from 27 funders with a total value of £355 million.

Our analysis has estimated the proportion of funding reaching communities experiencing racial inequity and those addressing racial justice work. The results have helped funders create baselines to track future funding and implement targets and strategies to work towards achieving racial justice in philanthropy.

We are pleased to report that many funders have implemented changes from the previous year's results. For example, [Lloyds Bank Foundation](#) has introduced a 25% ringfenced fund for Black and Minority-led charities, after analysing the success rates of these groups from their funding applications. The [Smallwood Trust](#) has reported an increase in its funding to Black and Minority-led groups from 3% to 21%, and [Bedfordshire and Luton Community Foundation](#) is working to create more opportunities for longer-term funding.

We identified some welcome trends:

- Across all cohorts, the average grant amount awarded to organisations tackling the root causes of racial injustice was 9% higher than those addressing the symptoms.
- There was a significant increase in the percentage of grants intended for organisations led by people from communities experiencing racial inequity, between cohort 1 and 3 (See graph titled Leadership of organisation by cohort).

However, there was a general downward trend in the analysis from the first to the third cohort:

- Funding intended to benefit communities experiencing racial inequity decreased by 10%, from 44% in the first cohort to 34% in the third.
- There was a reduction in the average grant size tackling the root causes and the symptoms of racial inequity.

There is still much work to do and we encourage all funders, including non-members of the Alliance, to complete our audit. By committing to this practical tool, we can take steps towards meeting the needs of those most disadvantaged and create a more equitable and just society.

This report

The past few years have seen a surge of interest in addressing systemic racism and promoting racial equity in various fields, including philanthropy. As part of this effort, more funders have been conducting racial equity audits of their grant-making portfolios to examine whether their funding practices reflect their values and goals around diversity, equity, and inclusion.

This report unveils the outcomes of an audit focused on Racial Justice, offering valuable insights into the grant-making practices of 27 funders based in the United Kingdom. Notably, 9 of these funders participated in the audit twice, covering a span of three consecutive years from 2020 to 2022.

The objective behind analysing all three cohorts is to monitor shifts in the types of organisations being funded, as well as changes within the funders themselves. This analysis aims to identify areas of progress and areas where further effort is required.

By examining the findings across the three cohorts, a more profound understanding of trends and patterns emerges, shedding light on the approach of UK philanthropy toward achieving racial equity. This, in turn, equips funders with actionable insights to develop more effective strategies for promoting diversity, equity, and inclusion in their grant-making practices.

The report commences with a concise overview of the audit methodology, followed by a summary of the key findings. Additionally, it delves into the implications of these findings for philanthropic endeavors dedicated to advancing racial equity. The report ultimately aims to provide valuable guidance for funders, enabling them to continue their vital work in this domain.

Methodology

The results of three racial justice audits have been compared, evaluating changes in the types of organisations being funded and the funders themselves.

Across three years, 27 FREA members took part in our annual racial justice audit. Of those, 10 contributed to two different audits, making the total submissions 36. You can see the full breakdown of which funders completed each audit on page 9.

It is important to note that some funders with larger annual giving amounts can skew the data. This can definitely be seen in the second cohort which hosted [Henry Smith Charity](#). The impact of their involvement can be seen in the first graph which shows a clear spike in the amount of grants and the total value awarded.

To understand the funders participating in the audit, we compared them to the [Top 300 foundation grant-makers](#) according to the [Association of Charitable Foundations](#) (ACF). We found that, across all cohorts, 18 out of 27 funders were on the list, so there is a good representation of larger funders in our cohorts.

Below you can find the time period for when grants analysed in the audits were active and submitted.

Cohort 1

Grants active between — March 2020– November 2020

Data submitted between — June 2020– November 2020

Cohort 2

Grants active between — January 2021– August 2021

Data submitted between — January 2021– August 2021

Cohort 3

Grants active between — July 2021– August 2022

Data submitted between — June 2022– August 2022

Data collection methods and limitations

Participating funders nominate themselves, leading to variations in the composition of funders each year. Additionally, the data collection process is conducted by the funders themselves, which contributes to variances in data collection methods. Consequently, occasional gaps in the funders' knowledge arise, resulting in incomplete data submissions. Capacity limitations and data protection concerns also play a role, as funders provide data they are aware of or have access to.

As a result, any unknown or unobtainable data is omitted from the submissions. For example, if under the leadership of an organisation, the funder lacks knowledge, it is indicated as "not led by". These factors introduce additional complexities into the data, necessitating that it be considered as a snapshot rather than a definitive and representative portrayal of the entire funding community.

Data submitted across the three cohorts

For the first cohort, funders were instructed to submit data on active grants between 17 March and 6 November 2020. For the second cohort this was between 27 January and 2 August 2021. Despite this instruction, information about when exactly grants were awarded from these cohorts was not collected so there's no way to tell whether all grants audited were active within the specified periods.

The third cohort consisted of active grants between the 1 July 2021 and 1 August 2022, and the audit was published in September 2022. However, out of the 1,743 grants submitted, only 991 grants were within the specified date range.

Given that data in the third cohort was submitted from grants outside the specific date ranges, it may have also occurred for the first and second cohorts. In addition, data on the length of grants was not collected for any of the cohorts and so we can't measure the impact that may have had on the results that were obtained.








Context

It is important to note that the first and second audit took place in the years of the Black Lives Matter (BLM) protests, with demonstrations and riots across the world to demand an end to police brutality and racial inequity. They were also in the year of the COVID-19 pandemic.

The third audit covered grants awarded post Covid-19 and BLM movement. This coincided with intensified humanitarian challenges, with Russia's invasion of Ukraine, leading to a significant increase in the number of refugees worldwide.

Furthermore, between 2021 and 2022, there was a sharp escalation in living costs, with inflation surging to 11.1%, resulting in a critical situation. It is worth noting that the grants included in the third cohort were awarded until August 2022.

It's challenging to directly link these occurrences to specific patterns in our Racial Justice Audit, yet their impact on the philanthropic sector is undeniable. Consequently, our analysis can only speculate about their potential influence.

Funders	Cohort 1	Cohort 2	Cohort 3
Barrow Cadbury Trust Bedfordshire and Luton Community Foundation Esmee Fairbairn Foundation Joseph Levy Foundation Joseph Rowntree Foundation Lloyds Bank Foundation Paul Hamlyn Foundation Smallwood Trust Trust for London			
People's Health Trust			
Comic Relief John Lyons Charity Joseph Rowntree Charitable Trust Lankelly Chase			
AB Charitable Trust The Clothworkers Foundation The Goldsmiths Company Charity The Henry Smith Charity Indigo Trust The National Lottery Community Foundation			
The Coop Foundation The Dr. Martens Foundation Justice Together Initiative The Legal Education Foundation Power to Change Youth Endowment Fund			

Summary

The Audit has covered three cohorts, across three years from 27 funders. The total number of audited grants was 4,093, with a total value of £355 million.



27 funders

3 years

£355 million

4,093 grants



The 3rd cohort had the highest result in terms of funder participation and the amount of funding going to organisations tackling racial inequity.



Across all cohorts, the average individual grant amount awarded to organisations tackling root causes, was 9% higher than those addressing the symptoms.



The 2nd cohort, which took place during 2021, saw a significant increase in the number and value of grants awarded, as well as an increase in projects aimed at tackling symptoms of racial inequity.

Key findings

Below are the key findings of the Racial Justice Audit, shedding light on the grant-making practices of 27 UK-based funders over a span of three years. We have examined the data across three cohorts, producing an analysis that identifies progress, gaps and challenges, but also provides a foundation for developing more affective strategies to promote racial equity in grant-making practices.

Funding and participation

Over three years, 27 funders contributed data from 4,845 grants with a total value of £426.9m. From those, 4,093 grants were audited, with a total value of £355m.

The first and third cohorts were the only cohorts with repeat funders. The first cohort consisted of 955 grants, valued at £80.2m, while the third cohort included 874 grants worth £59.9m. The third cohort showed the highest participation and allocated the largest amount of funding to organisations addressing racial inequity, with 46% of the grant amount benefiting communities affected by racial injustice.

Grant distribution

Across all three audits, grants awarded to organisations addressing the root causes of racial inequity was, on average, 9% higher than those addressing the symptoms. However, in the second audit, there was a decrease in grants tackling root causes, with a 29% difference compared to the first and third cohorts. This may be attributed to changes in grant-making practices during the peak of the pandemic when funders prioritised immediate needs.

Representation and lived experience

Historically, there has been a persistent pattern of funding organisations that are not led by communities experiencing racial inequity. In conclusion, the audit highlights the need for funders to sustain and increase support for communities experiencing racial inequity. It emphasises directing

funding towards organisations led by and for these communities, and prioritising grants that target the root causes of racial inequity. By supporting these organisations and addressing systemic issues, funders can make a significant impact in tackling racial injustice.

Grant size disparities

The average grant size to organisations not focused on a specific impact was almost double that of organisations that were focused on a specific impact, primarily due to a small group of significantly larger grants (above £500k each) being in that category.

Individual funders' change over time

Funders opt in each year to complete the Audit, so unfortunately no funders has completed all three audits across the three years. However, nine funders submitted data in the first audit and the third. In this group it was found that funding intended to benefit communities experiences racial inequity decreased by 10% from 44% in the first cohort, to 34% in the third. This decline was also observed in the average grant size addressing root causes and symptoms of racial inequity. These trends may reflect a general downward trend in interest and investment, but it is crucial that this does not become a long-term pattern.

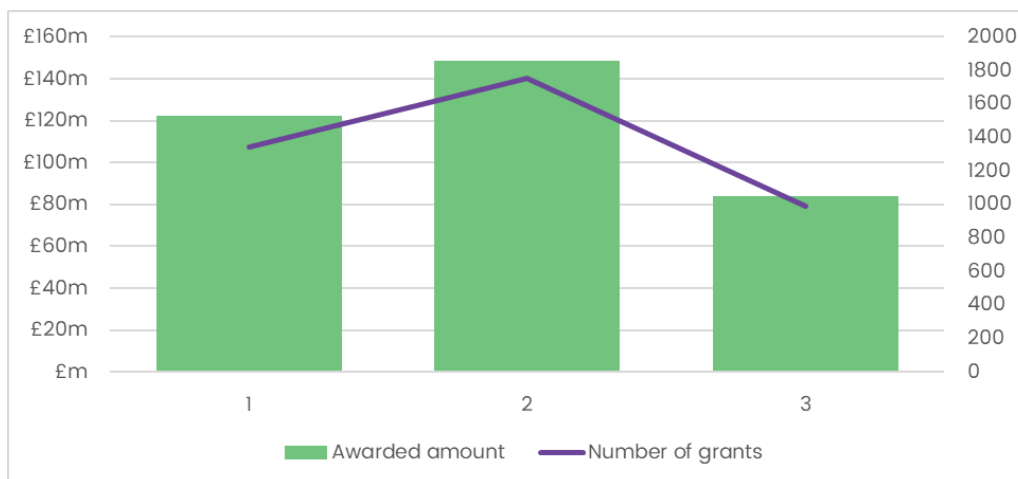
Emergency response

The second audit which took place in 2021, witnessed a significant increase in the number and value of grants awarded to communities experiencing racial inequity, as well as projects aimed at tackling symptoms of racial inequity. This surge in funding coincided with the Covid-19 pandemic, the murder of George Floyd, and the global Black Lives Matter protests. It suggests an emergency response by funders to address the urgent needs of race equity organisations. However, the results of the third audit suggest a decrease in investment.

In conclusion, the audit highlights the need for funders to sustain and increase support for communities experiencing racial inequity. It emphasises directing funding towards organisations led by and for these communities, and prioritising grants that target the root causes of racial inequity. By supporting these organisations and addressing systemic issues, funders can make a significant impact in tackling racial injustice.

Results

Cohorts by awarded amount and number of grants

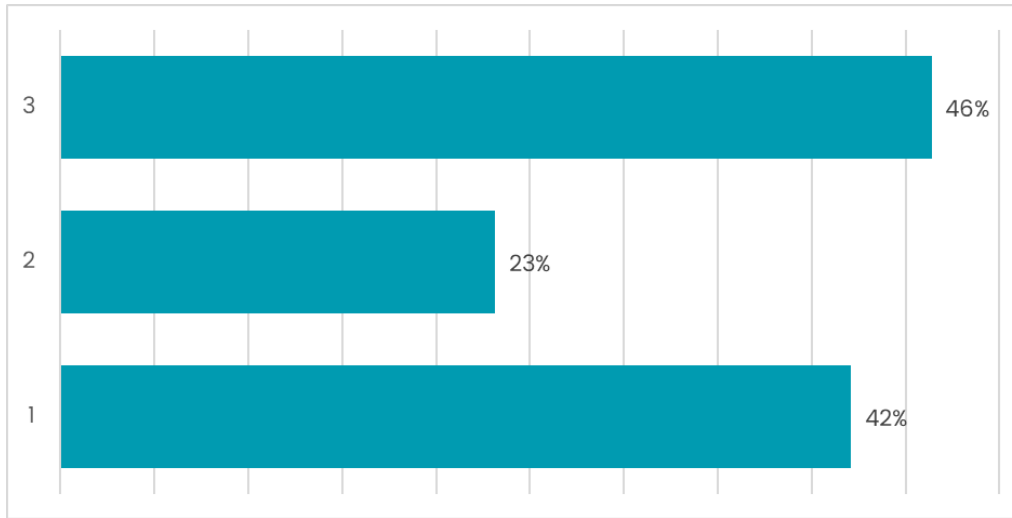


The third cohort saw the highest number of funders participating with 16 funders, while the second cohort had 7 participants and the first cohort had 13.

Although the second cohort had only 7 participating funders, it was the largest cohort by grant number and value (£148.7m, 1756 grants). This was followed by Cohort 1 (£122.6m, 1346 grants) and finally Cohort 3 (£83.7m, 991 grants). 16 funders took part in the third cohort, but all grants submitted by one funder did not fit the awarded date criteria and so those grants were not included in the audit.

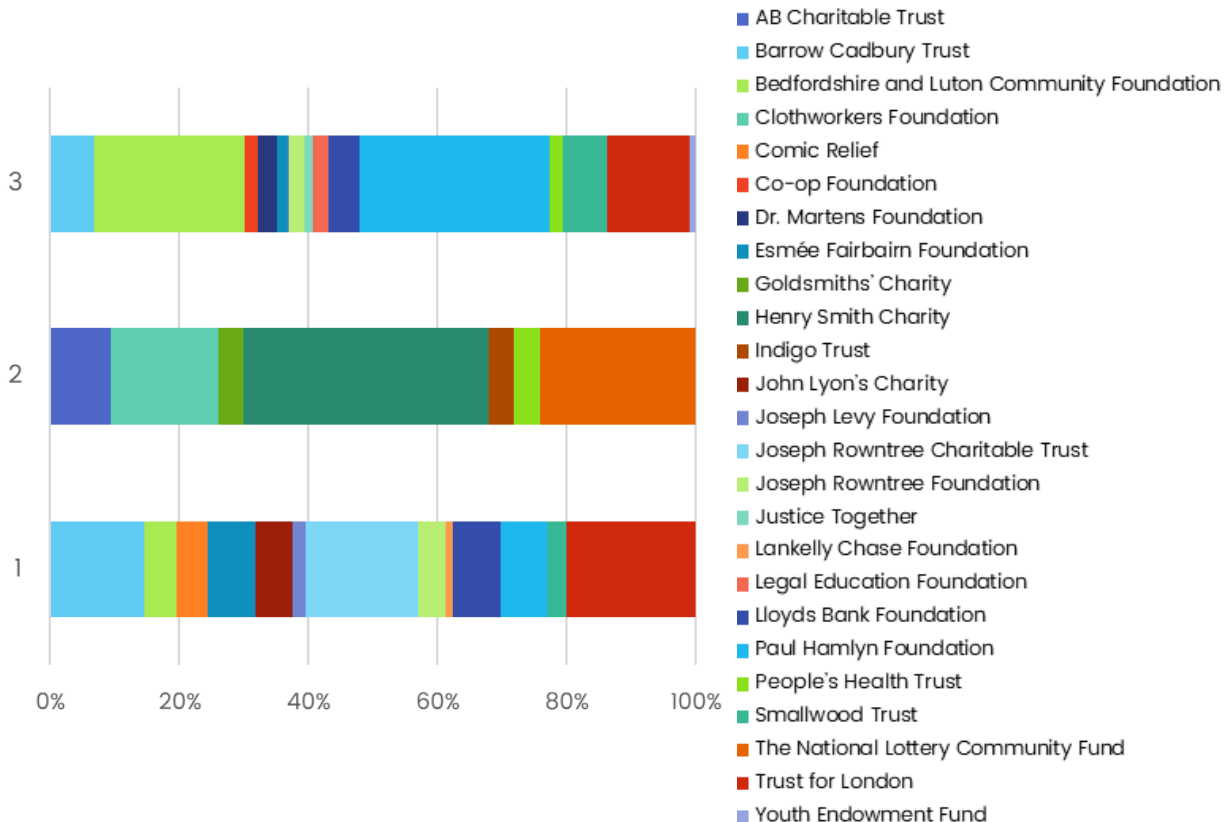
The spike in number of grants in the second cohort may also be due to the more rapid response of funders during Covid-19, churning out emergency grants to meet immediate needs.

Percentage of total awarded amount intended to benefit communities experiencing racial inequity in each cohort



The third cohort had the highest percentage of its total grant amount benefiting communities experiencing racial inequity, with almost half (46%) audited grants intended to do so. The first cohort follows closely behind (42%) and there was less than a quarter for the second cohort (23%).

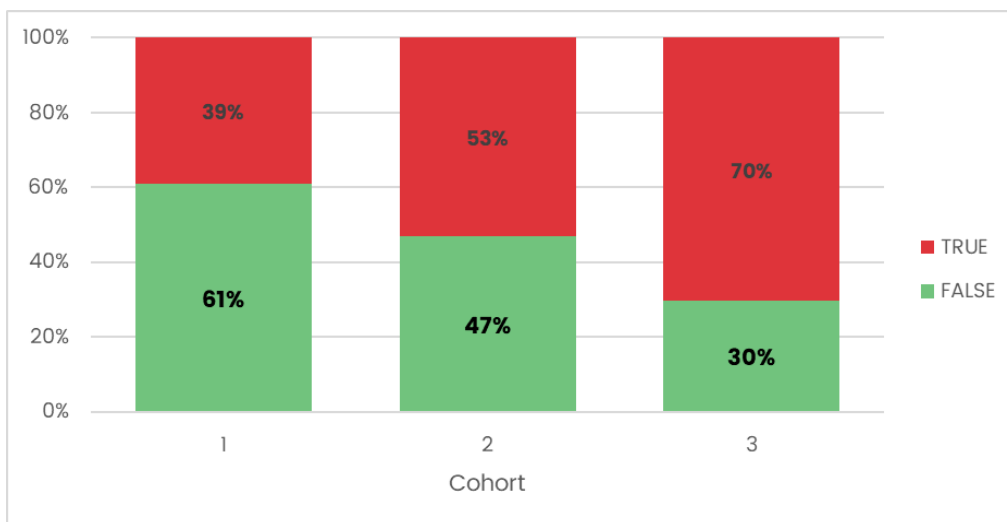
Percentage of grants contributed by funders for each cohort



Funders do not submit the same number of grants for each cohort, so it's important to see what percentage they each contributed and how their funding backgrounds could affect the results. This graph demonstrates how the data can be skewed by larger funders.

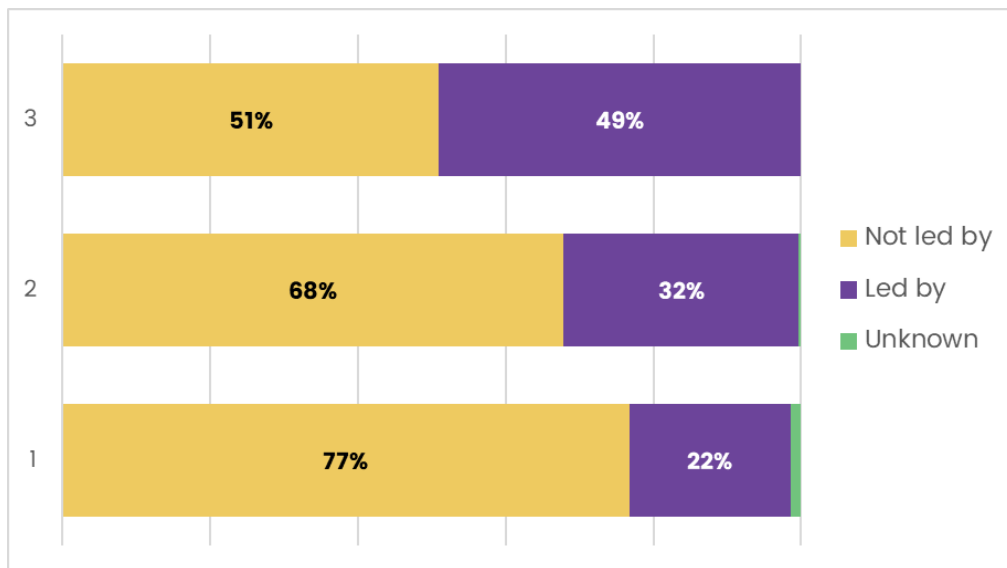
The [Henry Smith charity](#) contributed more than a quarter of grants in the second cohort, similarly, in the third cohort, [Paul Hamlyn Foundation](#) and [Bedfordshire and Luton Community Foundation](#) contributed more than half of the grants. For the first cohort [Trust for London](#) contributed one fifth of the grants. Similarly, The National Lottery Community Fund contributed a third of all grants in the second audit, which hosted considerably less funders than the other two cohorts.

Percentage with mission and purpose to support a specific community



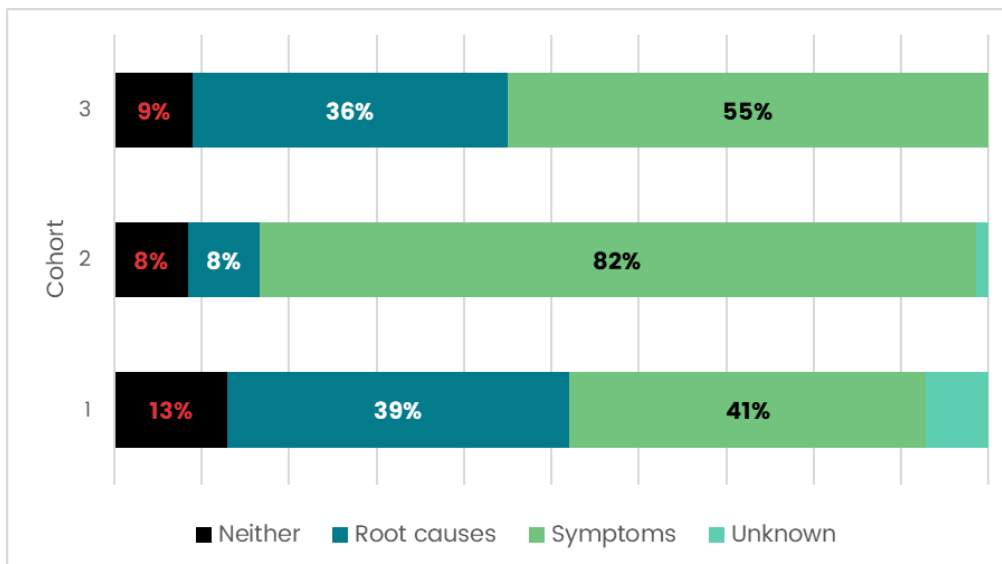
Of the grants intended to benefit communities experiencing racial inequity, there was a noticeable increase in the number of grants going to organisations whose mission and purpose is to support a specific community, with 70% of the organisations having that mission in cohort 3.

Leadership of organisation by cohort



Of the grants intended to benefit communities experiencing racial inequity, there has been a consistent increase in funding for organisations led by people from communities experiencing racial inequity, from 22% in the first cohort to 50% of grants in the third cohort.

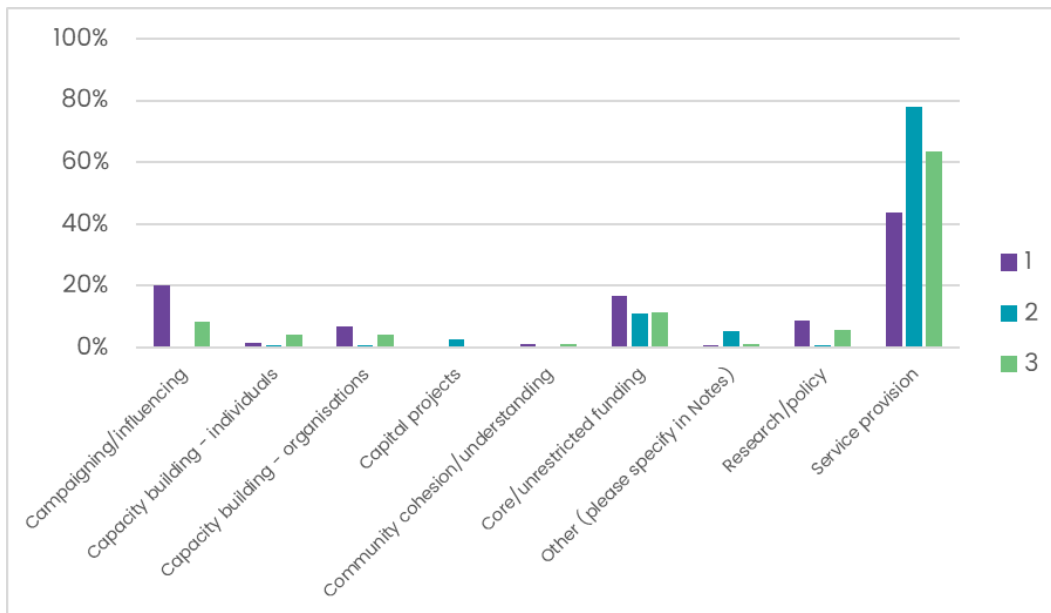
Type of impact by cohort for only grants intended to benefit communities experiencing racial inequity (CERI)



The first and third cohort had more than a third of organisations working to tackle root causes of racial inequity. This was not the case for the second cohort where only 8% of grants were intended to tackle root causes.

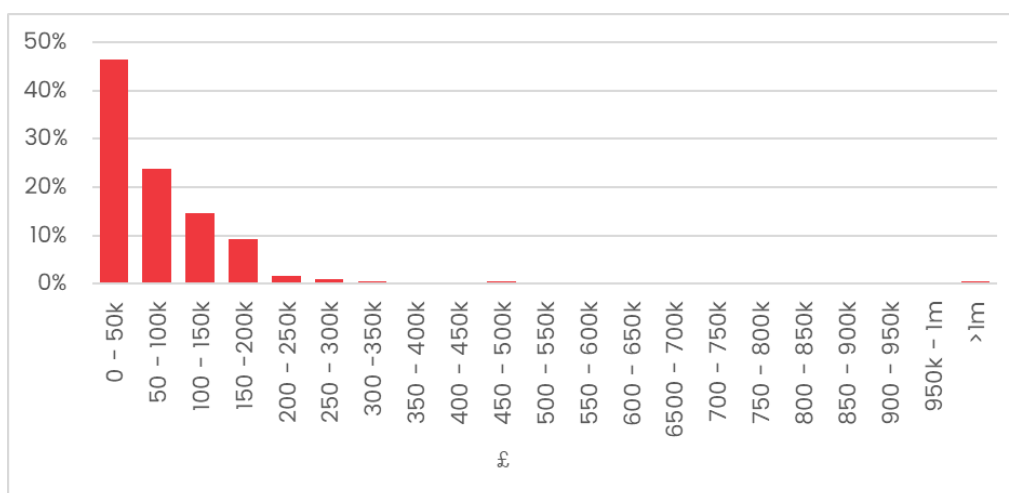
This may reflect the increase in service provision for this cohort as a response to Covid-19, where immediate needs may have been prioritised through emergency grants.

Type of project by impact



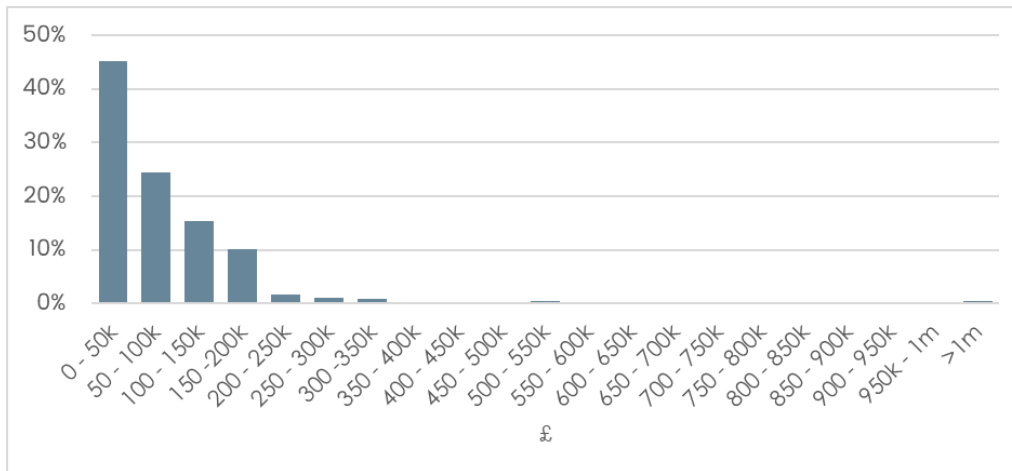
For all cohorts, looking at the total value of grants, the highest percentage of funding went on service provision. Core funding and campaigning/influencing also had a notable percentage of funding, followed by research/policy. The least funded area across all three cohorts was community cohesion/understanding.

Size of all grants



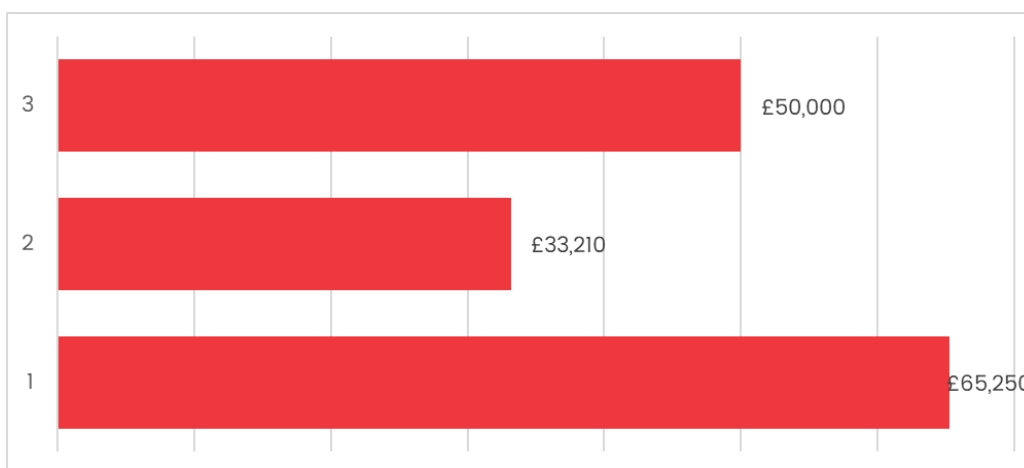
There were 20 grants over £1m and the average grant size was £86.8K

Size of grants (grants intended to benefit communities experiencing racial inequity)



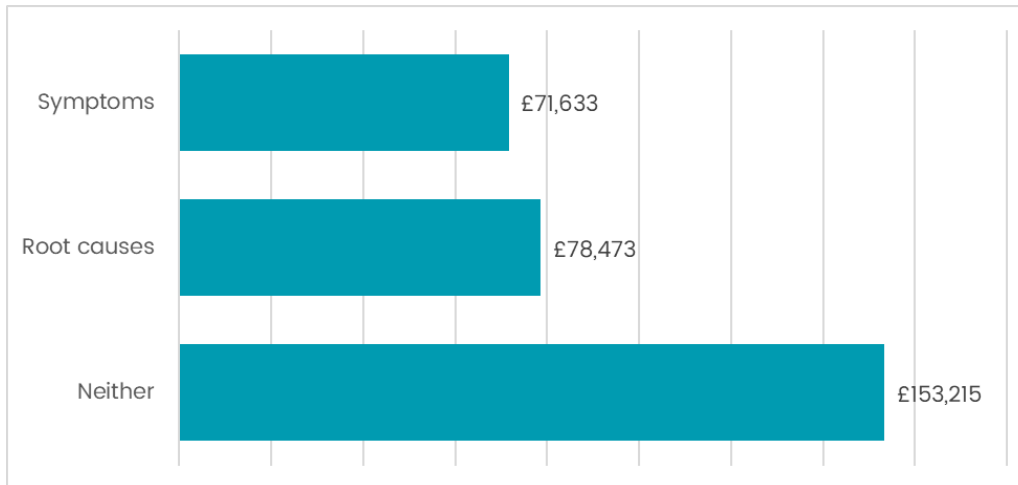
The average size of grants intended to benefit communities experiencing racial inequity was £85.2K, which is only slightly lower than the average grant size for all grants, and there were 6 grants over £1m.

Median size of grant intended to benefit communities experiencing racial inequity



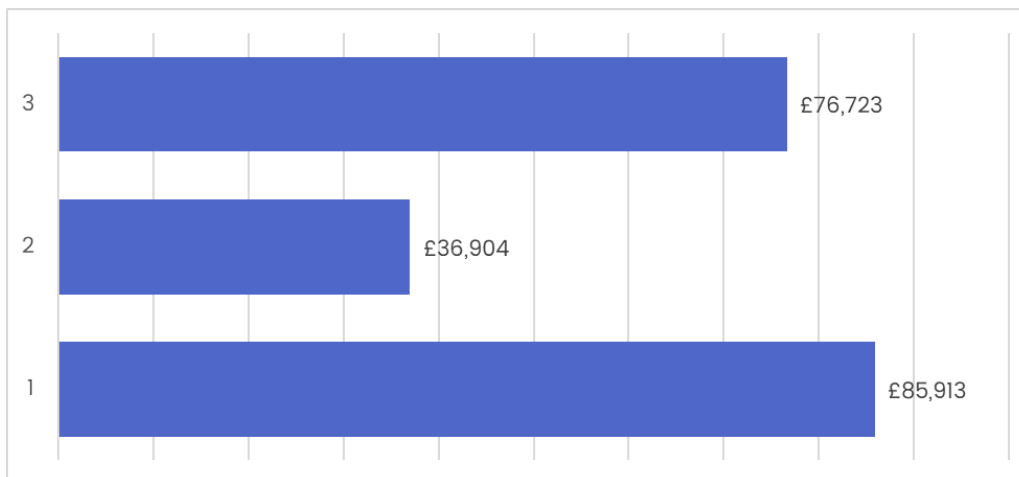
The median size of grants intended to benefit communities experiencing racial inequity in the most recent cohort was £50k. It was £33.2k in the second cohort and £65.3k in the first.

Average grant value size by type of impact across all cohorts



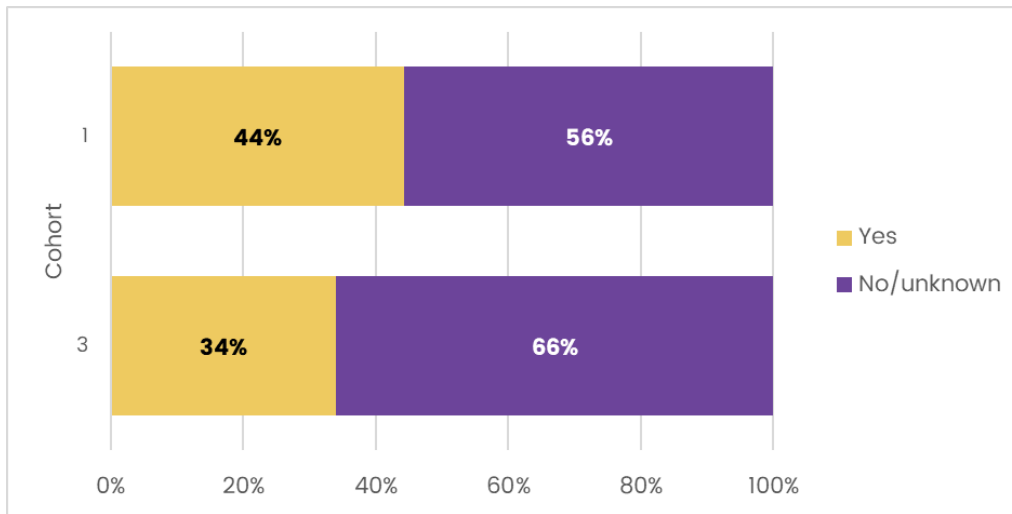
Across all cohorts, the average grant amount awarded to organisations tackling the root causes was 9% higher than those addressing the symptoms. And the average grant size to organisations not focused on a specific impact was almost double that of organisations that were.

Average grant value size tackling root causes by cohort



The average grant size to organisations working to tackle the root causes of racial inequity went down significantly in the second cohort but went up again in the third cohort – but did not surpass the average of the first cohort.

Percentage of grants intended to benefit communities experiencing racial inequity (Cohort 1 and 3 repeats ONLY)



For organisations that took part in the first and third audit, using the total awarded amount, there was a 10% decrease in the funding intended to benefit communities experiencing racial inequity in the most third cohort.

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