



Racial justice audit

June 2022



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About the audit

In 2020 Funders for Race Equality (FRE) set criteria and guidance for conducting an audit of a sample or all of a grant portfolio to enable funders to understand their funding in relation to racial equality. FRE has since revised the guidance, alongside other developments in the sector, ensuring questions are aligned with 360 Giving's new Data Standard, and renaming it to reflect FRE's new focus on racial justice.

FRE continues to score grants against four independent criteria:

1. Is the organisation funded a race equality sector organisation? (Defined by both mission and leadership threshold)
2. Is the intention behind this grant to benefit communities experiencing racial inequality?
3. What type of project is being funded (e.g., campaigning or service provision)
4. In what way is it addressing racial inequality? (Root causes, symptoms, neither)

Grants Included in the audit

We included all grants awarded within our current 2018 – 2024 funding strategy that were active as of 6 June 2020 in the analysis. This excluded a small number of grants:

- Discretionary one-off small grants (up to £7,500) made directly by trustees - these don't remain active so don't meet the criteria.
- A small number of three-year grants awarded at the end of 2017, or earlier with delayed start dates that are still active. These aren't classified in the same way making them labour intensive to include and unlikely to impact insights drawn from the data.

This meant we included 350 grants with a combined value of £40.4m.

350 grants $\frac{\text{audited with a}}{\text{combined value of}}$ **£40.4 million**

About us

We're a funder working to end poverty and inequality in London, the most ethnically diverse city in the UK. Racial injustice and poverty go hand-in-hand, and people that experience racial inequality are overrepresented in London's low-income communities. Much of our grant-making therefore benefits people experiencing racial inequality as a matter of course. We also actively support racial diversity and leadership within all anti-poverty organisations we fund so that they accurately reflect the communities being served.

For the purpose of this audit, we're focusing on grants that explicitly aim to benefit communities experiencing racial inequality, rather than grants that incidentally benefit these communities because of the demographic make-up of an area.

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Analysis

Section 1: Grants to racial equality sector organisations

Of the 350 grants audited, 88 went to the race equality sector. This means organisations with a mission and track record of providing services designed for communities experiencing racial inequity AND with 75% of the board and 50% of the senior staff (at director and ceo level) from a community or communities experiencing racial inequity. This is 25% of our grants.

Significantly more organisations had a mission and track record of providing services designed for communities experiencing racial inequity – 146 organisations (42%), but the leadership threshold was a limiting factor.



While 25% of the total number of grants go to race equality sector organisations, this represents a smaller proportion of the grant spend, at 16% (£6.5m). This is largely reflective of the smaller grant size to race equality sector organisations – the mean grant is £74k compared to the average for other grants of £103k (this mean excludes four ‘outlier’ grants of >£500k).

It’s worth noting that the race equality sector grants have a lower standard deviation, meaning they are more ‘clustered’ around the mean, with no grants exceeding £150k. For the other grant types there is greater variance – more smaller and larger grants, with 34 for greater than £150k.

Section 2: Intention of project

The second dimension of the audit is whether or not the grant aim is explicitly to reduce racial inequity or not, which for us as a funder is also where this inequity intersects with poverty. Of the 350 grants, 184 (53%) were assessed to meet these criteria. Looking at grant spend, if the four outlier grants are excluded, the distribution is quite similar, with 48% of the spend going to 53% of the grants. The average grant size to projects aimed at reducing racial inequity is lower than the remaining grants by £19k.

This was challenging to assess, with considerable nuance to assess whether advice provision is sufficiently intended to reduce racial inequity vs. generic provision to reduce poverty in a population, of which a majority also experience racial inequity.

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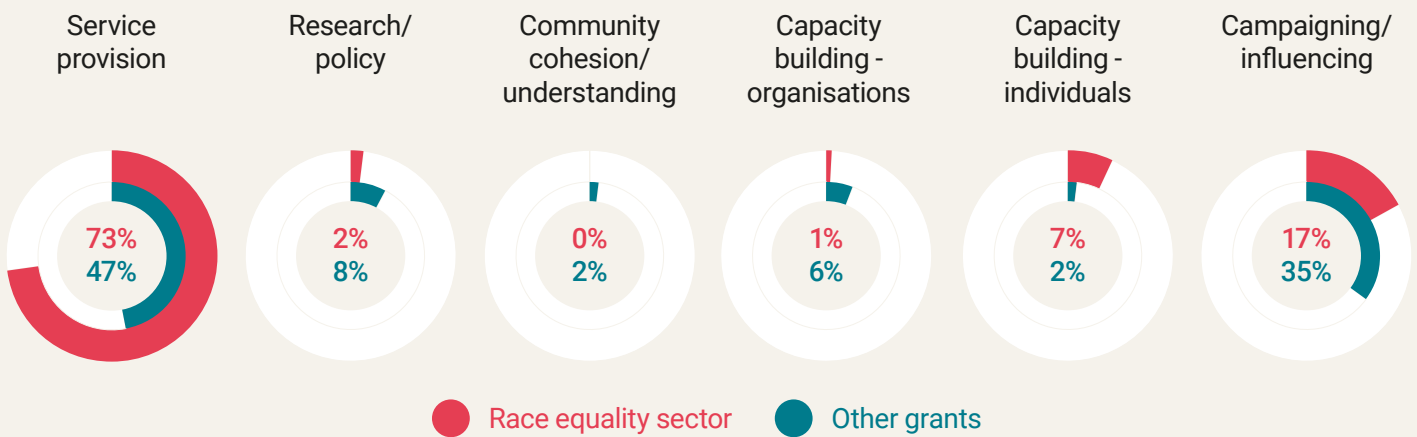
Section 3: The purpose (activity type) of the grant

This question sought to identify the type of activity grants contribute to. We thought it would be useful here to show this as a comparison to the rest of our grant portfolio (i.e. those not race equality sector organisations).

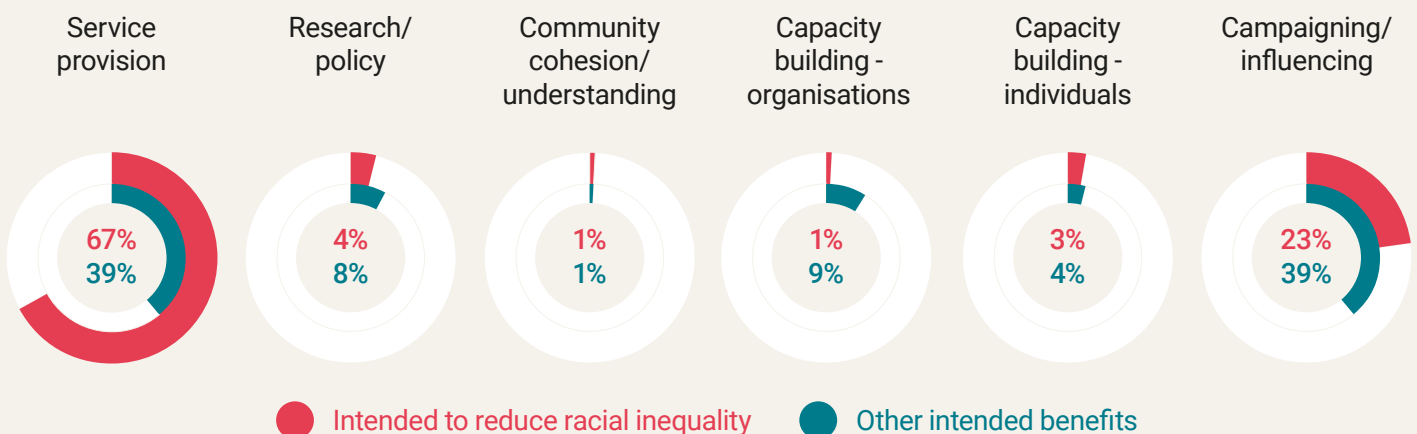
It highlights that the majority of our grants in this sector (73%) go to service provision (mostly tailored advice services, reaching specific communities). A much smaller proportion of race equality sector grants work on campaigning (17%). This is also smaller in comparison to other grants in our portfolio, where 35% are working on campaigning. A significantly smaller amount of race equality sector grants are dedicated to research (2%) compared to other grants (8%).

This is similarly reflected when looking at the intent of the grant. Grants intended to tackle racial inequity again have a higher proportion of service provision (67%) and lower rates of campaigning (23%) and research (4%).

Showing grant purpose by organisation type



Showing grant purpose by intention



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Section 4: The approach to racial inequity grants

The grants with a specific aim to tackle racial inequity (the 184, identified in question 2) were then further differentiated by whether they aim to address the root causes of inequity or the consequences of it. The majority of our grants – 70% – focus on consequences, while 30% tackle root causes. This reflects the tendency towards service provision grants, focusing on advice work in racially minoritised communities.

It's worth noting that this is a crude categorisation. In reality many of the grants combine elements of each approach, so that advice services may also work on advocacy or strategic cases, and lend weight to campaigning work through mobilisation of clients and communities.

The approach to racial inequity grants



Narrowing in on the smaller number of race equality sector organisations (the 88 identified in section 1) with a mission to address racial inequity and leadership of those experiencing racial inequity, only 24% were to tackle root causes of racial inequity, with 74% focused on consequences or symptoms. The remaining 2% didn't meet the criteria, providing services for a general population.

Conclusion

The findings of this audit are broadly positive, showing that we continue to provide dedicated support to communities experiencing racial inequity, with about half of our active grants intending to reduce racial inequity. About a quarter of our grants go to dedicated race equality sector organisations - those led by people that experience racial injustice, and that have a mission and track record of addressing it. While hard to compare due to changes in the audit and our own approach, this seems to be an increase in race equality sector organisations supported compared to our previous audit in 2020.

In line with our audit in 2020 we can see two trends that continue, and that we have taken active steps to address. Firstly, we can see that there is a gap in overall spend, and average grant size between race equality sector organisations, and other organisation types. The gap is echoed to a slightly lesser extent between those grants intending to reduce racial inequity and other grants. We examined the reasons for this in the previous audit, revealing multiple factors including smaller size of organisations and grant requests, and increased proportion of grants awarded through our small grants programme. Secondly the audit also reveals our funding to be more focused on alleviating the consequences or symptoms of racial injustice rather than tackling the root causes.

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After the audit in 2020 we took two courses of action to proactively address these trends. The first included two grants to the Advice Service Alliance. Many of our race equality sector grants go to small community organisations which provide advice, other services and advocacy, often in community languages and embedded in a local setting. These small organisations are often working in isolation, and need support to connect and advocate at a city level, including for additional funding opportunities and growth. The first grant was to scope and establish a network of advice service providers working with communities experiencing racial exclusion. The second was to fund a development worker and associated project costs to establish a sustainable practitioner-led network to support those advice services and to provide the vehicle to represent and champion their role in providing access to justice for diverse communities in London.

The second, larger initiative is the development and launch of the £4m racial justice fund in 2022 in partnership with City Bridge Trust. The fund's aim is to tackle racial injustice by reducing poverty in London's Black and minoritised communities through increased economic empowerment, specifically focusing on:

1. Increasing household income in Black and minoritised communities. When we talk about income, we mean the amount of money households earn; and
2. Increasing the amount of household and community wealth in Black and minoritised communities. When we talk about wealth, we mean the value of assets that households and communities hold.

These two initiatives will help to strengthen and grow the race equality sector, and provide support and opportunity for organisations themselves to grow and apply for funding, and to tackle the root causes of racial injustice. We hope to see this reflected in our next audit, and welcome the opportunity to keep reflecting on our work tackling poverty in London, and the racial injustice that it creates and sustains.



To find out more about our learning and evaluation work, [contact our learning and evaluation manager Hilary Cornish](#).



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