

Foundation

Practice

Rating

Foundation Practice Rating

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Fair economy. Better world.

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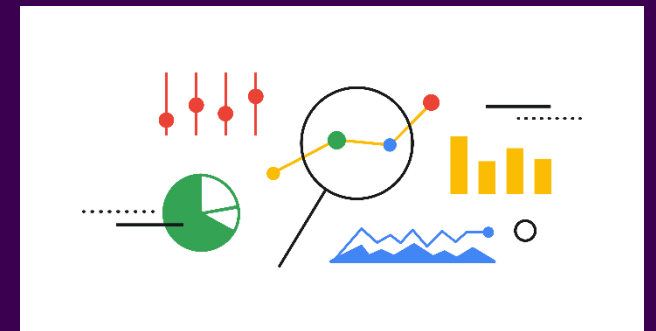
Purpose & Principles



Process



Findings



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Practice

Rating

FPR's Purpose and Model



Goal: To improve UK grant-making foundations' practices in 3 domains: diversity, accountability & transparency.

Method: is to **incentivise change**, by assessing foundations' practice, using independent & published criteria. The criteria are public, and we publish guidance on how to perform well / improve practices.

Model: FPR is foundations improving themselves: hence funded by foundations: 10 at the outset; 13 now.

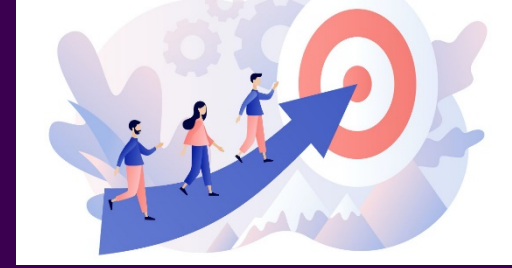
Heritage: This is Year Three: data gathered in Autumn 2023

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Three underlying principles



- FPR is an absolute measure of practice, not a relative measure
 - Hence it is a rating, not a ranking
 - Everybody can be at the top (or at the bottom); everybody can rise (or fall)
- Objectivity
 - Foundations cannot opt-out if they are randomly selected
 - Criteria and thresholds based on other indices etc., and our annual public consultations
- Perspective of the prospective applicant
 - Data that they might use: Information only from foundation's website and charity regulator
 - Time that they might spend: Up to 90 minutes for each foundation

Process: Research and criteria



Whom do we assess?

Each year, we assess 100 UK grant-making charitable foundations:

- The 13 fdns which fund FPR*
- The five largest UK fdns, by giving budget
- Stratified random selection of:
 - Community foundation members of UK Community Foundations
 - Foundations on ACF's Giving Trends list
- We draw a fresh sample each year. This is to ensure our findings are representative of the sector
- Fdns can now opt-in. Their results are kept separate to the main cohort of 100 to avoid selection bias.

* One, JRRT, is not a charity

Process: Research and criteria



On what are they assessed? Their practices in three domains : diversity, accountability and transparency:

- The domains are inter-related
- Findings are mediated through transparency
- We have 56 criteria (which score), and 42 'questions' (which don't score but which we use, e.g., URL)
- Criteria are based on existing other measures – and what charities & the sector tell us that they want
- Fdns are exempt from criteria which are not relevant, e.g., pay gap data not expected for fdns with no staff.

The exemptions matter: they mean that foundations are not penalised for, say, having few staff or not accepting unsolicited proposals.

The criteria

- So criteria are basically the same as Year One and Year Two
- We are deliberately not moving the goal posts, so made only very minor changes from Y1-Y2 and Y2-Y3
- One larger change is requiring that most information, if dated, be published no more than three years old
- More details on the criteria and process are in the reports (for previous years) and on the FPR website

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Practice

Rating

Process: Research and Criteria



How are they assessed?

- Each foundation is researched by two researchers operating independently.
- Each takes up to 90 minutes per foundation – to answer all ~90 questions and criteria. [Investment criteria are assessed by an expert in that.]
- They use only material on the fdn's website (incl. reports there) and its filings with its regulator
- The two answers are compared by the Research Manager, and moderated, maybe involving a third researcher
- Each foundation is sent the data about it, for it to check.

What do results look like?

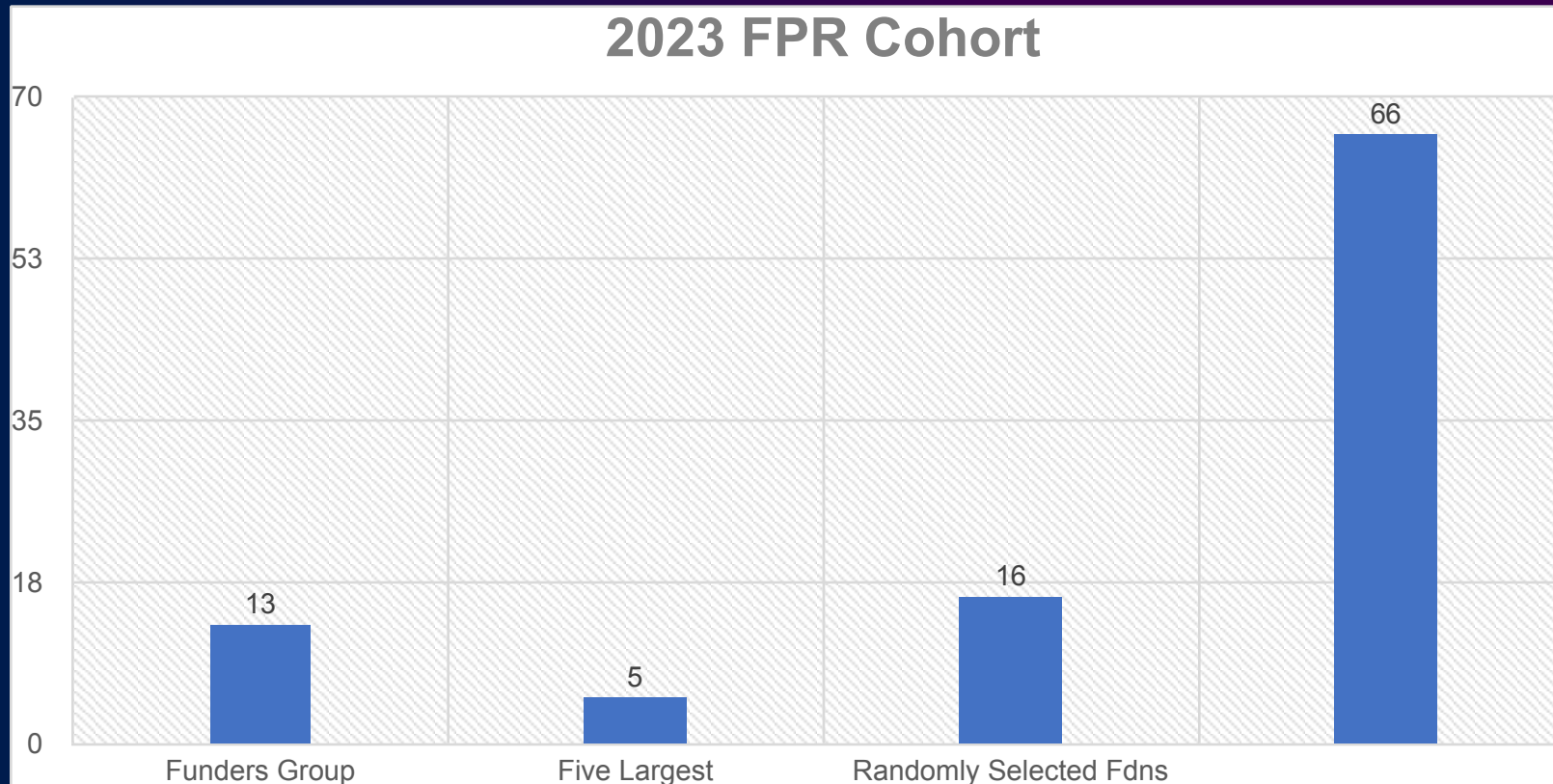
- Each foundation gets a numerical score on each domain (eg., 20% on diversity). That determines the fdn's rating on that domain (e.g., A on diversity). The three 'domain ratings' determine the fdn's rating overall.
- Ratings are A/B/C/D: A is top.

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The Year Three Main Cohort



As it happened, no included foundation was head-quartered in Wales or Northern Ireland.



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Rating

Findings

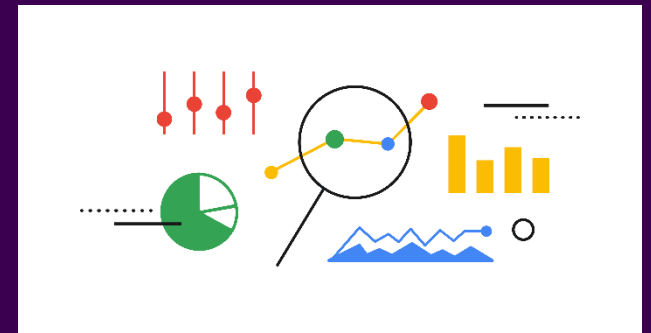


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Rating

Findings



PROGRESS



REPORT CARD

A



Foundations Rated A Overall

Year One - 3 As in total	Year Two - 7 As in total	Year Three - 11 As in total
<p>Wellcome</p> <p>Blagrave Trust</p> <p>County Durham Comm Fdn</p>	<p>Wellcome (A in Y1)</p> <p>Blagrave Trust (A in Y1)</p> <p>John Ellerman Foundation (B in Y1)</p> <p>Paul Hamlyn Foundation (B in Y1)</p> <p>Esmee Fairbairn Foundation (B in Y1)</p> <p>Walcot Educational Foundation</p> <p>Oxfordshire Community Fdn</p>	<p>Wellcome (A in Y1&2)</p> <p>Blagrave Trust (A in Y1&2)</p> <p>John Ellerman Foundation (A in Y2)</p> <p>Paul Hamlyn Foundation (A in Y3)</p> <p>Esmee Fairbairn Foundation(A in Y2)</p> <p>Walcot Educational Fdn (A in Y2)</p> <p>Friends Provident Fdn (B in Y2)</p> <p>Gloucestershire Community Fdn (B in Y2)</p> <p>Indigo Trust (C in Y2)</p> <p>Lloyds Bank Fdn For England & Wales (B in Yr 1)</p> <p>Community Fdn Tyne & Wear and Northumberland</p>
<p>County Durham Community Fdn was selected randomly in Y1 and not included in Y2.</p>	<p>Oxfordshire Community Fdn & Walcot Educational Fdn were selected randomly and not included in Y1.</p>	<p>Lloyds Bank Fdn for E&W was randomly selected in Y1 and Y3.</p> <p>Community Fdn Tyne & Wear and Northumberland was randomly selected for the first time in Y3.</p>

Foundations Rated A Overall

Year One - 3 As in total	Year Two - 7 As in total	Year Three - 11 As in total
Wellcome Blagrave Trust	Wellcome (A in Y1) Blagrave Trust (A in Y1) John Ellerman Foundation (B in Y1)	Wellcome (A in Y1&2) Blagrave Trust (A in Y1&2) John Ellerman Foundation (A in Y2)

In each of the FPR's three years, the foundations rated A overall have been a great mix: always a large endowed one (Wellcome), always much smaller endowed ones (eg., Blagrave), and always at least one community fdn. Now that diversity increases: we now have a corporate fdn (Lloyds Bank Fdn) and a fdn with a living settlor (Indigo Trust).

FPR is demonstrably not a tacit measure of a foundation's size.

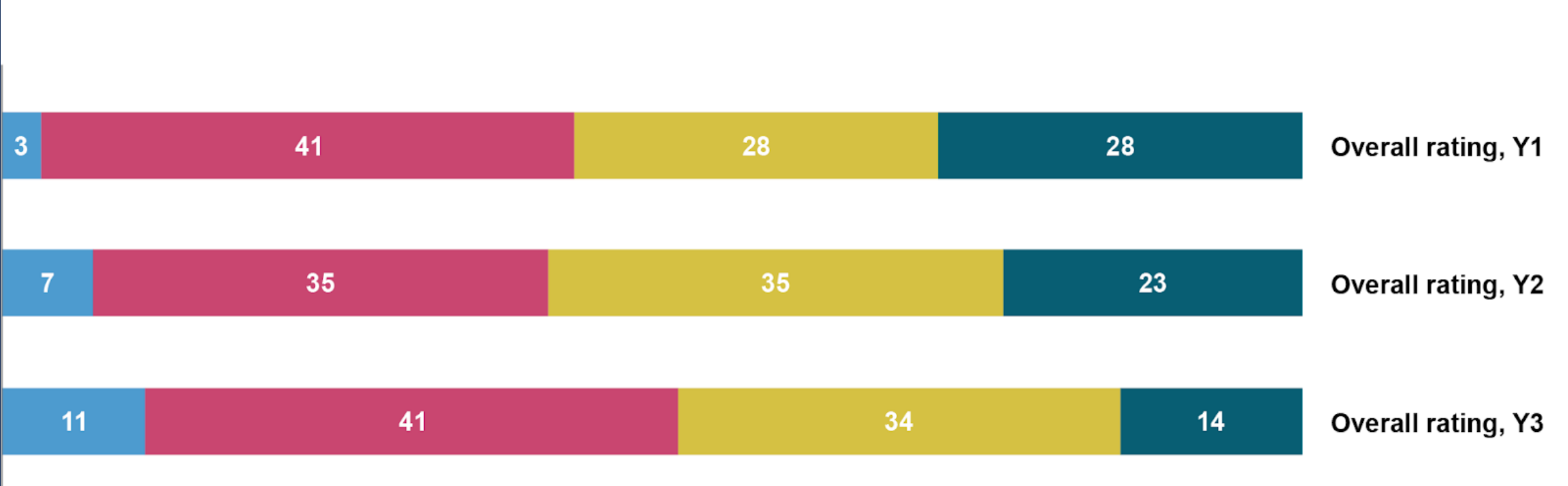
Fdn was selected randomly in Y1 and not included in Y2.	Educational Fdn were selected randomly and not included in Y1.	and Y3. Community Fdn Tyne & Wear and Northumberland was randomly selected for the first time in Y3.
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AAA = A

AAA = A



Improvement! Overall grades, Year One vs. Year Two vs. Year Three

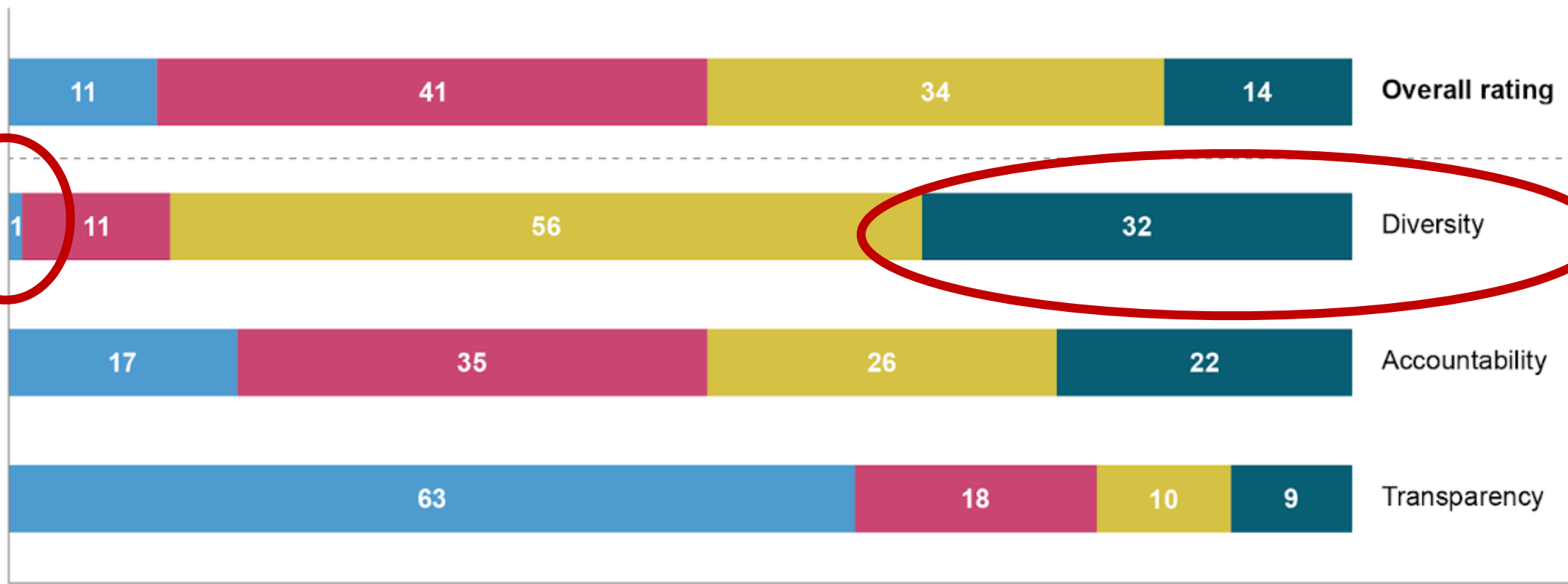


More here! –
(> 3x) but still
few

Fewer here! –
HALF - but still
a lot

Diversity (which includes accessibility) is again the weakest pillar – by far

Youth Desk



A B C D

Criteria on which the TS cohort collectively scored

highest:

(none is on diversity: again)

26. Does the foundation give any information on who or what it funded? (T)

99% did so

75. Does the foundation have an investment policy? (A)

91% did so

25. For approximately what percentage of the foundation's funding is information given on who makes the funding decisions (does the foundation specify the individual, or, if it is a panel, who is on that panel?) (A)

87% of the possible points here

Criteria on which the 15 cohort collectively scored lowest:

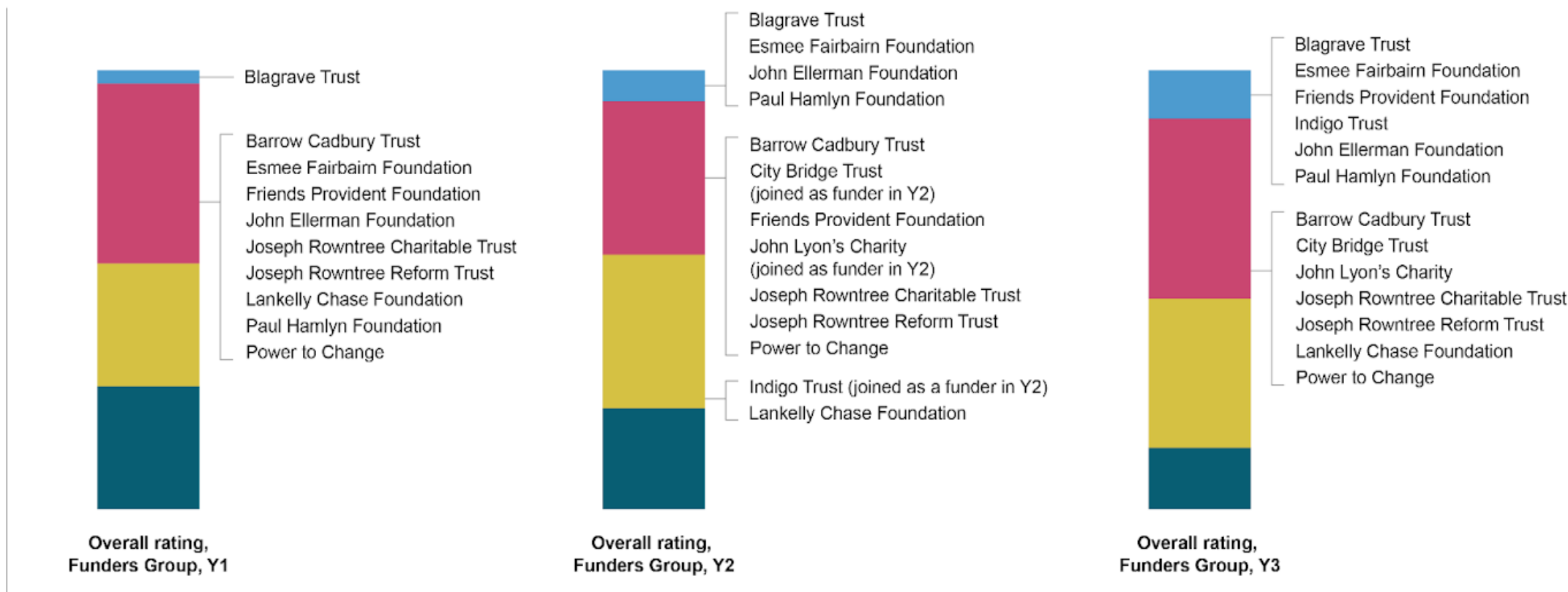
(all are on diversity: again)

60. Does the foundation give ways to contact them for people who have disabilities? (text relay, BSL or other)	2%
55. Please tick all of the following targets that are included in the diversity plan for trustees. Gender; BAME; LBGTQI+; disability; social class; lived experience; other.	2.1%
54. Does this plan include specific, numerical targets to improve the diversity of its trustees or board members?	3.2%

*'possible points scored' takes account of the fact that some foundations are exempt from some criteria

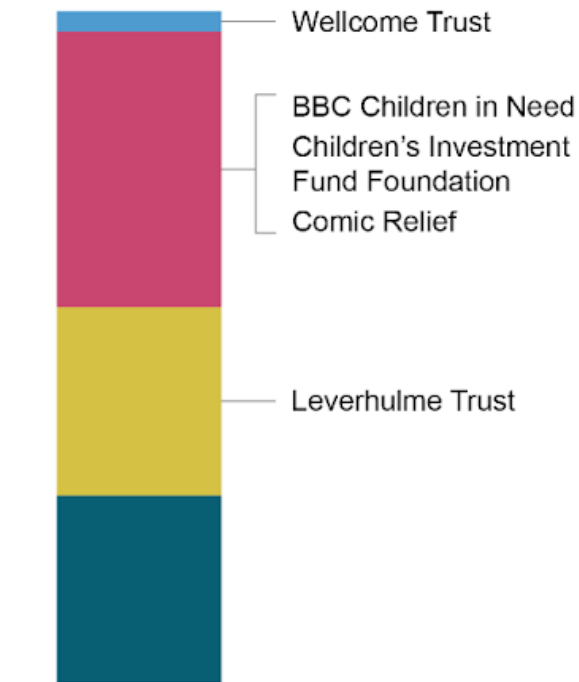
Do the foundations which fund this all get top marks? No:

■ A ■ B ■ C ■ D



Do big foundations all rate highly? No:

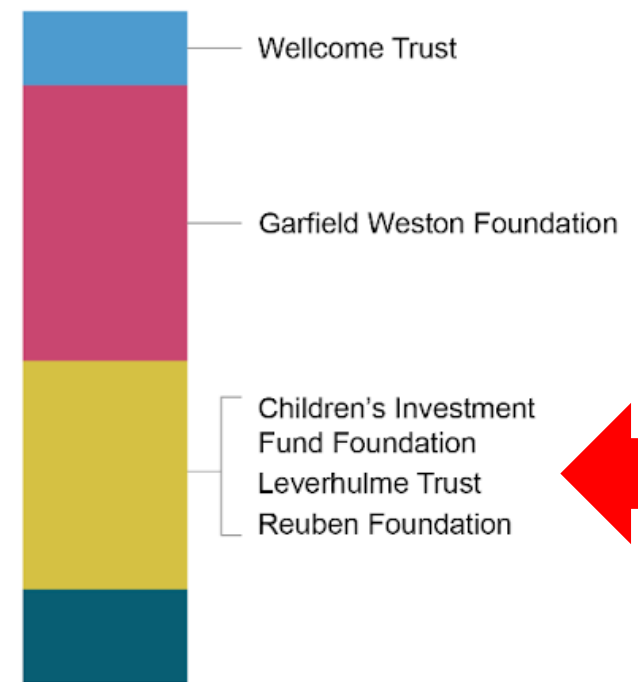
■ A ■ B ■ C ■ D



Overall rating,
all foundations, Y1



Overall rating,
all foundations, Y2



Overall rating,
all foundations, Y3

3/5 (!)

FPR results don't correlate to fdns' financial size (giving budget or net assets)

Ds

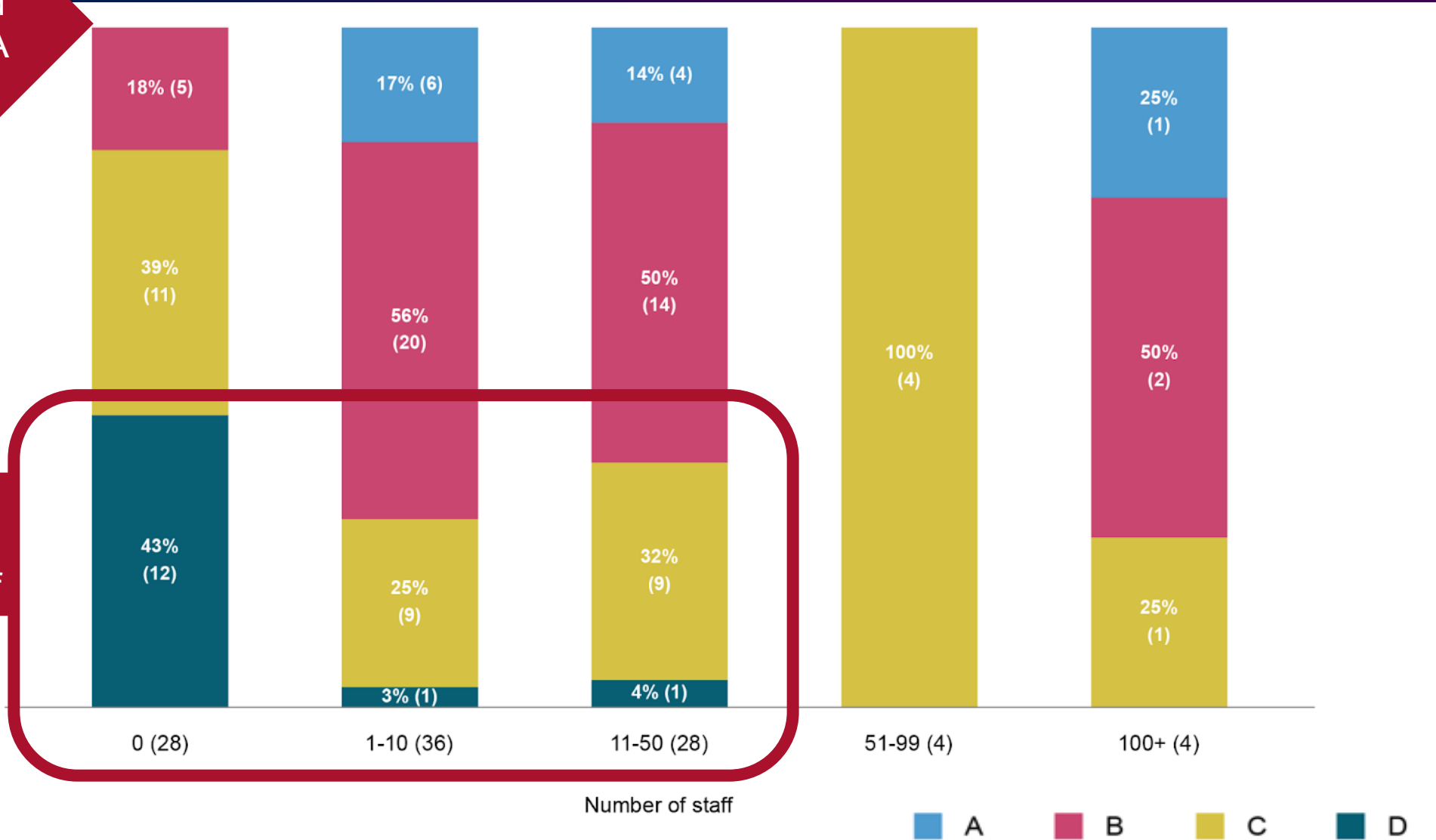
Y3 Overall Ratings, arranged by Fdn Giving Budget



Again we found that fdns with few staff perform worse than fdns with more staff

No unstaffed fdn gets an A

Ds are unique to fdns with <50 staff



* Numbers in brackets denote number of foundations

Other patterns

- *Our criteria proved reasonable.* As in Year One, each criterion was achieved.
- *Few foundations publish quantitative analysis of their own effectiveness* (as opposed to just where their grants go). Only 16 did so. We found some examples of great practice, but overall, foundations could usefully better understand their own effects and how to improve them.
- **Websites.** 13 of the 100 assessed foundations had no website at all. Sigh. But even that is an improvement: it's down from 22 in Year Two.
- **Community foundations continue to outperform the broader sector**, and by an appreciable margin. We have enough data now to be confident that this is statistically robust.
- **Foundations reporting on the diversity of their grantees.** We collected data about whether / which fdns do this. This was new this year, and didn't score. 13 foundations did so. They varied in: whether they reported diversity of their applicants as well as grantees; the characteristics of diversity on which they reported; and whether they stated what the definitions were and their source.

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Fdn reactions thus far to Year Three

We recognise there's so much we're doing that we haven't made visible – but this is an action for us to take away.

FPR is proving useful when we are thinking about transparency. It is not just a case of “compliance” but it helps thinking about what we post and how we frame our output or our communication.

We are now exploring how this information can be provided to potential applicants in our funding guidelines and on our website

I completely understand your comment on diversity and am very grateful for highlighting this as an opportunity for improvement. We are in the process of developing a new website and your review is very helpful

Generally we think most of it is pretty fair and it gives us some easy pointers for improvement

Some fdns have used our criteria for self-assessment – which they can, though they were never envisaged as such.

Conclusions



- Progress! In many respects 😊
- But fdns still have much work to do on all three areas, particularly diversity / accessibility
 - The Three Commitments initiative is designed to avoid fdns drowning in long lists
- There is some good work going on that isn't disclosed publicly. That pulls some scores down – and will confuse / deter some prospective applicants
- More foundations should have diversity plans – esp. with targets – and report the diversity of their staff and boards – and grantees / applicants
- Most foundations could be much more accessible
 - E.g., most have few ways to contact them, and present their information in only one or two ways
- Many fdn websites could be much clearer and easier to navigate

Next steps



Our annual consultation to hear your views is open NOW and until end May...



then we do it all again next year...

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