

Foundation Practice Rating:

Drawing the Cohort of Foundations for Year Four (2024/25)

15th July 2024

Context

For the first three years of the Foundation Practice Rating (FPR), we drew our cohort of 100 foundations by using the Giving Trends report which was published annually by the UK's Association of Charitable Foundations (ACF). This analyzed the top 300 UK foundations based on their giving budget. We also used list of community foundations produced by UK Community Foundations.

ACF has now ceased producing the Giving Trends report, so FPR must change how we determine our cohort. Instead of Giving Trends, 360Giving has produced UK Grantmaking, which hold data on a larger set of funders, including non-charitable ones. It is produced in collaboration with the Association of Charitable Organization, UKCF, and London Funders. FPR will henceforth use UK Grantmaking to determine our cohort of foundations. This paper explains how we draw the cohort of foundations for the FPR.

UK Grantmaking categorizes the funders into five [segments](#) (see diagram below):

1. Grantmakers – include Community Foundations, family foundations, Wellcome Trust, fundraising grant makers (e.g., BBC Children in Need), member/trade funded foundations (eg., the livery company fdns), foundations endowed by government or lottery (e.g., Education Endowment Fdn), and general grantmakers
2. Charities – include NHS/hospital foundations and international aid agencies which transfer funds in the course of their work, e.g. AMREF
3. Government foundations – include central government, local government, devolved government and Arm's Length bodies
4. Lottery distributors, and
5. Other foundations including donor advised funds, and companies.

UK Grantmaking launched in June 2024 and contains data on grants made largely in 2022-2023. It collates data from regulators, funder accounts and data published using the 360Giving Data Standard, producing a listing of 12,498 charities and foundations. Figure 1 below shows the relative size of the segments, by spending on grants.

Figure 1: Number and size of UK grantmakers, by segment, 2022-2023



Source: 360Giving analysis of data from charity regulators, charity and other accounts, and 360Giving publishers • Excludes local authorities and devolved governments - estimated to be over 400 organisations contributing over £1bn in grants

The three parts of the FPR cohort each year

The FPR analyses:

- The five largest charitable grant-making fdns in the UK, by giving budget. We will pull that list from UK Grantmaking (as per the process below)
- The foundations which fund FPR.
- A random subset of the charitable grant-makers determined through the process below.

The foundations in UK Grantmaking which are relevant to the FPR

Not every funder on UK Grantmaking is relevant of interest to FPR. In this section we describe the criteria applied to determine the FPR cohort. We are aiming to match the ACF Giving Trends listing as closely as possible to maintain consistency.

The FPR is specifically concerned with UK charitable grantmaking foundations, which primarily support organizations, as distinct to supporting individuals.

From the graphic above, we are mainly interested in grantmakers in the mustard-coloured circle.

FPR Selection Criteria

The steps below will be used every year in selecting the FPR cohort. For each step, we explain the process and rationale.

Step 1: Remove segments not relevant to the FPR

We exclude the following segments, which leaves us with the yellow 'grantmakers' segment:

Category	Description	Rationale for exclusion	Outcome: Excluded fdns
Charity	Charity (shown in purple)	Defined as charities that conduct grantmaking alongside other charitable services or supporting a single cause/institution/or members only e.g. Save the Children, Oxfam, Multiple Sclerosis Society, Hospice UK, Whizz Kidz. They may make grants in the course of their work but this is not their main activity. They aren't fundamentally a grant-maker in the sense that we want.	427
Charity	NHS/Hospital Foundation* (shown in purple)	These foundations mainly are attached to a single hospital (or other health facility) – which is a public body – rather than being a general grant-maker or funding outside the NHS.	149
Government (shown in green)	Arm's Length Body, Central, Local, Devolved	These are not charities, they are government bodies	41

Lottery (shown in blue)	Lottery Distributor	Defined as distributor of National Lottery funding. Also sometimes distribute government and other funds. These are not charities, but rather public bodies.	12
Other	Donor Advised Funds (shown in red)	Defined as a charitable vehicle whose main purpose is tax effective giving for a range of donors who direct the grantmaking. It includes donation platforms where the donor specifies the charity. One can argue that these should be included, and we may consider them in future. We are excluding them for this next year (Year Four, 2024/25) to minimize changes from the previous years: they were not included in Giving Trends.	33
Other	Companies (shown in red)	These are not charities.	0
Total			662

*Guy's and St Thomas' Foundation was added back to the dataset following discussion with 360 Giving, because UK Grantmaking will move it from the 'Charity' category to the 'Grantmaker' category. Unlike many foundations attached to hospitals, it funds work outside that hospital.

This leaves us with the 'grant-makers' segment, coloured yellow.

Step 2: Remove foundations not eligible for FPR

We then remove from the yellow segment foundations which are not eligible:

Category	Description	Rationale for exclusion	Outcome: Excluded fdns
Any foundation that is not active	All foundations for which the column titled 'Active' is FALSE or Blank	Inactive foundations cannot be held to account	117
Spending below threshold	Spending budget on grantmaking to institutions is less than £1 million	This is about matching the foundation size to the set of foundations analysed in previous years.	11,046

		The smallest listed fdn on ACF Giving Trends reports had giving budgets of £1.17 million (in the 2023 report), £0.79 million (in the 2022 report). For consistency, we set the threshold for giving budget at £1million.	
Does not qualify to need a full audit	Income over £1 million or have gross assets over £3.26 million and income over £250,000.	FPR uses full annual reports, which are required only from charities of this size.	47
Any foundation with the word 'Benevolent', 'Chorister' etc. in the name		Not a general purpose grant-maker: these make grants just for specific communities, and mainly to individuals.	1
Total excluded			11,211

Final Sampling Frame

Final sampling frame if all above criteria are applied will contain:

Grant making charities with a budget over 1m: Community Foundations (CFs)	39
Grant making charities with a budget over 1m: Grantmaking Foundations (non-CF)	586
Total	625

Sample selection

Every year, for FPR we select 100 foundations from the sampling frame. We do this by organizing the foundations from largest to smallest giving budgets, and stratifying them into five quintiles. We always include

(a) the UK's largest five grant-making foundations. Those will be the five biggest in the list that emerges from Step 2; and

(b) the fdns funding FPR; and

(c) a random sample of foundations (which emerge from Step 2) such that the total cohort has 20 from each quintile by giving budget.

Hitherto, the number of CFs included has varied each year: five in Year One, eight in Year Two, and 16 in Year Three. Previous FPR reports have found that CFs score better in the FPR than other foundations, therefore the number of CFs does influence the overall performance of the cohort.

To reduce this noise, henceforth we will assess the same number of CFs each year: specifically, the number which is proportion of CFs in the total sampling frame {a probability proportional to size (PPS) sampling strategy}.

For the sampling frame selected above, this gives six CFs and 94 other foundations. We will maintain our sampling procedure, but CFs and non-CFs will be sampled separately.