

Foundation Practice Rating (FPR)

Foundation
Practice
Rating

Principle 1



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The primary motivation behind the foundations funding the FPR was their aim to increase practices of diversity, accountability and transparency, therefore improving the experiences for the people and communities they serve. To address this issue, the funders recognised the advantages of an impartial and open evaluation and acknowledged the potential for a peer-led initiative to enhance their operations in areas such as diversity, accountability, and transparency.

Jake Furby

Communications Manager, Friends Provident Foundation,
lead partner of the Foundation Practice Rating (FPR)



About The Foundation Practice Rating

The Foundation Practice Rating (FPR) is a joint initiative supported and funded by 13 UK foundations, with the aspiration of elevating practices in diversity, accountability, and transparency in the British philanthropic sector. Initiated by the Friends Provident Foundation, led by founding director Danielle Walker Palmour, the FPR assesses UK grant-making foundations based on an independent framework created and operationalised by Giving Evidence. Entering its third year of rating in 2023, the FPR represents an effort by UK foundations to self-regulate their practices in the absence of mandatory requirements.

In addition to the Friends Provident Foundation, other FPR funders include Barrow Cadbury Trust, The Blagrave Trust, Esmée Fairbairn Foundation, John Ellerman Foundation, Joseph Rowntree Reform Trust, Joseph Rowntree Charitable Trust, Lankelly Chase, Paul Hamlyn Foundation, Power to Change, John Lyon's Charity, the Indigo Trust, and City Bridge Trust.

What was the challenge?

Maintaining independence allows trusts and foundations to stay true to their missions, irrespective of current trends or political interests. A drawback, however, is that foundations often operate with limited transparency and accountability. The Foundation Practice Rating (FPR) was born from concerns about a general deficiency in diversity, accountability and transparency in the practices of UK charitable foundations. When observing the distinct lack of diversity among senior stakeholders and Board members within prominent UK trusts and foundations, this stood in contrast to the growing focus on these issues in the corporate and public sectors, along with the emergence of rating systems for other kinds of non-profit organisations.

The innovators who developed the ground-breaking FPR project held the view that foundations and the philanthropy sector have a crucial role to play in addressing societal challenges. However, these issues were holding them back from maximising their potential impact, especially with respect to those they sought to serve. Despite previous efforts to improve diversity, accountability, and transparency in the UK foundation sector, these initiatives relied on foundations' voluntary participation and uptake was often limited. By removing the voluntary component, the assessment engages with foundations that are not part of the coalition of the willing.

What was the response?

After understanding the depth of this challenge across the UK foundations and trusts sector, senior stakeholders at the Friends Provident Foundation and their partner organisations asked themselves several important questions:

- ✓ Could they devise an inclusive system to assess how the UK philanthropy sector was performing across the three pillars of diversity, accountability and transparency?
- ✓ How would the partners ensure buy-in from a wider variety of foundations and trusts to get involved with these efforts?
- ✓ What best practices could be highlighted through an assessment to disseminate and encourage actionable guidance for foundations and trusts looking to improve their work in these areas?

The idea for a rating system for UK grant-making foundations was devised to elevate best practice within the UK philanthropic sector as a whole. The FPR assesses foundations based on an independent framework across three domains – diversity, accountability and transparency. The assessment is designed to help foundations identify opportunities for improvement, as well as provide valuable data on the state of the UK philanthropic sector.

The framework and criteria were developed in collaboration with Giving Evidence, and the annual assessments are conducted independently by the Giving Evidence research team. FPR is grounded on three principles. Firstly, the assessments are conducted from the perspective of an external stakeholder, such as a grantee applicant or members of the public. The assessment is based solely on publicly available information, which is unlike previous initiatives to rate foundations, where active participation is necessary with the FPR, participation is not mandatory and therefore does not act as a barrier. Secondly, the assessment produces a rating system rather than a ranking, to keep the focus on practice improvements. Lastly, The FPR embeds objectivity into all aspects of its work, from the formulation and development of the criteria to how assessments are conducted.

Annually, the FPR evaluates 100 UK grant-making foundations, comprising the 13 organisations that fund the FPR initiative, the five largest UK foundations, and a random, stratified sample of various funders, including family, community, and corporate foundations. This sample is selected from the ACF Foundation Giving Trends report list of the UK's largest 300 foundations by giving. Each foundation is assessed based on the criteria, receiving a score of A, B, C or D for diversity, accountability, and transparency, as well as an overall score. By combining random sampling and the inability of foundations to opt out of assessment, the FPR aims to provide a representative view of the UK sector.

The creation and implementation of the FPR was a four-year undertaking. With recent studies revealing a consistent lack of diversity in UK foundation leadership and board membership, Friends Provident Foundation, one of the only UK foundations led by a black woman, aimed to establish and develop this crucial rating system for the sector. Once funding, partner commitment, and design were agreed upon, Friends Provident Foundation recruited the team at Giving Evidence to aid in FPR's development. The following measures were taken to ensure the successful development and implementation of the rating system:

- ✓ **Built and established a coalition of funders:** Danielle Walker Palmour and her trustees knew that for the FPR to succeed and maintain credibility, it had to go beyond being solely a Friends Provident Foundation endeavour, instead needing the support and collective effort of others in the sector. Leveraging their personal networks, they engaged and consulted with the wider charitable sector (charities and not-for-profit organisations who seek funding), peers and other foundations to co-design the idea and secure funding. The charitable foundation sector can be slow to react to change, and it took time to organise foundations around the initiative and for them to gain approvals from their stakeholders. After three years of development, the FPR was launched with an initial group of 10 foundations that provided support and funding, growing over time to 13 foundations. The FPR offered the foundations an opportunity to improve their practice through rigorous, independent assessment, while also demonstrating their commitment to greater accountability and transparency to those they serve.
- ✓ **Expanded on existing knowledge** to develop the assessment criteria. Where possible, the FPR team leveraged existing external rating frameworks such as GlassPockets' Transparency Standard and Give.Org's BBB Standards for Charity Accountability. They also drew on ideas from other sectors like the Equileap gender equity index from financial services, and transparency practices from UK science funding. Public consultation was conducted to inform the criteria, and consultations are periodically held to ensure ongoing improvement. Recognising the iterative nature of the process, the team anticipated that the initial criteria might not be perfect. Over time, the criteria were refined to address ambiguities, duplications, and unworkable aspects that surfaced during assessment. For example, a criterion about funding stand-alone research was removed due to ambiguities in defining 'research'. In another example, an earlier criterion to analyse the diversity of staff in foundations against national or regional demographics proved challenging given the wide range of communities serviced and limitations in information. Thus, they adjusted the criterion to evaluate disclosure practices. However, most of the criteria have been kept the same, providing consistency. A list of criteria, including those that were eliminated, can be found on the FPR website.

- ✓ **Embodied objectivity** across all facets of their work. Objectivity was and still is a critical component in the development and maintenance of the FPR. By drawing on existing knowledge and utilising public consultations, it created objectivity in the development of the FPR criteria. In scoring, each criterion is equally weighted within the domains, and each domain holds equal weight in the final rating. The assessments are conducted independently by the research team from Giving Evidence. Foundations involved in funding the FPR have no influence over the results – they only provide guidance on the overall initiative. The process of assessment itself is mediated through transparency, as it relies solely on what grantees and the public can see about the foundation’s work through publicly available information.
- ✓ **Offered actionable guidance** to foundations to improve their practice. The FPR criteria are actionable for foundations, as illustrated by an example criterion under the transparency pillar: “The foundation publishes any information about its funding priorities”. The FPR also publishes guidance and examples of good practices from other foundations. Nonetheless, it was recognised that facing a large number of improvement areas might be overwhelming. In 2023, a pledge campaign was introduced, where rated foundations were asked to identify three feasible and actionable items for improvement. While not all foundations engaged with the ratings results, many used the FPR to gain actionable insights to improve their practice. For example, The John Lyon’s Charity and John Ellerman Foundation found opportunities to improve their website to better communicate their approach to diversity, equity and inclusion both internally in their operations and externally in their work.

In 2023, the FPR completed its second annual assessment and is planning for the next iteration.

What have they learned?

- ✓ **Start by reflecting on the change you want to see in your organisation, sector or region.** For the FPR, the key concern was the gaps observed in the UK philanthropy sector – based on research and the experience of the team and the wider charitable sector – and an aspiration for greater diversity, accountability and transparency within the sector.
- ✓ **Build coalitions of the willing.** Change can be a long and arduous journey. Allying with like-minded peers, partners and funders who share the same drive adds credibility, offers learning opportunities, and reduces the risk of reliance on any single party for the sustainability of the initiative.
- ✓ **Building accountability and transparency is a journey of behaviour change.** Rather than trying to do everything at once, prioritise feasible sets of actionable changes over time. Quick wins and successes are powerful ways to help improve practice, while also gaining buy-in and building momentum for more complex interventions.
- ✓ **Adapt insights to a specific context.** The FPR’s criteria can be a starting point for foundations seeking to improve their diversity, accountability and transparency. However, the criteria need to be adapted to local contexts and the unique characteristics of individual organisations. FPR designed the criteria in line with UK laws, culture, and regulations. While many of these themes may be universal, it is important to reflect, consider and incorporate local factors such as legal or cultural norms.

Key outcomes and impact indicators

Long-term shifts

Created a baseline framework for long-term shifts in foundations' practices on diversity, accountability and transparency which will become institutionalised best practice across the sector over time.

Long-term shifts

Initial year-on-year improvement in overall FPR accountability ratings.

+40%

Over 40% of organisations selected in the 2022 sample have actively engaged with FPR and many are using findings from their ratings.

High impact

Demonstrated impact in how participating foundations address diversity issues within their organisations, as evidenced by this insight from a Lead Executive at the Indigo Trust: "The FPR's methodology shone a light on where we could be clear about our strategy on diversity and set targets by which to measure our progress. We are working on these but we haven't published our approach yet. This is an area we can certainly improve on".