

# UNDER THE bonnet

For the first time ever, a new research project lifts the lid on the practices of the UK's charitable trusts and foundations in relation to transparency, accountability and diversity.

**TANIA MASON** rounds up the findings

Privately-funded trusts and foundations are almost uniquely unaccountable. They are independent from government, and most do not need to fundraise, so they don't rely on anyone else. This has its strengths, in that they are not swayed by political agendas, for example, and can support causes that may be unpopular. It allows them to speak truth to power, if they choose. But in terms of the balance of power between them and those they fund, they hold all the cards. Apart from their duty to comply with charity law, they can operate largely with impunity. As Danielle Walker-Palmour, director of Friends Provident Foundation (FPF), put it: "Only in philanthropy is it still common practice to use family membership as the sole qualification for inclusion in decisions on the deployment of large sums of capital."

Foundations are also perceived as somewhat opaque, with only 218 UK funders publishing their grants data through 360Giving. The sector has not devised any common standards for reporting on grants or investments beyond regulatory standards.

The sector also falls short on diversity. The 2018 research for the Association of Charitable Foundations (ACF) by Bayes Business School threw this into sharp relief, showing that 99% of UK foundation trustees are white, two-thirds are men, and three in five are aged 64 or over. Anecdotally, similar patterns are believed to exist across foundation staff teams, too.

For a sector with assets of more than £62bn, that gives out more than £4.7bn a year even when there is no pandemic, this is not good enough. Many philanthropic grantmakers

exist to tackle inequalities and disadvantage, to support those on the margins, and to promote social justice. But if they do not represent the communities they seek to serve, refuse to open themselves up to scrutiny, and are unwilling to learn and better themselves, then they cannot possibly make best use of their resources and maximise their impact.

“**Good and bad practice could be found in all sizes of organisation, proving that you don't need to be large or wealthy to set high standards – or to sink to low ones**”

In recent years, awareness of these shortcomings has grown within the sector, and this knowledge has become increasingly unpalatable. Now a group of progressive foundations, led by FPF, has come together to try to address these issues. Realising that their own objectives to improve society cannot properly be met unless they are able to lead by example, 10 forward-thinking grantmakers (see Figure 1) have launched a project to measure the performance of themselves and their peers on their approaches to diversity, accountability and transparency. What's more, they've put their money where their mouths are and agreed to fund the costs of the research. The aim of the work, which will continue annually, is to identify and promote good practice and, where failings are uncovered, to encourage those trusts and foundations to improve. It is hoped that the work will inspire a new culture of openness and accountability across the sector.

In this, the first year of the project, the Foundation Practice Rating assessed 100 UK foundations – all but two of which are charities – on 90 questions grouped under the three pillars of diversity, accountability and transparency (see Figures 2 and 3).

Using only information that is already in the public domain, the researchers analysed the practices of the selected trusts and gave each one a score on each question, with the total score used to calculate a rating for each of the pillars. Where possible, they assessed the foundations against standards and ratings that already exist, such as the Social Mobility

Employer Index, Glasspockets' Transparency Standard and the Racial Equality Index.

Within each pillar, each criterion had equal weight, and each pillar had equal weight. Then, they arrived at an average of the three pillar scores to deliver an overall rating (see results table, p32-33) for each participating trust.

## How it worked

The Rating researchers scoured publicly available information, on websites and in annual reports, to assess each grantmaker. They deliberately mimicked a grant-seeker examining a potential new funder. Each researcher spent up to 90 minutes looking at each foundation, as that was the maximum time they estimated that a prospective grant applicant would take. The research was done without foundations' permission and the foundations assessed had no influence over the findings.

The questions were published before the research began, and a public consultation

in May and June 2021 invited feedback. Once the final criteria were determined, these were published and promoted, along with guidance on how to do well against them. Every item that was used as criteria is provided by at least one foundation in the sample – ensuring that none of the criteria is impossible to meet.

Data on each trust were gathered from September to December 2021. Once the research was complete, all the trusts were sent the data about themselves to check before the final report was compiled.

Each foundation was assigned a score of A, B, C or D for each pillar (with A being highest), plus an overall score (see Figure 4).

The project leader, FPF, and the organisation that designed and conducted the research, Giving Evidence, underlined that the system was deliberately designed to provide a rating of foundations, as opposed to a ranking (which scores participants relative to each other) or an index (which is intended to track changes over time). A rating gives absolute performance, meaning that if all participants are doing well, they can all receive a high score; likewise, if several are falling short in an area, this will be evident too.

The researchers noted that the data published was gathered at a specific point in time and some may not still be correct by the time of publication. FPF's Walker-Palmour said: "Foundation practice constantly evolves. Some foundations told us that they had recently recruited new trustees, or got a new policy for something, which takes a while to be reflected on its website and even longer to get into annual reports. So our research is a bit like trying to capture a moving target, and one with a lag; material in annual reports takes particularly long to be updated."

### Disclosure, not activity

The team also emphasise that because they relied wholly on publicly available information, the research relates only to what a foundation discloses, which could be different to what it actually does. Walker-Palmour explained: "For example, if a foundation does an excellent job involving a diverse group of stakeholders but does not talk about that in its published material, it gets no credit for that in our scoring – even if we know about that excellent work from our wider work in the sector."

The team stress that the results on diversity of staff and trustees are based on disclosure, not performance. Scores

## FIGURE 1: PROJECT FUNDERS

### The 10 project funders:

- Friends Provident Foundation
- Barrow Cadbury Trust
- The Blagrave Trust
- Esmée Fairbairn Foundation
- John Ellerman Foundation
- Joseph Rowntree Reform Trust
- Joseph Rowntree Charitable Trust
- Lankelly Chase Foundation
- Paul Hamlyn Foundation
- Power to Change

## FIGURE 2: THE CRITERIA USED FOR ASSESSMENT

### Broadly, the principles set out for the three pillars were:

**Diversity:** The extent to which a foundation reports on the diversity of its staff and trustees; the extent to which a foundation reports on its plans to improve its diversity; and how well it caters for people who prefer or need to communicate in different ways, ie how accessible it is.

**Accountability:** Is it possible to examine the work or decisions of a foundation after the event, and to communicate with that foundation about these?

**Transparency:** Does a potential grantee have access to the information that it needs in order to contact the foundation, decide whether to apply for funding, or learn about it more generally in advance of any grant?

### The final criteria had to meet both of the following requirements:

**In scope:** The criteria must relate to the three pillars: diversity, accountability and transparency. Therefore, criteria only about sustainability or relating to an assessment of a foundation's impact or its strategy were out of scope.

**Observable and measurable:** The rating process only used data in the public domain. So, the evidence of whether a foundation meets a criterion must be measurable from the outside, and not require (for instance) interviews with staff or insider knowledge.

### Exemptions

Some foundations were exempted from certain criteria because not all questions were relevant to every foundation. For example, a foundation that funds only by invitation does not need to publish eligibility criteria, and foundations with fewer than 49 staff were exempted from publishing gender pay gap data. A full list of exemptions and details of how these are dealt with in the scoring is published in the appendix to the full report (see p28).

### Limits of scope

The research did not examine what the foundations actually fund. It did not look at issues such as how well foundations capture views from a diverse set of stakeholders to inform their work, nor the diversity of the work they fund. Walker-Palmour said: "This is because examining foundation practices is difficult enough, at least for the first year. So, there could be a foundation with poor disclosure and undiverse staff, which actually funds very diverse organisations and activities. We recognise this as a potential issue and may return to it in future years."

### Investment policies

On investment policies, the analysts used Glasspockets' criterion for whether foundations should have one, plus the criteria from the Charity Commission on what the investment policies should contain.

### FIGURE 3: HOW THE SAMPLE OF 100 FOUNDATIONS WAS CHOSEN

#### The sample comprised:

1. All the foundations that funded the project (See Figure 1). These foundations had no control over the detail of the assessment or of the ratings assigned to each trust.
2. The five largest UK foundations by grant budget.
3. A stratified subset of other foundations, chosen at random from those foundations that featured in the Foundation Giving Trends report 2019 published by the Association of Charitable Foundations plus the UK's community foundations – a total of 383 organisations. This group was divided into five quintiles based on annual giving budget, and an equal number was selected from each quintile to give a range of size. The results table on pp28-29 identifies foundations in each quintile by colour coding.

Other than identifying the funders group foundations and community foundations, the selected organisations have not been categorised by type in the report. This is because distinguishing clear categories is very difficult, as there is no clear, accepted definition within the sector of what constitutes family, corporate and other types of foundation.

were assigned based on whether foundations publish their diversity breakdown, not on the diversity breakdown itself. This means that points were awarded for disclosing the gender, ethnicity and disability of staff and trustees, even if those staff and trustees are all non-disabled white men.

Overall, the sampled foundations did best on transparency, and worst on diversity. The average score for transparency across the whole sample was B, for accountability it was C and for diversity it was D.

Some 53 foundations scored at least one A on the pillars, with 17 scoring two.

### FIGURE 4: HOW RATINGS WERE CALCULATED

Equal weight was given to all criteria and to each pillar. Each criterion was allocated one point and a foundation's actual score in each pillar was divided by the maximum possible score for it on that pillar, with allowances made for exemptions. This produced a percentage, which was the foundation's score on a pillar, and this was then converted into a grade (A-D).

The project team explained that a natural way to generate a foundation's overall rating would simply be to take an average of its scores of the three pillars. But they decided that this would not be fair, as an excellent performance requires a certain level of achievement in all three areas, rather than just an outstanding score in one or two. So they decided on a policy whereby a foundation's overall rating could be, at most, one band higher than its lowest pillar score.

**The researchers did not examine what the foundations actually fund... but they recognise this as a potential issue, and may return to it in future years**

Similarly, if there is a genuine reason why a foundation doesn't have a particular policy on something that is within the criteria, and it explains why in publicly available material, it would have got credit for that, and not been marked down.

#### Top-line results: three As overall

Just three foundations achieved the top rating of A: Wellcome, the largest foundation in Europe; the Blagrave Trust, an endowed funding of youth organisations and young people with assets of around £42m – the fourth of five quintiles by giving budget; and the County Durham Community Foundation, a fundraising foundation. Walker-Palmour said: "A first observation is how varied those three are. This suggests that good practice is not dependent on any one structure or size."

Some 41 foundations scored B overall; 28 scored C; and 28 scored D (see Figure 5).

But low scores were just as evident: 47 trusts scored at least one D, and 22 of the foundations assessed scored Ds across the board.

#### Best practice

Community foundations scored better than average, as did the group of 10 foundations funding the project: all scored A or B overall. Of the five community foundations that were included, one scored A overall and the other four were rated B.

Across the whole sample, the best collective scores related to: publishing an investment policy; having a website; stating who the staff are; and publishing details of funding priorities and past/existing grantees.

The researchers highlighted several examples of excellent practice, including:

- An appeals process for rejected applicants (County Durham Community Foundation).

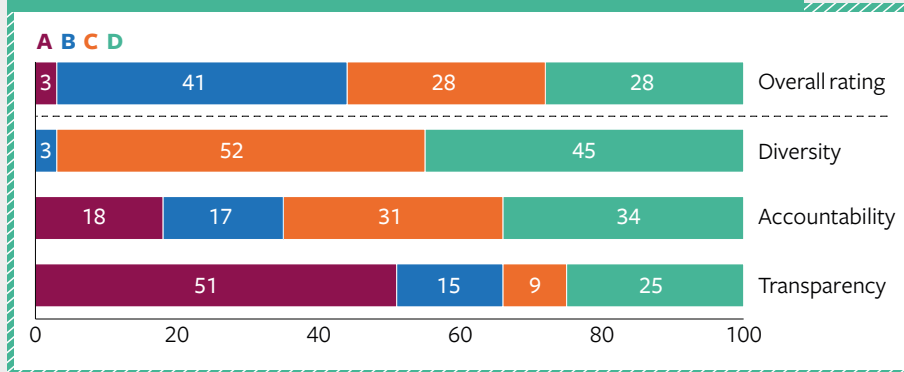
- Easily visible buttons across the top of a website which enlarge the text on all pages (Cumbria Community Foundation).
- Extensive information on contact for disabled users, with assistive technology and including a £500 bursary for those needing help with applications (Paul Hamlyn Foundation).
- Clear presentation of funding priorities in various formats – PDF, video and slideshow (Lloyd's Register Foundation).
- Provided clear evidence about how they increased the type and range of grants in order to address concerns that arose from their own impact analysis (Clergy Support Trust).

#### Biggest room for improvement

The worst collective scores related to: publishing a breakdown of the diversity of trustees and staff, and any plan to improve that; publishing in Welsh; and providing contact mechanisms for disabled people.

The 22 foundations that scored D on all three pillars span the size range by giving budget. None has a website and around two in five did not provide an email address.

**FIGURE 5: NUMBER OF FOUNDATIONS ACHIEVING EACH RATING, BOTH OVERALL AND WITHIN EACH PILLAR**



The researchers found several instances where foundations require something from their grantees which they do not do themselves. Examples of such requirements included paying the living wage, consulting with beneficiary communities about priorities, and having complaints or whistleblowing procedures.

### Does size matter?

Performance did not appear to rely on financial clout: no clear trends emerged according to either giving budget or net assets. Good and bad practice could be found in all sizes of organisation, proving that you don't need to be large or wealthy to set high standards – or to sink to low ones.

**The researchers attempted to measure the diversity of the foundations' staff and trustees in relation to gender, ethnicity and disability, but there was so little data available that they abandoned this ambition**

Another anomaly they highlighted was the insistence that successful grant applicants produce evidence of their impact, when the foundations did not provide any analysis of their own success. Caroline Fiennes, director of Giving Evidence, said: "A standard reason that foundations give is that analysing a grantmaker's impact can be difficult because its effects are vicarious through its grantees. In our view, this is a poor excuse."

Her view is that there is plenty a foundation can do to assess its own success, such as analysing the proportion of grants which meet its primary goals, against the proportion that don't. "They can then compare that to the characteristics of the grants/grantees. It will show whether they succeed most often with grants in (say) Wales or Scotland, or small grants vs larger grants, or small grantees vs larger grantees. Almost all foundations' work could be analysed in that way, and it would give great insight into how they can be most effective."

However, patterns did emerge in relation to the size of teams and boards. Foundations with no staff tended to score lower than those with some employees. The very largest (teams of 100+) scored best but interestingly, those with 11-50 employees had a higher proportion of Bs than those with 51-99 staff.

It was a similar picture with regard to the number of trustees: foundations with five or fewer tended to perform worse, with over half scoring a D overall. No foundation with 10 or more trustees scored a D overall. All three of the top scorers have six to 10 trustees (see Figure 6). There was a correlation between having more trustees and scoring better, particularly on accountability.

### Diversity

This was easily the weakest pillar across the sample – there is lots of room for improvement here in the sector. All but three foundations scored C or D on diversity (which includes accessibility). None scored an A. Sixteen foundations scored zero

on diversity. (Foundations with 10 or fewer staff were exempted from the criteria on staff diversity and those with five or fewer trustees were exempted from the trustee diversity questions.)

At the outset of the project, the researchers attempted to measure the diversity of the foundations' staff and trustees in relation to gender, ethnicity and disability, but there was so little data available that they abandoned this ambition – very few foundations publish this information.

They found that on staff, only four foundations – Barrow Cadbury, Power to Change, Wellcome and Comic Relief – publish a diversity breakdown; on trustees, the only foundation to publish a diversity breakdown was Rhodes Trust which publishes its ethnic breakdown. Only 14 trusts had a diversity plan for staff and of these, only Wellcome provided any targets within its plan. Ten foundations had a diversity plan for their boards, with Esmée Fairbairn Foundation the only one to include targets for improvement within this. By contrast, 48% of FTSE250 firms publish a board diversity policy.

The researchers said: "Though many foundations publicly affirm their commitment to equality, diversity and inclusion and provide statements indicating a willingness to improve, few of those statements contain clear targets or goals about how a foundation intends to improve its diversity over time. A statement is not a plan."

The diversity pillar also included questions relating to accessibility, such as whether a foundation's website met accessibility guidelines and whether the organisation offered different ways for people to get in touch or to apply for grants. The study found that standards generally fell below those required of the public sector and suggested that more foundations should proactively work with disabled people to ensure they are more inclusive.

*Examples of criteria used in the assessment and a foundation that does this:*

- Ability to zoom in 400% on any page on the foundation's website and still read all the text in a single column – The Mairi Foundation.
- Ability to submit proposals in a range of formats – Lankelly Chase.
- Foundation publishes information on any pay gaps (gender, ethnicity, disability) – Barrow Cadbury Trust.

### Transparency

A total of 51 foundations scored an A for transparency but despite some very good practice in this area, there was also some disappointingly poor practice. Just over a quarter of foundations didn't even have a website. And among some that did, the site was either too sparsely populated or too cluttered, making information hard to find.

The project team acknowledged that some foundations do not have websites, or do not disclose certain information, because of the nature of their work. "For instance, some foundations which fund human rights work want to avoid attracting attention, particularly to their grantees, because that may imperil them."

Rachel Hicks, head of marketing and communications at UK Community Foundations, said that one of the community foundations assessed for the Rating was in the midst of relaunching its website, and told her that the criteria questions had helped enormously to inform its design and content. "So the Rating is already meeting its targets of encouraging people to think about their practice," she said.

#### Examples of criteria used in assessment and a foundation that does this:

- Contact information is provided on the trust's website – James Dyson Foundation.
- Information explicitly on the foundation's website about what it will not fund – Charles Hayward Foundation.
- Information is published on grant reporting requirement for grantees – Eveson Charitable Trust.

### Accountability

Eighteen foundations scored an A for accountability and far more participants scored Cs and Ds than As or Bs. The researchers found that few trusts offered an obvious complaint mechanism and some provided no email or phone number.

Only around a third published any analysis of their own effectiveness, even though most ask this of the organisations they fund. The report said: "Perhaps this should be addressed considering that foundations routinely ask grant-seekers for precisely this kind of information."

#### Examples of criteria used in assessment and a foundation that does this:

- Foundation provides a mechanism to report malpractice concerns (whistleblowing) – Baron Davenport's Charity.
- Publication of any feedback that the foundation receives from grant-seekers and/or grantees – Comic Relief.
- Evidence that the foundation, in determining its funding priorities, has consulted the communities it seeks to support – The Blagrave Trust.

would also provide a more faithful picture of progress across the whole sector.

The criteria will likely be exactly the same as for this first year, for continuity.

### Website, report and resources

The project team has created a website for the Foundation Practice Rating, which contains more information about the project and the research, as well as the full report. Find it at [www.foundationpracticering.org.uk](http://www.foundationpracticering.org.uk).

As the motivation behind the Rating is to drive up standards, the project team has also compiled a list of resources and organisations that can provide advice and support to assist those that wish to improve their practices across the pillars. Find this at: [www.foundationpracticering.org.uk/resources/](http://www.foundationpracticering.org.uk/resources/).

### Looking to the future

FPF expects that the sample in future will comprise:

- Again, the 10-strong funders group.
- Again, the five largest foundations.
- A fresh random but stratified sample of other foundations. This may or may not include those that were assessed this year.

**“The researchers identified several instances where foundations require something from their grantees which they do not do themselves”**

The project team acknowledged concerns raised by some foundations that if they are not reassessed in future years, they will not have the opportunity to demonstrate improvement, and said they were considering how to tackle this. But they feel that it is important that all foundations realise that they could be included, so that there is an incentive for all of them to improve. Rating a wider range of trusts

### Impact of the project


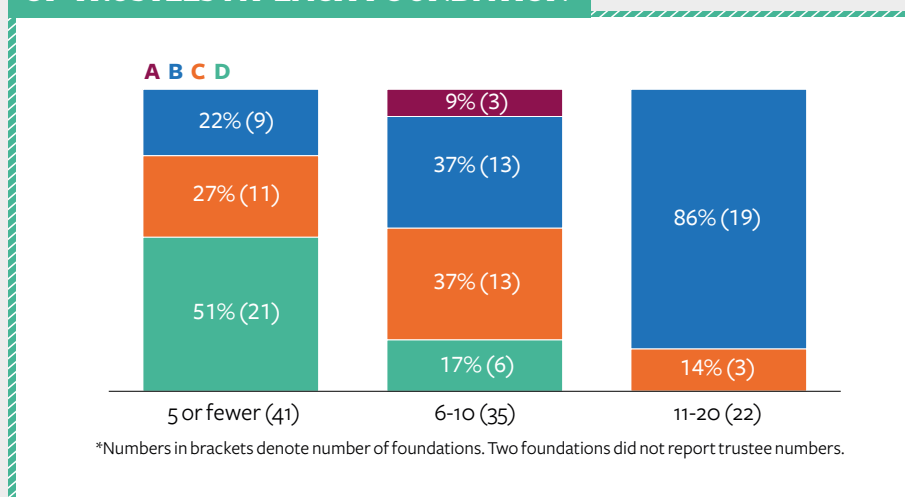
The project team say that accurately assessing the impact of their work will be impossible, as changes in practice cannot be attributed to any one piece of work. However, they added: "Many foundations have said they find value in this process and our criteria. We will continue to track these anecdotes and hope that the process continues to create value for the sector." 

FIGURE 6: OVERALL SCORES BY NUMBER OF TRUSTEES AT EACH FOUNDATION





# A high bar

## AND ROOM FOR IMPROVEMENT

**TANIA MASON** rounds up the reactions and responses to both the concept and the first year's results of the Foundation Practice Rating

The project team were heartened by reactions from around the sector to the launch of the Rating. They said: "We appreciate that most foundations did not ask to be included, and that it comes after an incredibly busy and difficult two years because of the pandemic. We also totally appreciate that many foundations have had a huge amount to cope with – a rise in need, staff shortages, suddenly moving to working from home, to name a few – and that many foundations have radically adapted their processes to the crisis.

"In addition, we know that UK community foundations were undergoing Quality Accreditation – a detailed process – around the same time as receiving the unsolicited research information from us.

governance reflects the world around us.

"From the positive responses we have had thus far we are hopeful that next year's Rating will show a marked improvement."

### ACF response

Max Rutherford, head of policy and practice at the Association of Charitable Foundations (ACF), welcomed the Rating and was pleased that it set a "fairly high bar". "As with our own Stronger Foundations work and other initiatives, this isn't about compliance. This is about more ambitious practice that goes beyond compliance."

Rutherford agreed that in the past, some foundations have operated in a way that is quite opaque and almost deliberately obstructive –

gives very good guidance and has, perhaps, first-stage questionnaires that help to filter out unsuitable applications at an earlier stage, tends to have a much better experience – as do its grant-seekers. So there's been a definite shift in attitude."

Rutherford said the shortcomings highlighted by the findings were broadly in line with those evident from ACF's own engagement with its members.

"Digital delivery is a major area that foundations know they need to improve on, particularly in how they interact with grant-seekers. This means moving away from traditional, 20th century methods such as written application forms, postal addresses and fax machines, to making the user experience as smooth and efficient as possible."

He was surprised that as many as a quarter of the sampled foundations still didn't have a website, but posited that this could be down to some foundations' online information being presented as a section of their corporate parent's website, or a number of connected family foundations being grouped together on one umbrella portal.

"But I think it's a valid challenge in those cases to say, ok, you might be featured somewhere on a website or clustered together with other foundations, but is that effective practice? Is that sufficiently helpful for a grant-seeker? Is it not better that you should have your own web presence that is easy to find?"

Similarly, the results on diversity provide a "helpful reminder that the sector still has a long way to travel", Rutherford said, although he insisted that foundations were waking up to the problem and taking steps to improve.

"There is now a clear consensus that foundations need to significantly step up their game, not just around the demographic diversity of the people that they employ or

From the positive responses we have had thus far we are hopeful that next year's Rating will show a marked improvement

DANIELLE WALKER-PALMOUR

"Given all that, the response from foundations has been very encouraging."

However, Danielle Walker-Palmour, director at Friends Provident Foundation which initiated the project, added that the year-one results confirmed the project team's suspicions that all trusts and foundations had work to do to raise their standards of performance.

"We and our fellow foundations need to consider not just the content of our grant programmes but also how we communicate with those we support, how accessible our processes are to those in need, and how our

or at least that was the perception. "But I think there is now a recognition that greater transparency can actually be very helpful in reducing bureaucracy and the administrative burden of applications.

"We've seen no evidence of any correlation between greater transparency and greater burden – quite the opposite, in fact. A foundation that says very little about what it does and what it funds is more likely to receive unsolicited and irrelevant applications that don't meet its criteria. Conversely, one that is much clearer about what it funds, and

have on their boards, but the whole way they operate and the way that that relates to accountability and transparency.

“We’ve seen a huge shift in energy around this agenda in the last two or three years. The impetus for change is coming from both within and outside the foundation sector, and we’ve seen some very impressive and impactful initiatives that have come from within the foundation sector, such as Future Foundations UK and Ten Years’ Time, to name just two. But it’s definitely helpful to have more data and what this shows is that as well as having to improve actual diversity, foundations need to get better at telling the story of how they measure diversity, and what sort of information they make available.”

Rutherford concluded that because the Rating is a peer-led piece of work, he expected it would generate high engagement from the sector. “We often find that foundations are most persuaded by a degree of peer pressure and respond well to working collaboratively.”

### John Ellerman Foundation response

Sufina Ahmad, director at John Ellerman Foundation – one of the 10 project funders – described the research as “really credible” and was sure that it would galvanise action.

Ahmad said that Ellerman was already making efforts to improve many of its practices: for instance, in 2020 it commissioned its first-ever grantee and applicant perception audit to help it challenge its own assumptions and better understand its effectiveness, including on equity, diversity and inclusion (EDI). But being part of something bigger such as this “helps you excel”, she said.

She added that the Rating research had made her realise that while Ellerman was doing a lot of good things, it wasn’t very good at telling people about them.

“We always have open recruitment and we produce job descriptions and we always show the salary when we’re recruiting, but because we don’t have very high staff turnover, these things aren’t obvious to the outside world,” she said. “So now we’re thinking about

where’s the best place for sharing this; should we put them on our website, and if so, where?”

“It’s made me think about how much knowledge we are assuming on the part of people looking at us externally. We are assuming that they know we do these things, but of course they may not.”

### Albert Hunt Trust response

Ahmad wasn’t the only foundation leader to highlight the challenges of performing well on diversity. Jane Deller Ray is operations manager – the sole staff member – at the Albert Hunt Trust, a 43-year-old family foundation which gives grants across the UK

“What this shows is that as well as having to improve actual diversity, foundations need to get better at telling the story of how they measure diversity”

MAX RUTHERFORD

But Ahmad also cautioned that while the Rating questions generated some quick wins for Ellerman – such as translating the foundation’s website into Welsh, which took less than a week – many of the criteria are more complex and difficult to achieve, and require careful thought and implementation. She cited the publication of pay gaps in a small team, and efforts to improve diversity as examples of this. Ellerman was actually exempted from many of the criteria on pay gap reporting and diversity, because it has a relatively small staff team, but Ahmad is keen that the organisation aspires to high standards in these areas nonetheless.

“With these types of things, you really need to take people with you,” she said. “For me, the goal has to be getting sustained interest, energy and commitment to an issue, and that just isn’t going to happen in a short space of time. If we rush it, it will become tokenistic.”

Ellerman is taking a “completely holistic approach” to EDI, Ahmad said, encompassing its grantmaking, its investing, and its team and culture. This has sparked some “big and intense discussions”, which take time to assimilate and turn into meaningful action. She agrees that the pace of change is still too slow across the sector generally, but at the same time insists that it is “better to be working in this kind of sustained and committed way rather than a tokenistic and surface-level way, which can actually do a huge amount of damage”.

to support hospices, homeless people, and health and wellbeing projects. Its trustee board comprises two white women members of the founding family, plus two “typical white, retired, professional males” who were appointed for their skills and prior professional connections to the Trust. The Albert Hunt Trust was exempted from the Rating’s trustee diversity criteria because it has such a small board, but nonetheless it is still an issue that Deller Ray is alive to.

“We’ve never advertised for trustees externally,” said Deller Ray. “It’s always been led by the family and how they want it to be. So that obviously hampers your ability to be diverse on the board.”

She insisted that the lack of trustee diversity doesn’t adversely affect the Trust’s ability to reach a wide cross-section of beneficiaries, but reflected: “I do take the point about being accessible to different communities which may not have the wherewithal or the expertise to make the application in the first place. But because we are a reactive funder, and a high-volume funder, we simply haven’t got the capacity to specifically source organisations that haven’t yet found us.” That said, the Trust has proactively created relationships with membership bodies such as Hospice UK, Trussell Trust and community foundations in order to promote its funding more widely.

Deller Ray acknowledged that the Rating project has alerted her to issues that hadn’t been high on her agenda previously. “I mean,

## JOHN ELLERMAN FOUNDATION

Net assets/£M	Number of staff	Number of trustees	Giving budget/£M	Quintile	Diversity	Accountability	Transparency	Overall rating
129	6	9	5.58	2	C	B	A	B

## ALBERT HUNT TRUST

Net assets/£M	Number of staff	Number of trustees	Giving budget/£M	Quintile	Diversity	Accountability	Transparency	Overall rating
53.20	1	4	2.61	3	C	B	A	B

we haven't got a social media presence, and we haven't got a formal complaints process on our website. Maybe that's something we should think about. But we've only had a website for two and a half years; we are quite new in terms of our online presence."

The website does make clear that if prospective applicants have any questions, they are welcome to pick up the phone and call Ray, which she suspects is not common practice among funders. She added that she has had a lot of good feedback that the online application form is simple to complete.

However, now that the Rating research has highlighted the fact that the online form is the only way the Trust allows grant-seekers to apply for funding, she is considering adding a line to the website to say that if anyone has

### Tool for internal review

A happy consequence of the project is that the criteria can be used as a tool for internal review even by those organisations that are not assessed by the researchers.

Community Foundation Tyne & Wear and Northumberland (CFTWN) is the UK's largest community foundation and although it wasn't included in the Rating sample this year, its chief executive Rob Williamson looked at the initial project outline during the public consultation and was sufficiently impressed to download the criteria questions and assess the organisation's practices against them.

Five community foundations were assessed as part of the sample this year, and all five scored at least a B overall (with one, from County Durham, getting one of the three As).


perspective, whether that be grant applicants or, as in the case of community foundations, potential donors. It looks at what we say about ourselves, what we put out into the world. It's a different lens to see ourselves through."

Williamson said that he held up the Rating questions as a mirror to his foundation's practices "to help us spot what we're missing". The organisation is approaching the end of the second year of its current strategy period and the senior team is in the process of setting out priorities and actions for the next year to take to the board. As well as considering its own strategic plan, it has taken inspiration from the Institute for Voluntary Action Research's Flexible Funders initiative, ACF's Funder Commitment on Climate Change, and the Foundation Practice Rating criteria. Two areas that CFTWN expects to pay more attention to over the next 12 months as a direct result of the Rating project are grantee feedback and application accessibility.

Williamson added that he found the diversity questions particularly useful, as CFTWN had already been doing a lot of work on EDI but had struggled to find many examples of best practice that it might emulate.

"We knew we wanted to do diversity benchmarking for our staff and trustees, but when I went looking for who else is actually publishing data on the make-up of their staff and trustees in the charity sector, I couldn't find many examples. I even put a call out on Twitter but didn't get any response. Acevo and Nesta have done it, but that's about it.

"So I was really encouraged to see that this was an area that the Rating would be focusing on, because it will not only raise the bar across the piece, but the more people that are doing it, the more it will be helpful for us."

In fact, now CFTWN intends to go even further than the Rating criteria on reporting staff and trustee diversity. "Their standard looks at gender, ethnicity and disability but we are planning to go beyond that to include sexual orientation, age and socio-economic background," said Williamson. 

**I like that it looks at organisations from the stakeholder perspective... it's a different lens to see ourselves through**

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difficulty accessing the form, they should call to request an alternative process.

However, Ray also warns that there is a risk that in trying to improve their own practice, foundations could create more work for grant recipients. In particular, she cites the criterion about measuring the effectiveness of the foundation's own work.

"We don't really ask for reporting from our grantees unless we are doing capital funding. We give unrestricted core funding so that they can get on with the job. If we try to measure how well we are doing in terms of supporting different beneficiaries, that means we're asking them to put in a lot of extra work to demonstrate that. That's all time and cost."

She is similarly circumspect about how much time she should devote to considering the Rating criteria when her own working week is finite. "It is right that we will reflect on what we're doing, and I have made a list of some things I will take to our next board meeting to discuss. But ultimately, we just want to get money out to people."

Williamson was not surprised by these positive results, explaining that community foundations are required to undergo Quality Accreditation (QA) if they wish to be a member of UK Community Foundations, and many have just completed their fifth iteration of the QA process.

"So, despite the fact that we are smaller and, in some sense, scrappier than some of our older and more established private foundation cousins, some of our practices especially around transparency and accountability have already been looked at as part of that QA process for a number of years."

But what he particularly liked about the Rating process, he said, was its focus on publicly available information.

"The QA process, like many things that exist in our sector, relies heavily on us submitting evidence to a set of external assessors. We have to compile our portfolio of policies, and send it off. What I liked about the Giving Evidence approach was that it looks at organisations from the stakeholder



RESULTS: FOUNDATION PRACTICE RATING 2022

Net assets /£M <sup>1</sup>	Number of staff <sup>2</sup>	Number of trustees <sup>2</sup>	Giving budget/£M <sup>3</sup>	Quintile	The rows are coloured according to each foundation's quintile (by giving budget) for ease of reference:  <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin: 0;"> <span>■ Top quintile</span> <span>■ Second quintile</span> <span>■ Third quintile</span> <span>■ Fourth quintile</span> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin: 0;"> <span>■ Lowest quintile</span> <span>□ Foundations are not charities so not graded by quintile</span> </div>	Diversity	Accountability	Transparency	Overall rating
27,404	1,969	10	349	1	Wellcome	B	A	A	A
23.2	9	9	3	3	County Durham Community Foundation	B	A	A	A
41.6	5	9	2.02	4	Blagrave Trust <sup>5</sup>	B	A	A	A
4,390	115	5	162.43	1	Children's Investment Fund	C	A	A	B
95	243	12	72.75	1	Comic Relief	C	A	A	B
42.8	135	13	69.96	1	BBC Children in Need	C	A	A	B
1,142	32	13	40.53	1	Esmée Fairbairn Foundation <sup>5</sup>	C	A	A	B
736	45	11	24.33	1	Paul Hamlyn Foundation <sup>5</sup>	C	A	A	B
32.7	47	11	20.17	1	Lloyds Bank Foundation for England & Wales	C	A	A	B
476	73	18	11.13	1	Rhodes Trust	C	A	B	B
441	71	8	10.68	1	Nuffield Foundation	C	A	A	B
72.7	7	5	8.58	1	Foyle Foundation	C	C	A	B
8.5	9	12	8.4	1	London Marathon Charitable Trust Ltd	C	B	A	B
296	20	10	7.07	2	Joseph Rowntree Charitable Trust <sup>5</sup>	C	B	A	B
5.1	0	9	6.37	2	Asda Foundation Limited	C	C	A	B
5.5	20	20	6.29	2	Scottish Catholic International Aid Fund	C	B	B	B
252	14	12	5.7	2	The Legal Education Foundation	C	A	A	B
129	6	9	5.58	2	John Ellerman Foundation <sup>5</sup>	C	B	A	B
157	4	11	4.76	2	Dunhill Medical Trust	C	A	A	B
135.6	16	11	4.47	2	Lankelly Chase Foundation <sup>5</sup>	C	A	A	B
105	8	9	4.16	2	The Edward Gostling Foundation <sup>6</sup>	C	C	A	B
97	17	10	4.14	2	Barrow Cadbury Trust <sup>5</sup>	C	C	A	B
19	0	1	3.66	3	The Mercers' Charitable Foundation	C	B	A	B
1.1	9	9	3.29	3	Performing Right Society Foundation	C	B	A	B
23.4	7	11	3.16	3	Greggs Foundation	C	B	A	B
82.2	3	13	2.78	3	Burdett Trust for Nursing	C	C	A	B
119.7	10	16	2.66	3	Clergy Support Trust <sup>7</sup>	C	A	A	B
53.2	1	4	2.61	3	Albert Hunt Trust	C	B	A	B
40.7	9	6	2.24	4	The Ogden Trust	C	B	A	B
72.5	2	1	2.14	4	Drapers' Charitable Fund	C	C	A	B
2.5	6	5	2.14	4	Bank of Scotland Foundation	C	C	A	B
24.3	14	19	2.11	4	Cumbria Community Foundation	C	A	A	B
0.2	5	3	1.65	5	The James Dyson Foundation	C	C	A	B
28.8	8	9	1.62	5	Friends Provident Foundation <sup>5</sup>	C	B	A	B
2.4	6	11	1.25	5	Halifax Foundation for Northern Ireland	C	B	A	B
9.9	11	5	1.25	5	Indigo Trust	C	B	A	B
6.1	0	8	1.23	5	KPMG Foundation	C	C	A	B
36.2	4	8	1.03	5	Baron Davenport's Charity	C	C	A	B
12.5	7	11	1.03	5	Berkshire Community Foundation	C	B	A	B
15.1	7	12	1.02	5	Northamptonshire Community Foundation	C	A	A	B
0.25	1	10	0.79	5	LHR Airport Communities Trust	C	C	A	B
7.1	4	13	0.3	5	Foundation Derbyshire	C	B	A	B
-	4	10	-	-	Joseph Rowntree Reform Trust <sup>4,5</sup>	C	C	A	B
36	39	1	-	-	Power to Change <sup>4,5</sup>	C	A	A	B
3,590	15	10	106.19	1	Leverhulme Trust	D	C	A	C
507	21	8	23.06	1	Lloyd's Register Foundation	D	C	A	C
402.9	293	5	18.67	1	Christian Vision	C	C	B	C
215	53	6	18.24	1	Aga Khan Foundation (United Kingdom)	D	C	A	C
56.8	0	- <sup>2a</sup>	13.55	1	Volant Charitable Trust	D	D	B	C
87.2	79	14	9.46	1	Royal Navy and Royal Marines Charity	D	B	B	C
1.7	2	3	8.59	1	Asser Bishvil Foundation	D	D	B	C
304.7	5	7	7.24	2	Steve Morgan Foundation	D	C	B	C

## RESULTS: FOUNDATION PRACTICE RATING 2022

Net assets /£M <sup>1</sup>	Number of staff <sup>2</sup>	Number of trustees <sup>2</sup>	Giving budget/£M <sup>3</sup>	Quintile	The rows are coloured according to each foundation's quintile (by giving budget) for ease of reference: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <span>■ Top quintile</span> <span>■ Second quintile</span> <span>■ Third quintile</span> <span>■ Fourth quintile</span> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> <span>■ Lowest quintile</span> <span>□ Foundations are not charities so not graded by quintile</span> </div>	Diversity	Accountability	Transparency	Overall rating
41.9	2	1	5.57	2	Resolution Trust	C	C	C	C
9.9	4	7	4.71	2	Islamic Aid	D	D	C	C
9.3	0	6	3.86	3	Swire Charitable Trust	C	D	A	C
0.03	0	3	3.37	3	Rotary Foundation of the United Kingdom	C	C	C	C
39.8	117	8	3.28	3	A M Qattan Foundation	C	C	B	C
0.8	13	14	3.28	3	National Gardens Scheme Charitable Trust	D	C	A	C
0	3	4	3.13	3	Oxford Russia Fund	D	D	B	C
30	7	6	2.55	3	Maitri Trust	D	D	B	C
113.4	2	9	2.43	4	Eveson Charitable Trust	D	B	A	C
77.29	3	4	2.43	4	Maurice and Vivienne Wohl Philanthropic Foundation	C	C	A	C
109	7	6	2.36	4	Beit Trust	D	D	B	C
12.6	0	13	2.31	4	British Record Industry Trust	D	C	B	C
74.7	0	4	2.2	4	Hugh Fraser Foundation	C	D	C	C
5	18	8	1.92	4	Zurich Community Trust (UK) Ltd	C	B	C	C
18	0	4	1.86	4	The Roddick Foundation	C	C	B	C
19.9	0	6	1.78	4	Golden Bottle Trust	D	C	C	C
332.71	0	4	1.73	4	The Becht Family Charitable Trust	C	C	B	C
103.4	61	5	1.68	4	Franciscan Missionaries of the Divine Motherhood Charitable Trust	D	D	B	C
73.4	2	7	1.67	5	The Charles Hayward Foundation	D	C	A	C
8.9	0	3	1.11	5	Evan Cornish Foundation	C	C	A	C
49.4	3	6	18.59	1	Gilmour Benevolent Fund Ltd	D	D	D	D
0.58	13	8	13.04	1	Barnabas Fund	D	D	C	D
220.6	0	5	7.84	2	The Charles Wolfson Charitable Trust	D	C	D	D
0.14	3	3	7.59	2	Chevas Mo'oz Ladol	D	D	D	D
100.3	0	0 <sup>2b</sup>	6.11	2	The Northwood Charitable Trust	D	D	D	D
0.62	6	2	5.66	2	Yesamach Levav	D	D	D	D
101.3	0	5	5.52	2	29th May 1961 Charitable Trust	D	D	D	D
6.6	0	3	5.05	2	4 Charity Foundation	D	D	D	D
75.9	0	7	4.97	2	Dunard Fund	D	D	D	D
18.8	0	3	4.96	2	Rachel Charitable Trust	D	D	D	D
27.2	0	9	4.61	2	The Dr Mortimer and Theresa Sackler Foundation	D	D	D	D
121	1	4	4.27	2	Zochonis Charitable Trust	D	D	D	D
29.7	0	4	4.04	3	Hurdale Charity Ltd	D	D	D	D
210	2	6	3.46	3	Hadley Trust	D	D	D	D
33.3	0	4	2.77	3	The Michael Bishop Foundation	D	D	C	D
58.4	0	4	2.71	3	Chalfords Ltd	D	C	D	D
65.2	0	6	2.64	3	Cadogan Charity	D	D	D	D
2.1	0	3	2.62	3	Backstage Trust	D	D	D	D
9.1	1	4	2.02	4	Bernard Lewis Family Trust	D	D	D	D
55	0	4	1.97	4	M & R Gross Charities Ltd	D	D	D	D
41.3	0	5	1.86	4	Charitworth Ltd	D	D	D	D
-0.33	0	4	1.68	4	Charles Dunstone Charitable Trust	D	D	D	D
15.4	0	3	1.63	5	The Goldman Sachs Charitable Gift Fund (UK)	D	D	D	D
0.01	0	3	1.48	5	The Desmond Foundation (formerly RD Crusaders Foundation)	D	D	D	D
27.3	0	5	1.36	5	JMCMRJ Sorrell Foundation	D	D	D	D
57.4	0	5	1.35	5	EBM Charitable Trust	D	D	C	D
119	0	4	1.11	5	The Raphael Freshwater Memorial Association Ltd	D	C	D	D
69.6	0	3	0.38	5	Goodman Foundation	D	D	D	D

NOTES: 1. Data collected September to December 2021. Where assets were reported in USD (\$) they have been converted to GBP. 2. Numbers of staff and trustees are taken from the relevant charity regulator's website. OSCAR does not require disclosure of the name or number of trustees, so 2a: Not disclosed; 2b: 0 reported. 3. Taken from ACF Giving Trends 2019 or UK Community Foundations website in 2021. 4. The two foundations without a quintile are not charities. They were therefore not listed in the ACF Giving Trends report from which the researchers took data on foundations' giving budgets and hence made up quintiles. They are included because they are funding the project. 5. A funder of the project. 6. Formerly the ACT Foundation 7. Formerly Sons and Friends of the Clergy