



Accountability and learning

developing monitoring and evaluation in the third sector

Research report

by Jean Ellis with Tracey Gregory



Charities Evaluation Services (CES) was established as an independent charity in 1990. Our mission is to strengthen the voluntary and community sector by developing its use of evaluation and quality systems.

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**Written by Jean Ellis with Tracey Gregory
for Charities Evaluation Services**

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Foreword

The City Bridge Trust has a proud record of strengthening the third sector by developing its monitoring and evaluation practice. We were pleased to join with other funders to support this important research project from Charities Evaluation Services, the first national study in 20 years to take stock of both the policy environment which has driven changes in evaluation and the response ‘on the ground’.

Twenty years ago, Mog Ball carried out an overview of evaluation practice in the voluntary sector following national discussions instigated by the Home Office Voluntary Services Unit and the Charitable Trust Administrator’s Group. As this new study shows, the landscape has been transformed in the ensuing decades.

Increased public investment in the sector has coincided with an accelerating drive towards greater transparency and the demonstration of effectiveness. Third sector organisations have become more involved in the design and delivery of statutory services and contract-based commissioning is in the ascendency. Independent funders, too, have encouraged the groups they support to up their game and provide better evidence, not just of how the funding has been spent but what it has achieved. Meanwhile, there are far more resources available to help those looking to get the most from this new climate.

So it was timely that CES should seek to build an evidence base of current evaluation practice and its benefits. Over 700 third sector organisations and over 100 funders and commissioners contributed to the study – the largest ever carried out in this area.

Huge resources are invested annually by third sector organisations in monitoring for funding purposes. This study helps us look at the efficacy of this activity in practice; it explores the requirements placed on organisations by funders and commissioners and the extent to which the various demands complement each other and reinforce organisational benefit from monitoring and evaluation. Crucially, it looks at these issues not just from the funders’ perspective but also captures the experiences of sector organisations themselves.

The challenge for both funders and for the sector is to ensure that we get the most from our investment in monitoring and evaluation, enabling individual organisations to develop and move forward while fostering a commitment to learning throughout the third sector.

Clare Thomas
Chief Grants Officer
The City Bridge Trust

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Acronyms and abbreviations used in the report

CES	Charities Evaluation Services
CTAC	Community Technical Aid Centre
IDeA	Improvement and Development Agency
INTRAC	International NGO Training and Research Centre
LSC	Learning and Skills Council
NAVCA	National Association for Voluntary and Community Action
NCVO	National Council for Voluntary Organisations
NSPCC	National Society for the Prevention of Cruelty to Children
PQASSO	Practical Quality Assurance System for Small Organisations
SORP	Statement of Recommended Practice
SROI	Social return on investment

The research ... focus and scope

The public spotlight on third sector organisations and their effectiveness has become intense. It has never been more important for third sector organisations to acquire an understanding of monitoring and evaluation and the skills associated with its practice.

This summary reports the key findings of field research carried out by Charities Evaluation Services (CES) between November 2006 and March 2008. The research included 682 responses to an online survey to third sector organisations and 89 responses to an online survey of a wide spectrum of funders. Focusing on England, we carried out face-to-face and telephone interviews with 88 national, regional and local third sector organisations, statutory and independent funders and commissioners, and evaluation support agencies and evaluators. Additionally, we carried out a series of interviews with providers of monitoring and evaluation software systems and their users. The field research was supported by a wide review of relevant literature.

A developing third sector ... shifts in diversity, growth and character

The third sector is now much changed from the voluntary sector of 1990, when CES was established as a strategic support to the development of monitoring and evaluation. It has been a period of rapid growth in the sector, with civil society organisations showing a combined income of £31bn in 2005/06.

The diversity of the sector has also increased, including some 55,000 social enterprises, and ranging from multi-million pound service delivery agencies to hundreds of thousands of small community groups. This development of the sector has included a blurring of distinctions across public services, third sector and business, and a major investment in building the sector's capacity to deliver public services. There has also been structural change in funding the sector: there is dwindling grant funding and earned income now accounts for more than half the sector's income, while state funding generates 36 per cent of charities' income.

The dominance of business models, the increasing language of performance, a focus on outcomes, and the quest for an evidence base for investment of public money are all increasingly shaping the character of third sector monitoring and evaluation.

The sector has welcomed a move away from the previously prevailing 'bean counting' culture that equated success with the achievement of outputs, in favour of a focus on benefits for users, and many organisations have welcomed an outcomes approach. Yet value in third sector organisations is increasingly being defined by an organisation's ability to demonstrate it, and often in ways imposed by external priorities and targets. In an environment of increasing competition, and smarter funding application and tendering procedures, many small organisations with insufficient resources, or those unable to frame their benefits in the language of quantifiable outcomes and impacts, have become increasingly vulnerable.

Key findings ... learning from the research

In this section key findings are presented under the following five headings.

- **Growth in monitoring and evaluation support.**
- **Funding requirements dominating monitoring and evaluation.**
- **How useful is the data being collected?**
- **Resources for monitoring and evaluation.**
- **Meeting accountability and learning need.**

Growth in monitoring and evaluation support

Multiple programmes of monitoring and evaluation support

1. The provision of strategic support through CES since 1990, and subsequently the multiplication and diversification of available resources through a wide variety of agencies, have been effective in disseminating a basic understanding of monitoring and evaluation and the application of practical models.
2. This learning has been accelerated through a number of specific monitoring and evaluation capacity building initiatives that have required considerable time and funding inputs. These programmes, and a number of regional and local initiatives, have demonstrated the value of disseminating and cascading knowledge through infrastructure and sub-sector networks.

Huge growth in learning resources

3. The landscape of monitoring and evaluation in the third sector is a changed one from that of 18 years ago, when CES started. Introductory training is available from a wide range of sources, and there has been an explosion of free information and resources. The sector can now access a range of toolkits, soft monitoring and other data collection tools, ranging from simple frameworks to complex economic evaluation methodologies. For those organisations that can pay, there is a pool of skills available through national and regional organisations, consultancy and support agencies, and university departments.

Support for self-evaluation

4. Self-evaluation has increased in currency and legitimacy as third sector organisations have gained internal skills in monitoring and evaluation and developed information management systems. The previously predominant model of an expert carrying out evaluation at project completion is giving way to increased self-reliance and also to partnership between external evaluators and internal staff, with work carried out at the project start, and a combination of internal and external methods.

Still some gaps in understanding

5. Evidence from both funders and support agencies is that, despite the increase in resources and training, there is still a huge constituency of organisations that are struggling with the basics of monitoring and evaluation and to understand outcomes approaches. The evidence from

Sixty-eight per cent of third sector survey respondents obtained information from training courses – the most frequently cited method.

monitoring and evaluation initiatives is that implementing an effective monitoring and evaluation system – particularly one that is outcomes-focused – takes time and support.

Funding requirements dominating monitoring and evaluation

Short-term nature of funding and reporting timescales is counter-productive.

6. Reporting cycles, with their short time scales, acted to increase the reporting focus on targets, outputs and early outcomes. They also led organisations to prioritise monitoring as a performance measurement activity and were a disincentive to a focus on longer-term results and reflective evaluation. Many third sector research participants made no real distinction between monitoring and evaluation – which meant they were not open to the potential of evaluation research to develop analysis and understanding about why an intervention works, for whom and in what conditions.

Unrealistic targets and measurements agreed

7. The research found an increasing demand for impact information. Evaluators reported that in order to procure funding, organisations have frequently agreed a level of impact with funders that cannot be realised or measured feasibly. A critical issue was reported for many organisations: the difficulty in establishing a fit between the immediate outcomes for users, which are realistic for local organisations to achieve given their scale and remit, and the targets relating to higher-level government or funder outcomes frameworks.
8. Third sector organisations reported that funders and commissioners themselves often had a poor grasp of outcomes, or what might be realistic for an organisation to achieve and measure.

Reporting requirements over-burdensome

9. There is a convincing body of evidence that many third sector organisations are finding the level of monitoring inappropriately burdensome – a result of new and changing funding and regulatory requirements, the multiplicity of funders and regulatory bodies, and the complexity of devolved nations. Seventy-nine per cent of the sample said that different information was required by different funders. Survey respondents reported that the increasing amount of commissioning of third sector organisations for public services had compounded this effect.
10. There was strong evidence from third sector organisations that funders do not link monitoring requirements proportionately to size of organisation or level of funding, despite good practice guidance. Neither do funders routinely consider issues of type of organisation, or the stage of its lifecycle when requesting monitoring and evaluation data.
11. Paradoxically, in the context of an overall effectiveness agenda, heavy reporting requirements may themselves be acting as a disincentive to performance improvement, both because organisations do not see monitoring and evaluation as valuable internally, or because available time is absorbed by monitoring and reporting.

‘Now funders’ requirements have become much more demanding to the point where the monitoring requirements of our funders are dictating how we do all of our work.’

Advice agency

Sixty-seven per cent of third sector respondents said that funders’ requirements had become more demanding over the last five years.

'We are developing a cycle of feeding back issues of under-performance and key performance...As we move to better outcomes recording, the system will really help us monitor our progress towards our strategy.'

Homeless charity

Eighty-one per cent of third sector survey respondents reported changing how things were done as a result of monitoring and evaluation. Sixty-five per cent had changed products or services as a result of monitoring and evaluation findings.

Lack of integrated monitoring and evaluation

12. Monitoring and evaluation has been developed on a project-by-project basis, to respond to project funding requirements, discouraging the development of consistent practice across organisations and the loss of learning about organisational impact. While the research found examples of organisations that had integrated monitoring and evaluation into their organisational strategy, for many third sector organisations much is still required to embed monitoring and evaluation in everyday practice.

How useful is the data being collected?

Variable quality and usefulness of monitoring data reported by funders

13. Despite the range of outcomes initiatives in the sector, funders frequently found the reporting of outcomes inadequate, and often over-simplistic and subjective. More generally, the research found that large amounts of information are gathered to meet the needs of funders and regulators, which is frequently of variable quality, difficult to use in external evaluations, and which cannot be aggregated for funding reports or for programmatic evaluations.
14. Expectations of external evaluation are now much higher, but frequently funders and others commissioning evaluations found them to be disappointing. They reported that evaluators often failed to invest sufficiently in understanding the programme or project, lacked critical analysis, and evaluations were often too academic and presented in inaccessible formats.

Some effective use of monitoring and evaluation findings internally

15. Those organisations that had been able to invest resources in monitoring and evaluation as a management tool had been able to see benefits. We found some good evidence among our survey sample of third sector organisations using monitoring and evaluation most commonly as a communication and marketing tool, but also to develop services and activities.

Funders unable to deal effectively with data

16. Funders themselves reported that they were getting more data than they could deal with, often limited by the systems necessary to collate, analyse and use it, thereby losing the potential for learning. Some funders are addressing this issue through the introduction of new monitoring procedures and databases.

Resources for monitoring and evaluation

Computerised monitoring and evaluation systems

17. Organisations using monitoring and evaluation IT systems showed huge time savings and increased effectiveness. Yet there are still relatively few organisations accessing these resources. The research found no over-arching strategic approach to the development of monitoring and evaluation systems software within the sector as a whole, with the result that development has been uncoordinated, often generated from particular sub-sector needs.

Inadequate systems impacting on evaluation practice

18. There is still a huge demand for basic monitoring and evaluation skills learning. However, more focused and targeted support is also required, whether within sub-sectors, or to develop more specific skills for research methodologies and data collection, and for management and analysis to improve the quality of monitoring and evaluation.

Monitoring and evaluation not properly resourced

19. Apart from a few large public programmes, and some specific programmes and projects funded by charitable funders, high expectations of monitoring and evaluation are seldom matched by resources available, which are frequently provided on a reactive, limited basis. Funders and organisations themselves under-estimate the considerable amount of time and resources required to introduce an integrated results-focused evaluation culture. Evaluation consultants found that most organisations able to introduce a working system only did so successfully with support. Seventy-five per cent of third sector organisations identified time as a main constraint.
20. The competitive commissioning environment means that it is difficult for organisations to cost realistically for monitoring and evaluation, even where core costs are agreed in principle. Addressing the costs of monitoring and evaluation is integrally tied in with the debate on full cost recovery. Both funders and third sector organisations reported that even where full costs of delivering services were agreed in principle, there was a strong incentive to keep the bottom line down and this included reducing or ignoring the costs of monitoring and evaluation.

Meeting accountability and learning need

Focus on accountability

21. Three-quarters of third sector survey respondents described organisational benefits from monitoring and evaluation, but wider evidence suggests that there is still a predominant belief that monitoring and evaluation is done mainly for the benefit of funders and regulators, and externally derived targets and performance measures reinforce this perception. Some funders recognised that a focus on outcome measurement alone might not encourage learning without an analysis of resources, activities and outputs to make sense of the outcome information. Indeed, further learning might be positively discouraged when both funders and funded wanted to demonstrate success.

Thirty per cent of third sector survey respondents received no funding for monitoring and evaluation.

Implementation issues deprioritised

22. While some funders expressed frustration at organisations not doing monitoring and evaluation for themselves, but in response to funder demands, many were implicitly or explicitly placing themselves as the main stakeholder for monitoring and evaluation information. Furthermore, although third sector organisations welcomed the focus on benefits to users and 'making a difference' as more valuable and essential than a focus on quantified outputs, implementation and practice issues have often become deprioritised.

Differing location of monitoring and evaluation responsibilities

23. The research found that restricting monitoring and evaluation responsibilities to management or finance and fundraising functions, rather than integration within core functions, could reinforce the priority given to compliance over learning. Specialist posts could provide valuable input but did not in themselves ensure integration of monitoring and evaluation and could discourage it.

Sharing learning about evaluation methods

24. Where user-friendly and participative methodologies had been introduced by external evaluators, we found evidence of these being integrated into organisational life. However, more complex externally applied evaluation methodologies were less likely to obtain buy-in to the process and findings or to leave a legacy of usable and enduring internal tools.

Need for practical models for learning

25. There is an increasing demand for third sector organisations to demonstrate their contribution towards economic priorities, and their investment value or return. As a result, there is a danger of seeing more technical methodologies as of universal application, and devaluing practical methods that can be used for internal learning.

26. Yet experience of working with community organisations and small social enterprises underlines the importance of light analytical models. Many independent funders advocated that third sector organisations should not use complex scientific methods, but rather practical data collection tools and thoughtful questions.

Sharing learning about practice

27. Evaluations are increasingly available on the internet but there is no ready way of knowing what is available, and evaluation findings are rarely structured in formats that would make learning easily accessible. Research participants pointed to the lack of a third sector learning culture. Indeed, the research found limited evidence of monitoring and evaluation used to increase communication among agencies about approaches.

28. Knowledge management is reaching the agenda, and there are major developments with the potential to develop a third sector learning culture. Online knowledge banks, the new third sector research centre and a new journal for third sector research all point towards a major opportunity for learning.

Background to the research ... building blocks for efficiency, effectiveness and value for money

Charities Evaluation Services (CES) was set up in 1990 as a strategic initiative to underpin the development of voluntary sector monitoring and evaluation. Since then, the public spotlight on voluntary sector organisations – and their ability to demonstrate effectiveness – has become intense. Monitoring (collecting information and tracking progress routinely and systematically) and evaluation (gathering research and other data to make judgements and determine the value or worth of something) has become a critical part of organisational life. (See page 8 for more information on the distinctions between monitoring and evaluation.)

In late 2006, CES began a comprehensive research study of developments in voluntary sector monitoring and evaluation practice. There had been no wide-ranging study since the 1988 overview of evaluation practice in the voluntary sector by Ball: that research was one initiative which led to the establishment of CES (Ball 1988).¹ The focus of CES' new research also turned to a wider sector – now commonly defined as the third sector, to include social enterprises as well as voluntary and community organisations (although the research would not include other civil society organisations such as schools and trades unions).

Ball's study, and the initial support for CES by funders and government, had been driven by the policy changes of the 1980s, mainly associated with the impact on the voluntary sector of the reduction in the role of the state, the

promotion of compulsory competitive tendering and the contracting out of local authority services.² Alongside these changes was an increased emphasis on efficiency, effectiveness and value for money. The 1990 *Efficiency Scrutiny of Government Funding of the Voluntary Sector* report explicitly called for government departments and voluntary bodies to establish concrete objectives for all grants and to monitor and evaluate their performance accordingly (Home Office 1990).

The Deakin report (1996), the Labour Party *Report on the Voluntary Sector* (1997) and the Treasury Cross-Cutting Review (2002) successively focused the sector on their role in delivering public services, and on their effectiveness. Voluntary sector performance became a policy issue and, for many organisations, monitoring and evaluation was becoming an accepted part of organisational life, even where its practice remained in its early stages. Other organisations struggled to demonstrate effectiveness, sometimes with negative consequences for their sustainability in the new competitive world.

CES felt that research was needed to build an evidence base about monitoring and evaluation practice and its benefits, if any, and to place that practice within the context of funders' requirements and evaluation activity. We wanted to look at the available support, and the extent to which organisations had learnt the skills and techniques needed to carry out evaluation. Had they also acquired the skills necessary not only to manage and interpret data, but also to make it useful? How had the emphasis on 'value' and on outcomes

and impact that were pervading the policy and funding environment affected learning from evaluation and created benefits for users?

Carrying out the research ... throwing light on the main developments and challenges

Field research was carried out from November 2006 to March 2008, supported by funding from the City Bridge Trust and the Performance Hub. The methodology included the following:

- **a wide review of relevant literature, including a review of monitoring and evaluation resources**
- **a UK-wide online survey to third sector organisations, which gained 682 responses**
- **an online survey to funders and commissioners, which had 89 responses**
- **three separate focus groups or workshops with a range of funders**
- **88 interviews with national, regional and local third sector organisations, independent funders and statutory commissioners, support organisations and evaluators**
- **15 interviews with software providers and 14 interviews with systems users**
- **a review of a limited number of external evaluations providing learning about approach and methodology issues**
- **development of case examples.**

Further information on the research methodology is provided in Appendix 1 and Appendix 2.

The research report describes a strikingly different landscape from that of Ball's 1987 study, which found that information and support were severely limited and patchy, which showed that most organisations were suspicious or felt threatened by evaluation and its judgements and which indicated that, most commonly, *'nothing happened as a result of them'*.

The current study could never be fully comprehensive, but was sufficiently wide-ranging to throw light on the main developments and challenges in third sector evaluation. Interviews focused on organisations based in England, while the two online surveys drew respondents from across the UK.

Although the online surveys were widely circulated through electronic networks and gave a good response, organisations that responded are likely to have been those for whom monitoring and evaluation is a relatively high priority. Interviews with third sector organisations largely aimed to explore practice, rather than focusing on organisations still grappling with the very language of evaluation. Yet behind the study sample is a constituency for whom monitoring and evaluation has not yet become a priority; the findings and recommendations of this report will be particularly relevant to this group.

This report ... overview of content

Chapter 1 details the policy and funding context which has provided the key triggers and facilitators for changed monitoring and evaluation practice, but also some of the constraints to its development.

Chapter 2 focuses on the effects on third sector organisations of the increased emphasis on accountability.

In particular, it discusses the effects of the reporting demands placed on third sector organisations by funders and regulators.

Chapter 3 reports on the significant development of knowledge and understanding about monitoring and evaluation in the third sector, and reports on the effectiveness of monitoring and evaluation capacity building initiatives. It also examines the limiting effects of inadequate data management systems.

Chapter 4 looks specifically at the advances made in developing outcomes approaches in the third sector and stresses the importance of adequate support for developing relevant skills. It also urges the need for outcomes approaches to be accompanied by sufficient technical capacity to produce reliable data, and by sufficient understanding of implementation and process issues to make sense of the data.

Chapter 5 reports on internal evaluation, both the development of self-evaluation in third sector organisations and the approaches and methods used when working with external consultancy. It raises questions about the quality and utility of the data produced through internal monitoring and evaluation for programme evaluation.

Chapter 6 considers some of the issues surrounding external evaluation in the third sector. It examines the drive for impact assessment and reviews some of the approaches to, and learning from, value for money evaluation.

Chapter 7 reflects on the benefits of monitoring and evaluation reported by third sector organisations, and the current limitations in the use of evaluation findings by both funders and third sector organisations. It looks forward to the potential of new knowledge-sharing initiatives to increase the value of monitoring and evaluation for wider learning and sharing good practice.

Key findings are summarised at the beginning of every chapter.

Recommendations deriving from these findings are provided in **chapter 8**.

Notes for Introduction

¹ This research was an outcome of discussion begun in 1984 and 1985 in seminars on 'the need for the theory and practice of evaluation' in the voluntary sector, convened jointly by the Home Office Voluntary Services Unit and the Charitable Trust Administrator's Group.

² The importance of the developing policy context in the development of CES was outlined in Libby Cooper's keynote speech at the International Evaluation Conference, Adelaide, as first director of CES. See Cooper, L (1997) 'Evaluation and the Third Sector' in *Evaluation (Australia)* 6 (2), December 1997.

A changing context ... exploring shifts in policy and practice

Focus of chapter 1

This chapter outlines the important changes in public policy and funding practice, and in the nature of the third sector itself, which provide the defining context against which third sector monitoring and evaluation has developed over the last 20 years. It includes the following:

- **the increased size and complexity of the third sector, the growth of social enterprise, and the blurring of distinctions across public services, third sector and business**
- **the increase in third sector delivery of public services**
- **the structural changes in the sector's sources of income**
- **the increased drive for accountability and transparency, and for the development of an evidence base of third sector effectiveness and value**
- **the effect of the policy context on funders' monitoring and evaluation requirements and practices.**

A developing third sector ... sheer size and scale

There have been major changes in the voluntary sector since the Centris report *Voluntary Action* in 1993 (Knight 1993), which provided an analysis of the role of voluntary action in society, and the 1996 Deakin Commission report on the future of the voluntary sector, which identified the key issues facing the sector over the following ten years, including the reform of charity law and the development of quality assurance (Deakin 1996). The sector is now more commonly defined as the third sector, made up of all organisations which are '*established on the dual basis of being non-profit-distributing, and which are not part of the state*' (Morgan 2008:2).¹

The 2008 UK *Civil Society Almanac* provides statistics on the third sector for 2005/06 and captures its rapid growth. There were 865,000 civil society organisations in 2005/06, some 164,000 registered as charities,

with a combined income of £31bn, a 10 per cent increase from the previous year. Charities alone employed 611,000 people in 2005, 26 per cent more than a decade earlier. There were also around 55,000 social enterprises, with an annual turnover of £27bn and hundreds of thousands of small community groups (Reichardt 2008).

Investing in the third sector ... diversification of roles and funding

This development of the sector has included an increase in public service delivery by third sector organisations, and a major investment in building the sector's capacity to deliver those services. There has also been a blurring of distinction across public services, the third sector and business, and an increased policy and funding focus on social enterprise. These changes, in turn, have influenced a structural change in funding the sector.

- For the first time, earned income accounts for more than half the sector's income.
- State funding generates 36 per cent of charities' income.
- There are indications of a decrease in grant funding, with fewer unrestricted grants, reduction in money available to small charities and greater competition for a pool of dwindling grant funds.²

Local authority funding for the sector is now increasingly available either through contracts for service delivery, or through the Single Community Programme – a single merged funding stream and the main funding vehicle for neighbourhood renewal strategies.

Between 2004 and 2006, two major government investments were committed to build capacity in the third sector. The first was the investment of £215m in the sector through Futurebuilders, running from 2004 to 2011.³ The second initiative in 2006 channelled £150m through Capacitybuilders into increasing support to frontline voluntary organisations through a sustainable infrastructure, with a further commitment of £83m from April 2008 to 2011.

Part of Capacitybuilders' support included continued funding for the Performance Hub, a national initiative led by CES and the National Council for Voluntary Organisations (NCVO). The Performance Hub began operating in 2005 through a Home Office ChangeUp grant and had monitoring and evaluation as one of its work streams. In April 2008, Capacitybuilders funded CES to lead a new body – the National Performance Programme – which also delivers work on monitoring and evaluation.

Third sector infrastructure has also been strengthened by Big Lottery funding during this period. Its BASIS

programme, which was launched in 2006, allocated £100m in its first round of funding to voluntary and community sector infrastructure organisations across England and expects to award up to £50m in round two.

In 2006, the government's action plan for the third sector included a commitment to learning from the sector and to building its capacity (Cabinet Office 2006). The government's social enterprise action plan, launched in November 2006, set out the intention to work with regional development agencies to ensure they are better able to support the specific needs of social enterprises (Cabinet Office, Office of the Third Sector 2006).⁴

Demonstrating value ... drive towards efficiency, effectiveness and accountability

The drive towards more effective public services and accountability for results was influenced by the new public management strategies affecting western Europe in the 1980s. Increasing regulation, and the drive towards third sector transparency and demonstration of value, placed monitoring and evaluation practice higher on the agenda and shifted the focus of regulation from questions of probity to ones of performance (Bolton 2004). However, the election of the New Labour government marked a step up in the government's parallel drive for engagement with the third sector and demonstration of efficiency and effectiveness.

The Charities Act of 1993, amended several times, brought with it a need for charities to make information publicly available about how they plan their work and account for funds received, and more rigorous reporting

requirements were introduced by the SORP Accounting Framework (Statement of Recommended Practice, 1995). With the Summary Information Return introduced in 2005, the Charities Commission for the first time required information on charities' achievements. Although applying only to charities with an income of over £1m, this increased the focus on outcomes that had emerged in the late 1990s. (The emergence of outcomes approaches is discussed further in Chapter 4.)

The Charity Commission's Hallmarks of an Effective Charity include the need for charities to spell out their mission with clarity, along with intended benefits and impact, and how these will be achieved. And, from 2008, charities are required to state clearly what they have done for public benefit and relate this to their aims.⁵ A limited number of initiatives in the sector have focused on improving charity reporting. The ImpACT (Improving Accountability, Clarity and Transparency) Coalition, established in 2005, has over 100 members working to improve 'reflective' reporting on successes, achievements and setbacks. The Coalition is currently developing an online toolkit to help members assess and improve their transparency and accountability.⁶

Shout about Success is a Compass Partnership programme which aims to improve charity performance reporting. New Philanthropy Capital, notably, has called for more independent scrutiny and assessment. New Philanthropy Capital has a team of over 20 charity analysts working with both funders and charities to increase the quantity and effectiveness of funding by helping charities improve the way they demonstrate their results (Brooks et al 2005).

The third sector and public services ... promoting social capital and social cohesion

Government cross-cutting reviews of the sector as part of the 2002 and 2004 Spending Reviews focused on its public service delivery and reform, with a developing emphasis on its role in promoting social capital and social cohesion.⁷ Commissioning strategies have since acted further to embed the third sector within public service delivery, particularly in areas such as correctional services, employment services, children's services, education and training, and health and social care services (Department for Children, Schools and Families 2006 and Department of Health 2007).

In 2007, the Office of the Third Sector made an unprecedented commitment to the sector by designating specific third sector ministerial responsibility within the Cabinet Office, and making a commitment to developing an evidence base through a new research centre (HM Treasury 2007).

The importance of evidence ... the move to outcomes-based targets

One of the major New Labour changes in strategy was the emphasis on evidence-based policy and practice, in part reflecting an increasing interest in evaluative activity worldwide.

From the 1990s, there had been increasing moves in the public sector in the United States and other western economies to address outcomes as a key part of performance measurement. In the UK, departmental targets – previously output-based – were increasingly focused on outcomes in spending reviews and, by 2000, 67 per cent of targets were outcome-based (Cabinet Office 2006).⁸ This shift in emphasis

also included a requirement on government agencies delivering public services to translate high-level outcome targets into operational targets on the ground (HM Treasury 2002). The 2006 Local Government White Paper set out a simplification of the performance framework for outcomes secured by local authorities, with 53 outcomes and a single set of about 200 national outcome-based indicators covering national priorities (Department for Communities and Local Government 2006).

More recent government policy documents urged commissioners of services to put outcomes for users at the heart of the strategic planning process, to focus on outcomes in contract management and to use the achievement of outcomes as a key indicator of success in service delivery (Office of Government Commerce and the Active Communities Directorate 2004). This shift was important for third sector organisations increasingly drawn into local authority commissioning processes. It was also significant for the sector that the shifting focus to outcomes remained largely on quantitative data, and often did not incorporate the qualitative changes achieved.

Government policy recognised an important gap in existing local authority commissioning practice. IDeA, the Improvement and Development Agency for local government, had provided some support to local councils on outcomes and, since the introduction of the Every Child Matters framework in 2004, over 40 local authorities had participated in the seminars on adopting the Outcomes-Based Accountability approach, an approach developed in the United States to improve outcomes for children and families. Recognising the importance of developing local authorities' understanding of an outcomes approach, the government's 2006

Action Plan for Third Sector Involvement included investing in training 2,000 commissioners, the training being rolled out between January 2008 and March 2009, as well as a commitment to taking action to ensure fair and proportionate contracting (Cabinet Office 2006).

A 2007 Cabinet Office report brought the evidence-based approach directly into the third sector sphere, reflecting a concern to improve measurement, to develop opportunities to learn and disseminate lessons about delivery, and to assess the overall impact of the sector (Cabinet Office 2007). The report emphasised the need for the third sector to provide evidence of its distinctive or 'comparative' value, and of the contribution of social enterprise to economic productivity, and social and environmental impacts.

The funding environment ... tracking the changing policy and funding context

The diverse nature of third sector funding makes it difficult to talk about funders as a group. Unwin has pointed to the disappearance of the old distinctions between funder and funded as many organisations apply for funds in order to distribute them to others (Unwin 2006). This research sought to consider the full range of funding and funding streams, and to reflect recent developments at a local level – these have seen a shift in the way many local authorities fund the third sector, with a move away from grant funding towards a commissioning and contract delivery approach. The introduction of Local Area Agreements has also been important – setting the targets for much of the monies available to the third sector. The research also sought to engage with independent funders, both those running large, multi-year grant programmes and smaller more

localised grant givers.⁹

The effects of policy change

Respondents to our survey of funders reflected this diversity, and showed clear effects of the policy changes. Nearly three-quarters of the funders in our survey had changed their funding criteria over the previous five years, and 84 per cent had changed their monitoring and evaluation criteria. An outcomes focus and the increase in evidence-based practice in certain sectors were a significant factor in this change – with nearly 60 per cent of the total sample placing a greater emphasis on outcomes than five years previously.

SORP 2005 had prompted many charitable funders to improve their own monitoring and evaluation and this has had a knock-on effect on requirements from funded organisations clarifying, as one reported, that *'our beneficiaries must be able to fulfil our own charitable objectives'*. For statutory funders, this translated into a need to link funding outcomes to the Community Strategy and Local Area Agreements.

The funders' survey sample indicated that while some short-term funding remained, there was a move towards more three- or five-year funding, and larger and fewer grants and contracts. Two main trends emerged among independent funders:

- There were more focused funding programmes with clearer statements of aims, partly to control the increased demand, and partly to allow a focus on outcomes and impact. For some it was a desire to set the agenda through their funding.
- There was more proactive funding, with independent funders often adopting the contractual approach of statutory funders. Twelve per cent of the funders in the survey said that they were largely proactive,

approaching organisations to commission work in areas of interest, often for larger grants, multiple-year funding and contracts. A further 49 per cent reported funding both proactively and through open programmes. For some funders, proactive strategic work explicitly informed their more open grant-making.

Funding as investment

Our research found the language of funding 'investment' being used more and more. Unwin (2004) distinguished between three main types of funder: giver; supplier; and investor. She has described some of the features of an investment approach as typically being specific about expectations and intentions of producing long-term outcomes, with a focus on achievements and being interested in tracking the impact of funding. An 'investment' approach was expressed by both local authority and independent funders responding to our survey. From our wider review, the approach varies in practice, as demonstrated in the following examples of charitable funding.

- The Impetus Trust, founded in 2003, with its role of bringing venture capital know-how to the voluntary sector and funding a small number of 'exemplary' organisations, has identified three areas of specific investment: long-term financing and longer-term relationships, capacity building and management support.
- The King's Fund has made a strategic decision to become a developmental funder, investing in organisational infrastructure.
- SHINE Trust, an educational trust, makes a small number of large grants to organisations that are able to produce robust data. This is partly in response to its corporate and individual donors who see their funding as an investment.

'We have greater expectations around evaluation – so organisations must have some capacity to deliver this.'

Funder

- Capital Community Foundation, generally a small-grant funder, has reframed its grants away from funding new organisations to provide three-year funding in some cases and repeat grants in others, in order to invest in organisational development.
- Other funders, such as Bridge House Trust, are reserving an element of their annual grant-making for developing capacity, sharing best practice and contributing to expertise.

The effects on monitoring and evaluation requirements

Our research tracked how the changed policy context, and the changes in funding approach described above, have fed through into current monitoring and evaluation arrangements. The results of a 1996 survey of grant monitoring in 170 UK grant-making charities found that around 28 per cent indicated that they collected no information once they had given a grant, and more than half (54 per cent) did not report formally evaluating past performance when considering subsequent decisions. The study concluded that *'Of the professional grant-makers, only a few undertake extensive and regular monitoring including information collection, organisation evaluation*

and control' (Ashford and Clarke 1996:298).

This study demonstrates the degree of change that occurred in the decade since that report. In our third sector survey, 94 per cent of respondents said that funders required monitoring information or reports and 73 per cent said that funders required evaluation reports. The evidence suggests that government policy has been an important factor in changing funders' reporting requirements and evaluation practices as they themselves face greater accountability demands – whether against public sector performance targets or against new charity reporting regulations. This has translated into greater information needs from the organisations they fund.

Some funders had specifically reviewed their monitoring and evaluation arrangements. For example, as part of their restructuring in 2003, the Arts Council England set up a small evaluation team, identifying improvements needed in how they handled and used information. Some funders, channelling corporate or significant individual donor investment, were seeking better evidence of a demonstrable return. Although many small funders remained constrained by lack of resources, third party funders, such as Community Foundations, reported being driven by the requirements of their own funders for information on the impact of their investment.

Table 1 shows how respondents to the funders' survey evaluated funding programmes.

Table 1 How funders monitored and evaluated grant programmes

Activity	Percentage of responses (n= 60)
Analysis and report on grant funding and outputs	58
Evaluation of the overall impact of grant funding	53
Assessment and report on organisational/ project outcomes against funding aims	48
Evaluation of the impact of specific grant programmes	47

Intelligent funding and learning from evaluation

The increased currency given to the notion of investment has also brought with it expectations of a demonstrable return. Focused programmes, with smaller cohorts, have permitted funders to be more specific; we found greater demands being made relating to quality of self-reporting. More coherent strategic programmes – such as the Esmée Fairbairn Foundation’s Rethinking Crime and Punishment programme (2001/05), which aimed to develop the debate and increase public knowledge about prison and its alternatives – have built evaluation into them, with expectations of learning and impact evaluation.

The concept of ‘intelligent funder’ has also brought with it an expectation of synergy between the aims and objectives of those funding and those funded, and the importance of evaluation and learning (Unwin 2006). This is an approach which means talking to organisations about evaluation from the beginning. It is also an approach that takes evaluation beyond the demands of accountability to questions of learning, and implicitly raises a question of whether these two have been equally accommodated in the development of monitoring and evaluation in the UK third sector. This issue will be explored further in the next chapter and is a theme running throughout this report.

Notes for Chapter 1

¹ The government defines the third sector as ‘non-governmental organisations that are value-driven and which primarily reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals’. (Cabinet Office 2007)

² A study conducted by the Birmingham Race Action Partnership for the ChangeUp Finance Hub suggests a trend of declining funds across the nine English regions. Available information showed that funding distributed by grant aid in 2006/07 was approximately 87 per cent of that of three years before, with more ‘restricted’ types of funding replacing more flexible, ‘unrestricted’ forms. (Birmingham Race Action Partnership 2007)

³ The original £125m over three years was supplemented by a further £65m following the Third Sector Review in 2007.

⁴ Social enterprise has alternatively been seen as an activity – where a trading venture is undertaken primarily with a social aim – rather than a type of organisation. (See Morgan, G (3 April 2008) *The Spirit of Charity*, Professorial Lecture, Sheffield Hallam University.)

⁵ On 16 January 2008 the Charity Commission published its guidance on public benefit under the Charities Act 2006. Charities are required to report on details of their aims and objectives, their outputs and their outcomes from 2008.

⁶ See www.institute-of-fundraising.org.uk/informationaboutfundraising/forfundraisers/hottopics/impactcoalition/index.ht

⁷ The Treasury Cross Cutting Review of 2002 made 42 recommendations designed to overcome the barriers facing voluntary and community organisations on delivering public services. See HM Treasury (2002) *Spending Review 2002: Report* and HM Treasury (2002) *Spending Review 2004: Report*.

⁸ See also Department for Communities and Local Government (October 2006) *Strong and Prosperous Communities: The Local Government White Paper*, www.communities.gov.uk

⁹ This included funding for third sector organisations from central government departments – for example, Children, Schools and Families, Communities and Local Government, International Development – as well as funding delivered through regional and local government, other non-departmental public bodies and third sector agencies themselves. The Big Lottery Fund is the biggest generalist funder outside the government. The Big Lottery Fund, plus Capacitybuilders and Futurebuilders, are third sector organisations acting as third party funders for statutory funding. European Structural Funds, managed through government offices until the end of 2006, and regional development agencies (in London at least) from 2007, were also considered in the research.

‘Before we didn’t know the difference between monitoring and evaluation and did a mishmash of things.’

Housing association

Focus of chapter 2

This chapter focuses on the effects on third sector organisations of the increased emphasis on accountability. It reports that statutory funding, and commissioning in particular, has developed a high level of monitoring that has not been accompanied by sufficient resources to develop the required organisational monitoring and evaluation capacity to support it. In particular, the research has found:

- **There is a convincing body of evidence that many third sector organisations are finding the level of monitoring burdensome.**
- **The competitive commissioning environment means that it is difficult for organisations to budget realistically for monitoring and evaluation, even where core costs are agreed in principle.**
- **Externally derived targets and performance measures reinforce a belief that monitoring and evaluation is done for the benefit of funders and regulators.**
- **Reporting requirements may themselves act as a disincentive to developing monitoring and evaluation for internal learning and improving performance.**

Monitoring and evaluation ... understanding its role in today’s climate

Some definitions

Monitoring is the process of collecting information routinely, systematically and continuously against a plan, and sometimes against targets. The information might be about activities, or services, users, or outside factors affecting the organisation or project. This information will not in itself explain progress or lack of progress.

CES describes **evaluation** as an in-depth study, taking place at specific points in the life of an organisation, project or programme.

‘Evaluation aims to answer agreed questions and to make a judgement against specific criteria. Like other research, for a good evaluation, data

must be collected and analysed systematically, and its interpretation considered carefully. Assessing ‘value’ – or the worth of something – and then taking action makes evaluation distinctive.’ (Ellis 2005:8)

Evaluation theorists differ in their emphasis and different policy contexts influence practice, but most definitions have at the heart Scriven’s definition that *‘evaluation determines the worth, merit or value of something’* (Scriven 1991:139). Patton (1997) has a focus on how evaluation is used, emphasising that evaluators may use monitoring and other management information that is not research orientated. This is particularly relevant in a climate that focuses on the use of evaluation methods for performance management and policy delivery.

A changed climate

Funders and evaluation consultants in

this study pointed to a growing, more widespread acceptance or understanding of monitoring and evaluation in the third sector. Its implications and requirements are clearer. Sub-sectors once resistant to measurement, such as community development, have accepted monitoring and evaluation as a pragmatic response to the requirements of project funding. One funder said that even in the last five years ‘the whole climate has changed an unbelievable amount,’ largely due to SORP 2005 and the public accountability agenda, together with the widespread dissemination of information about monitoring and evaluation. (The development of monitoring and evaluation resources is reported in Chapter 3.)

However, it was clear that many respondents made no clear distinction between monitoring and evaluation.¹ This theme will be discussed further in chapter 5.

The drive for accountability ... comparing international and national practice

The third sector survey and the interviews with third sector organisations illustrated a diverse range of monitoring and evaluation practice, ranging from minimal monitoring to complex systems. By and large, organisations have been driven to develop their monitoring and evaluation systems not by internal factors, but by increased regulation and reporting demands, reported in Chapter 1. As a result, much of the development has been project-focused in response to funding requirements and, within regulated sub-sectors, dominant monitoring and evaluation models often come from regulators.

Third sector respondents included a number of organisations working in

the international development field, and we interviewed a small number of these for the learning about practice that it offered. Also, a number of our survey respondents had moved from the international sector to the domestic UK third sector and reflected on the extent to which, in their view, the UK third sector is lagging behind. They reported:

- Evaluation of outcomes and impact has been on the international agenda for 20 years whereas ‘*here it seems like it is a new move*’.
- International evaluation has a track record of working with communities on participatory indicators and participatory methods, whereas in the UK it is difficult to involve communities.
- International organisations are further forward in developing learning strategies and knowledge management.

In general the UK third sector is seen as more fragmentary and ad hoc in its approach to monitoring and evaluation and less receptive to new ways than international organisations, which moved towards a more performance-based focus during the 1990s (earlier than domestic voluntary organisations), and which have been influenced by results-based management within multilateral and bilateral aid agencies.

Increased monitoring ... external and internal requirements

Two-thirds of third sector respondents reported that funders’ monitoring and evaluation requirements had become more demanding over the last five years.

Forty per cent of our funder survey respondents said that they were now asking for more information from funded organisations and one-third

‘Organisations often do evaluation just because they have to report to funders showing what they got for their money.’

Regional infrastructure organisation

'Pre commissioning they required detailed monitoring of users and minimal output information. Post commissioning they require performance indicators, outcome-based monitoring and more detailed client information.'

Women's health organisation

said they asked for more standardised information. These trends were seen throughout different sizes of funder and irrespective of number of grant officers. Surveyed organisations pointed to a number of dimensions which had increased the reporting burden.

- New and constantly changing statutory funding and regulatory arrangements have produced more onerous monitoring and evaluation requirements.²
- The multiplicity of funders and regulatory bodies is affecting small as well as larger organisations, and effort required is duplicated by the need to report on the same piece of work in different ways.
- The complexity of devolved nations requires separate bids and different monitoring requirements.

If the initial driver of monitoring and evaluation in the UK third sector was external requirements, the perception among survey respondents was that they were also developing their monitoring and evaluation as part of good organisational management. A large majority of respondents (83 per cent) reported that they developed their monitoring and evaluation to meet their own requirements as well as those of their funders. The percentage rose to 93 per cent for organisations set up three years ago or less. One organisation described the development of monitoring systems integrated throughout its services:

Our monitoring has been changed and improved due to our own organisation's wish to do so. The department head is a CES trained 'outcomes champion' and has cascaded the benefits of outcomes monitoring through the organisation. All external facing services have been developing systems over the last 12 months. Internal services plan to

come on board soon. (Local infrastructure organisation)

The fallout from commissioning ... prescriptive reporting

Changing requirements

Surveyed organisations talked of the 'eternal frustration' of different and changing reporting schedules and requirements. Over three-quarters said that different information was required by different funders, while 30 per cent said that all their funders wanted different information. Where commissioning had been introduced, this led to further complexity as some commissioning remained output-based and some introduced outcomes reporting. Organisations reported data being required that often did not accurately reflect the core activities of the organisation or which was entirely irrelevant and inappropriate.

The study indicated that the statutory commissioning landscape is a confusing one for the third sector, with every local authority at a different stage in relation to commissioning. A 2006 study noted that third sector organisations found an increasingly competitive environment surrounding the commissioning process and a move towards more prescriptive funding, with more externally set targets and a substantial increase in their need to provide financial and other statistical information, in particular to statutory funders (Cairns et al 2006).

Moving goalposts

Approximately one-third of the third sector survey sample – organisations that had been commissioned to deliver services – described the changes that commissioning had entailed. They reported:

- increased stringency, level and focus to the monitoring

- a disproportionate amount of monitoring for one small part of the organisation's overall services
- a multiplicity of contracts or service-level agreements and co-financing
- lack of consistency between funders, both in monitoring cycles and in the detail (for example profiling categories)
- considerable frustration at lack of clarity and moving goalposts
- more paperwork, more onerous and longer reports, and inappropriate detail required
- poor standards, lack of understanding of services, and over-simplistic or irrelevant targets. Sometimes funders were unaware of how the service might be compromised by the request for sensitive information, for example on drug use, criminal records or refugee status.

The Learning and Skills Council (LSC) was mentioned by several respondents as having onerous requirements – inconsistent and changing, highly complex and demanding – and having a resultant negative effect on services. One third sector organisation reported *'constant and time-consuming chasing for detail and irrelevant facts undertaken by [our] staff directly responsible for feeding back information'*.

The reporting burden ... need for proportionality

In recent years, a number of studies on the third sector have highlighted the negative effects of monitoring that is over-burdensome and inadequately resourced. The need for proportionate requirements and the need to address the administrative burden have been spelt out in successive policy documents and reviews without evident change.

The Gershon Efficiency Review (2004) pointed to the lack of changed behaviour, reiterating previous recommendations about streamlining monitoring and reporting (Gershon 2004). A 2005 National Audit Office report recorded that, in 2004, 61 per cent of third sector organisations said monitoring processes were not proportionate and had not improved since 2002 (National Audit Office 2005). It also emphasised that inappropriate monitoring and evaluation requirements wasted resources and led to poor value for funders.

The 2005 Better Regulation Task Force report recommended that government departments should work together to measure and reduce the administrative burden, but attempts to coordinate requirements through a 'lead funder' approach had not been fruitful. Messages about simplicity, relevance and proportionality, as well as costs to be included within the grant, were contained in both the Home Office Code of Good Practice (Cabinet Office 2000, 2006) and the HM Treasury guidance to funders (Cabinet Office 2006).

An NCVO report in 2007, on the sector's relationships with government funders, found that:

- Short-term funding was still a problem and that funders had not implemented the principle of full cost recovery.
- Reporting requirements were inconsistent and disproportionate, with organisations concerned that information collected was not meaningful and would not be used by funders.
- Requirements for information and the methods for demonstrating results were inflexible and there was a need for more joint negotiation of appropriate outcomes and outputs (Bhutta 2005).

'We currently deliver a contract for LSC London East which has a very heavy administrative burden – and has resulted in audits by three levels of funders. The monitoring and evaluation requirements of the project have changed substantially over the life of the project, and is the major reason we will no longer seek co-financing arrangements or contracts.'

National infrastructure organisation

'There is no acknowledgement of the time and money needed to properly monitor and evaluate for different funders when it is only part of a job description for the one and only employee we have who works part time.'

Local community group

A 2007 study of commissioning experiences in six London boroughs focusing on health and social care found that work to the principles laid down by the Office of the Third Sector was extremely rare in commissioning practice, and that further development work would be required to make an effective transition to outcome-focused commissioning (Tanner 2007).

There were a number of other reports during this period demonstrating the common experience of over-burdensome and inappropriate levels of reporting across different parts of the sector (Alcock et al 2004; Cairns et al 2006; National Association for Voluntary and Community Action 2006). Our research provides more broad-based evidence, reinforcing the findings of these more focused studies. They indicate an increased urgency to address:

- the increased volume of work, particularly to meet the demands of statutory authorities
- the inconsistency of reporting requirements across multiple funders, even between different departments of the same local authority
- the lack of proportionality in treatment of organisations of different sizes and types
- data frequently required that does not accurately reflect the core activities of the organisation or which is entirely irrelevant and inappropriate – often based by contractors on government targets.

Staff and volunteers feel over-inspected and over-stretched with issues for which they are not trained; most significantly, they lack sufficient resources to cover increased monitoring and evaluation demands. Three-quarters of respondents indicated insufficient time as causing difficulties, and this included medium-

sized organisations that were unable to finance the training and support required to implement adequate systems. Even for the 13 per cent that had received increased funding for monitoring and evaluation over the previous five years, this was often not proportionate to increased demands. Thirty per cent did not receive any funding to cover monitoring and evaluation costs.

Several respondents in our survey pointed to the need for proportionate requirements, often the same requirements being made *'whether £5,000 or £50,000 is involved'*. This has considerable implications for smaller organisations wishing to compete in the market place, in terms of the 'upscaling' required. One organisation, with no paid managers, reported detailed and disproportionate reports required for small amounts, such as funding for £1,000, which *'in itself can be threatening to our being able to deliver services as a disproportionate amount of time is spent satisfying these requirements'*.

This research indicates that the administrative burden itself has implications for third sector workloads and value for money. In addition, some respondents reported a resulting adverse effect on monitoring and evaluation practice, with some organisations developing negative perceptions about monitoring and evaluation as being a burdensome externally-imposed task. The implications are that externally-driven monitoring has often displaced monitoring and evaluation which might be more useful for managing the service, improving performance and wider learning.

Councils for voluntary service officers, in close touch with frontline organisations, stressed the danger of over-heavy monitoring, and the costs of developing new systems for each

funder contributing to a spiralling negative view of monitoring and evaluation. One suggested that *'I suspect that if the organisations felt there was more benefit from the monitoring and evaluation and/or reporting was not so funder specific, they would find both the time and the resources'*.

Addressing the issue of multiple reporting ... the cost of compliance

Although some funders interviewed looked positively at the potential to work cooperatively with other funders, their requirements for standardised information about specific outcomes for themed programmes may work against this. New Philanthropy Capital followed up a pilot project in Scotland, Turning the Tables, with an English pilot. Both projects addressed the issue of multiple reporting to multiple funders, and the costs entailed, and investigated the possibility of devising a standard report. Examples in the Scottish pilot showed the costs of complying with monitoring and reporting requirements. On average, the charities in the sample spent 4.5 per cent of each grant on reporting back to funders (Heady and Rowley 2008). The Scottish pilot also found evidence consistent with CES' current wider search: the lack of infrastructure and skills, and the lack of centralised databases, both impacting on the size of the burden, particularly for small organisations and particular sub-sectors.

Covering the costs of monitoring and evaluation ... different funders, different practice

Organisations pointed to the additional resources needed for staff time and for computer hardware and software.

Smaller organisations felt overwhelmed and, even in larger organisations, senior managers with monitoring and evaluation responsibilities were often doing a combined job – for example quality assurance, and evaluation and performance management, and often in the face of cuts. Some organisations reported using their own unfunded resources to carry out monitoring and evaluation, while others recognised that lack of staff capacity meant they were losing potential learning from the additional data.

Addressing the cost implications of monitoring and evaluation is closely tied in with the debate on full cost recovery. The 2007 Audit Commission *Heart and Minds* report said that local councils needed to work with the voluntary sector to develop a pragmatic approach to full cost recovery, within budgetary constraints (Audit Commission 2007). More than 40 per cent of all charities surveyed by the Charity Commission and which were contracting with councils said they were not paid the full cost of delivering services.³ It was clear from our research that requirements for good quality monitoring information or increasing requirements were not routinely accompanied by an awareness of a need to fund the related costs appropriately.

In the funders' survey, responses showed a wide variety of practice in meeting monitoring and evaluation costs in funded organisations. Sixty-four per cent of funders reported specific funding for monitoring and evaluation. Of these:

- 25 per cent funded monitoring and evaluation as an integral part of project funds.
- 54 per cent encouraged organisations to put money in their project budget.
- 14 per cent funded monitoring and

'The higher your monitoring and evaluation costs, the harder it will be to secure full funding, so one has to be careful not to put in too much for it.'

Local advice and advocacy organisation

evaluation against a specific budget line.

- 51 per cent gave specific funding if requested.
- 30 per cent said that they would provide specific funding in certain cases.

For a minority of funders, covering the costs of monitoring and evaluation was a priority. One funder reported that:

We almost always provide unrestricted funding but encourage a full costs analysis that includes a high level of evaluation and monitoring. We would not consider an application unless the applicant could show how their work is being evaluated.

However, most funders recognised their own resource issues as a constraint. One funder, sympathetic to evaluation, said that organisations were not invited to apply for monitoring and evaluation in the budget, as it was recognised that all were trying to get the bottom line down. However, small amounts for evaluation were built in on an ad hoc basis. For most of the statutory

commissioners interviewed, there was no budget for evaluation; the concern was for monitoring rather than for evaluation. Yet our evidence showed that monitoring itself remained under-resourced.

Funders noted that smaller organisations were less likely to budget for monitoring and evaluation resources in their funding applications. Even where third sector survey respondents reported receiving core costs, there was a pressure to reduce the amount in order to remain competitive, and funding for monitoring and evaluation suffered. One organisation said that it assumed they would have less evaluation with commissioning because organisations were going 'down to the bone' on bids, and were competing with private sector organisations that would not be thinking about evaluation.

These trends echo those noted in the United States and Canada, where accountability demands have also stretched voluntary sector capacity. This is shown in the box below.

Comparison with non-profit evaluation in the US and Canada

The UK situation echoes that reported by US observers, who have argued that critical issues such as organisational capacity and the allocation of sufficient resources to evaluation have not been addressed.⁴ Research on monitoring and evaluation activity in US non-profit organisations showed that difficulties in implementing evaluation activities stemmed not just from lack of funding or motivation, but rather from a lack of evaluation capacity – not having staff with the time and expertise to design, conduct and maintain data collection systems well-suited to the types of services that organisations provide (Carman 2008).⁵

A 2003 voluntary sector research project in Canada found that almost half the respondents reported that funder expectations had increased over the previous three years and increasingly focused on outcomes (Hall et al 2003). Despite this:

- Funders' increased expectations were not accompanied by increased financial support.
- Less than half of funders provided funding for evaluation.
- About six in ten reported offering advice on evaluation and about half provided evaluation tools and resources.
- Fewer than one-fifth offered training.

Gaining benefit from reporting requirements ... useful as in-house practices

Despite the frustrations, many third sector research participants felt increased accountability was appropriate, and found benefits for their organisations in evidencing their outcomes, particularly where there was good support from the commissioning body or grant funder.

One local infrastructure respondent said *'When targets are not being met, monitoring and evaluation allows us to know, and either adapt services to meet targets, or discuss changing targets with funders'*. Although it was more time-consuming, several appreciated what they saw as a step-up in their own previous monitoring practices: they were better placed to record and monitor their work and some were able to roll out new systems – designed to meet specific funder requirements – across the organisation. This acceptance of monitoring and evaluation as useful in-house practices has also been recorded by other studies (Cairns et al 2006; Alcock et al 2004).

For some organisations in the research, the considerable investment in IT was welcomed, together with the related development of client management systems. For example:

- Increased monitoring requirements had led to the adoption of commercial software which for one organisation had *'accidentally given us strong internal management tools'*.
- A case management system developed to meet the needs of a primary care trust could be extended to provide monitoring systems to meet Supporting People requirements.

- A management information system was being developed in partnership with a university department in order to meet extensive new monitoring arrangements.

A number of funders are now collecting data electronically. One major funder noted the strategic potential of online monitoring in terms of sharing data, but also the 'vision, time and resources' required to achieve it. However, issues of compatibility and administrative burden were reported by organisations as being greater, rather than lessened, where online monitoring had been introduced, because of the need to enter the same or similar data into multiple systems.

Different agendas ... aligning requirements more closely with internal needs

Among the CES research participants, one critical area of difficulty was the mismatch between the information required by funders and the information needs of the third sector organisations themselves. Organisations with social aims funded through regional development funding, for example, may struggle with a primary reporting focus on economic outputs. Many organisations wishing to move to an outcomes focus have found that statutory funders are lagging behind in their own expectations and requirements. One organisation reported that it monitored outcomes for its own Board, outputs for its national-level employer, and outputs and demographic information for the regional development agency.

This chapter has focused on third sector monitoring, largely driven by external reporting demands. Sometimes these requirements have brought with them a new

'We know evaluation is important not only from a funding point of view, but it genuinely does improve what we provide.'

National charity

organisational commitment to standardising information collection and making it useful. However, often monitoring activities remain underfunded or unfunded and their

external focus has consequences for the utility of monitoring data for evaluation purposes. This will be discussed further in Chapter 4 and Chapter 5.

Notes for Chapter 2

¹ CES expects self-evaluation reports to contain a level of analysis and judgement in relation to evaluation questions or criteria as distinct from a presentation of collated data.

² For example, the Supporting People Quality Assurance Framework and new Outcomes Framework, and the housing inspection regime, block grants which replace the Department for International Development's Partnership Programme Agreements and new requirements for the Commission for Social Care Inspectorate.

³ Cited in Cozens, A (2007) in Commissioning News, April/May 2007.

⁴ For example, Frederickson, HG (2000) 'Measuring performance in theory and practice' in *PA Times*, 23(8): 8–10, The American Society for Public Administration.

⁵ This study was based on data gathered from a survey of 305 non-profit organisations and interviews with 14 funders and 40 non-profit organisations.

Building monitoring and evaluation knowledge and skills ... working towards a common language

Focus of chapter 3

This chapter reports on the range and extent of monitoring and evaluation support to third sector organisations and the provision of monitoring and evaluation resources and their effectiveness. It also describes the constraints placed on monitoring by inadequate data management systems and the early developments of IT systems to meet this need. The research found:

- **There has been a significant development of monitoring and evaluation resources and skills in the third sector over recent years.**
- **Sufficiently resourced initiatives have been effective in developing basic monitoring and evaluation understanding and skills.**
- **The sector benefits from the diversity of support provision, particularly from sub-sector specific or localised or specialist input.**
- **Well-resourced and well-targeted initiatives have had a multiplier effect, providing a wide-reaching return to initial investment.**
- **Both funders and third sector organisations frequently under-estimate the amount of time and resources required to implement monitoring and evaluation, specifically outcomes approaches and data management.**
- **Inadequate IT systems and data management are holding back monitoring and evaluation in the sector.**

The information explosion ... agenda for learning and networking

Evaluation is a relatively new practice. If it has not yet developed fully into a discipline, there is now a language of monitoring and evaluation recognised in the third sector. In this chapter we describe how this has been developed by non-profit specialist and other infrastructure organisations, and through funding bodies, university departments and private consultancies engaging in third sector evaluation. The UK Evaluation Society was founded in 1994 and third sector consultancies and evaluation departments are represented at UK events. Organisations can access good practice guidelines on the UK Evaluation Society website and go to workshops and network events.¹

Language and concepts

Although mystification continues for many people working in the sector, the research demonstrates that there is a greater common understanding of language and concepts for those engaging with evaluation than, say, ten years ago.

In January 2006, an informal partnership of funders, government departments, regulatory bodies and voluntary sector organisations launched the first issue of *Jargonbuster*, to increase understanding between funders and providers by building a common language about planning, project management and performance improvement. One of the factors in this development of understanding and practice has been the huge increase in information available. Ball's 1989 report contained only six titles

of helpful evaluation publications, a measure of the amount of monitoring and evaluation information targeted to the voluntary sector then available. When CES was set up, priority was given to publications to raise the profile and understanding of monitoring and evaluation, particularly for small organisations with limited resources.

Resource guides

There has since been a revolution in information technology. When CES started in the early 1990s, we envisaged a publication print run of 1,000 copies would be the maximum, to be taken up over several years. In 2007 alone, the CES website had 1,637,049 hits overall, over 64,000 unique users and nearly 18,000 free publications were downloaded, with these figures set to double in 2008. And the source of information to third sector practitioners has diversified, emanating from government bodies, funders, consultants, national bodies, regional and local networks and infrastructure, as well as from specialist third sector evaluation support bodies. As part of the research reported here, we were able to place on CES' website a guide to over 100 sector-specific tools and other resources on monitoring and evaluation, and to other online generic and specialist resource guides, providing immediate access to a broader literature on evaluation.²

Evaluation Support Scotland has similar information on its website. The Big Lottery Fund's guide to using an outcomes approach (*Explaining the Difference Your Project Makes*) and its evaluation reports are available on its website, making information instantly accessible to its grantees, and other funders have accessible information and resources. (Examples of these are given on page 24.) Barnardo's children's charity has produced learners' and trainers' packs focusing

on using research evidence and outcome-focused evaluation. New Philanthropy Capital has a research tools team and is developing a set of research tools for the charities it assesses and is also launching an online community.

A wealth of resources is potentially available from a wide number and range of sources, although it is clear that some organisations have had difficulty in knowing how to access these tools. Many of these resources reflect the growth of monitoring and self-evaluation within organisations and are targeted at organisations developing internal capacity to evaluate their activities, although some are the products of external evaluation. An overview of these resources is given in the box on pages 19 and 20.

Where organisations get information about monitoring and evaluation ... most frequently used sources and resources

Approximately one-quarter of third sector organisations in our survey described monitoring and evaluation tools and guidance, and their sources. The most frequently cited were as follows:

- CES training, publications, website and other materials were most frequently mentioned – by approximately one-third of respondents.³
- Evaluation Support Scotland, new economics foundation, NCVO and the National Association for Voluntary and Community Action (NAVCA) were other national infrastructure organisations referenced for their material.
- Resources provided by national infrastructure organisations were often used together with other

The development of monitoring and evaluation resources

Publications and web-based resources specific or relevant to the third sector now range from those covering the basic principles of monitoring and evaluation to those explaining and providing guidance on the use of different evaluation approaches and models. **General evaluation guidance** includes CES' entry-level publication, *First Steps in Monitoring and Evaluation* as well as CES' more comprehensive *Practical Monitoring and Evaluation: A Guide for Voluntary Organisations* and the new economics foundation resource *Proving and Improving: A Quality and Impact Toolkit for Social Enterprise*.

A number of the general evaluation guidance publications identified through the research were initially developed for use by organisations working on particular programmes, but are applicable to a wide range of organisations and situations. Others are more sector-specific, such as *Learning, Evaluation and Planning: A Handbook for Partners in Community Learning* and the international development focused *Toolkits: A Practical Guide to Monitoring, Evaluation and Impact Assessment*, produced by Save the Children.

Resources on outcomes range from introductions to an outcomes approach, such as CES' *Your Project and Its Outcomes*, through to a CD-Rom-based system such as the Spirit Level programme, that can create and store quality of life outcomes for individuals and the Care Services Improvement Partnership web-based outcomes network.

The website of the Washington Urban Institute – www.urban.org – provides an **outcomes indicator framework** for 14 different programme areas. For each programme area there is an outcome sequence chart, a table of candidate programme-specific outcomes and data collection strategies with suggested data sources for each outcome indicator. There is nothing comparable in the UK, although organisations refer to statutory indicators, quality of life indicators and NHS databases, and indicators on the CES and new economics foundation websites.

Organisations and funders from different voluntary sub-sectors have developed a number of tools for **measuring 'soft outcomes'** – the less tangible, harder to measure outcomes. Some have been funder-led, such as a guide to measuring soft outcomes and distance travelled in European Social Fund projects, developed by the Welsh Funding Office. (You can read more about 'distance travelled' in Chapter 3.) Others are locally-based developments, such as Soul Record, which grew out of a need for voluntary organisations in Norfolk to evidence the progression of their clients in terms of informal learning. Others have been developed by organisations and sub-sectors.

Triangle Consulting has worked with Off the Streets and Into Work and the London Housing Foundation, both organisations working to tackle homelessness, on the design and development of tools and initiatives that also measure soft outcomes and distance travelled. *The Employability Map* tracks the progress of participants on programmes helping homeless people get employment. The Outcomes Star is another tool for measuring the changes that service users make as a result of homelessness agency support.⁴

There are a number of resources available that explain different **evaluation approaches and models**, many of them developed by US-based organisations. The *Logic Model Development Guide* by the Kellogg Foundation and *Logic Model Handbook* by United Way can be downloaded from the organisations' websites. www.theoryofchange.org is a website-based resource developed by ActKnowledge and the Aspen Institute Roundtable on Community Change. The site provides a forum for information exchange, tutorials and tools for evaluating social change. In the UK, the Social Audit Network has produced *Social Accounting and Audit:*

continued »

The development of monitoring and evaluation resources

The Manual which describes a framework for social accounting and what needs to be in place to make it happen. The new economics foundation has developed a guide to measuring social return on investment for organisations interested in measuring their social, economic and environmental impact – *Measuring Real Value: A DIY Guide to Social Return on Investment*. This tool, and the new economics foundation's Local Multiplier 3 tool, provide guidance for assessing economic impact, but there is little practical guidance on how to conduct impact evaluation generally, apart from more academic material.

Some voluntary and community sub-sectors are better served than others with **monitoring and evaluation materials**. The research identified several resources aimed at organisations working to combat substance misuse and those working with children and organisations in the arts sector; funders of these sectors have been particularly active in producing resources. The Heritage Lottery Fund and Children's Fund have produced resources for organisations working with children, and Arts Council England and Northern Ireland and Voluntary Arts Wales have produced evaluation material for the arts. The National Evaluation of Children's Fund has produced a small range of practical tools for collecting evaluation data from children. *Young Roots*, by QA Research for the Heritage Lottery Fund, contains examples of 125 participatory activities. *Tools Together Now: 100 Participatory Tools to Mobilise Communities for HIV/AIDS* is one of a large collection of participatory tools produced by the International HIV/AIDS Alliance.

However, there are a **number of gaps** in the materials available. There is still a lack of resources providing practical advice and tools that make the link between the methodology, the questions the evaluation is seeking to address, and the development of indicators and data collection tools. The Social Exclusion Task Force's guidance *Think Research: Using Research Evidence to Inform Social Development for Vulnerable Groups* has a chapter on assessing and appraising research evidence. The Evaluation Support Scotland *Support Guide* series includes a basic guide to analysing information. But there is little targeted to the sector on survey design, a data collection method that seems to be fairly widely used by the sector.

Visit www.ces-vol.org.uk for more information and references for these resources.

systems or toolkits, frequently relating to specific sub-sectors: for example toolkits by Sport England, Volunteer England, Age Concern, National Children's Bureau; and new economics foundation's publication *Proving and Improving* (targeted to social enterprises), containing a number of different approaches, was mentioned (Sanfilippo 2005).

- Funders were mentioned as a source: these included the Learning and Skills Council, the Big Lottery Fund, Arts Council England and the King's Fund.

Some of the survey responses reflected the development of bespoke tools and tailored systems. There was evidence of a degree of borrowing of

good practice and adaptation of existing evaluation tools, and sometimes wider research, as noted by one third sector survey respondent: *'We wrote our own toolkit based on research of public and third sector documents and good practice in the UK, Canada, Australia, New Zealand and the USA'*.

Training, publications and the internet were most frequently reported as the way that organisations got information on monitoring and evaluation. This is shown in Table 2 on page 21.

Just over one-third of those defining themselves as community organisations drew on local infrastructure organisations (such as

councils for voluntary service) for monitoring and evaluation information. The 23 organisations without paid employees were less likely to use the internet or consultants as a source of information and support. Generally, larger organisations had greater access to all forms of monitoring and evaluation support than smaller ones. The use of consultants was more likely to be found in larger organisations and, not surprisingly, the use of consultants increased proportionate to the size of the organisation. Black and minority ethnic organisations cited training courses more frequently than the mean (79 per cent),⁵ but use of the internet less frequently (42 per cent). Refugee organisations used the internet and publications least (37 per cent and 43 per cent respectively) but accessed other types of support as well. Rural organisations reported comparable levels of access for all sources of support except consultancy (11 per cent), possibly reflecting difficulties of geographical access.

Monitoring and evaluation training and support ... sources and uptake

One-third of our surveyed organisations had received no monitoring and evaluation training. However, to the 10,000 organisations attending CES training over the last ten years can be added the training filtering down through CES-trained ‘outcomes champions’ (see page 39 for information on the National Outcomes Programme and outcomes champions) and the ChangeUp Performance Hub (now replaced by the National Performance Programme).

Added to this is the training and information provided by national, regional and local infrastructure bodies, the provision of training by other specialist agencies such as the

Table 2 How third sector organisations get monitoring and evaluation information

Sources of information	Percentage of respondents using this source (n=526)
Training	69
Publications	56
Internet	51
Funders	42
Consultants	24
Local infrastructure organisation	24
Local authority or government agency	24
National infrastructure organisation	21
Head office or network	14

International NGO Training and Research Centre (INTRAC) which provides support to international development and relief agencies, and by the new economics foundation, social enterprise and co-operative agencies, by generalist trainers, and other private consultancies and public providers. The research also found increasing provision or funding for training from charitable trusts and foundations, and indications of growing local authority support for monitoring and evaluation initiatives.

From the evidence provided, we have identified five different types of focused monitoring and evaluation training:

- bespoke and applied training for individual organisations to put monitoring and evaluation frameworks in place, often supplemented by additional consultancy
- training the trainer, or cascade training, such as that provided by the CES National Outcomes Programme
- training provided to grant-funded organisations to meet the specific needs of funders (often within the remit of a particular programme)

- one-off training events, both open and in-house
- training provided to groups of organisations as part of a time-limited initiative.

Much of this training is introductory and does not provide technical skills in data collection and analysis, for example. However, the research found evidence of a slow building of in-house competence and resources in key agencies, often assisted by consultancy support from universities or from a growing range of private and not-for-profit consultancy, and drawing on the increasing number of publications and other resources available.

The West Midlands and North East were the English regions which more frequently reported receiving monitoring and evaluation training and the East England and South West regions considerably less frequently. Organisations working with volunteers, with no paid staff, were those least likely to have received training (57 per cent as opposed to 31 per cent). Newer organisations and those identifying as projects rather than organisations also less frequently reported having received monitoring and evaluation training.

Monitoring and evaluation in the context of supportive funding ... good practice approaches

Third sector research participants appreciated a more engaged and trusting relationship, experienced most often with some independent funders, and reported support on monitoring and evaluation within this context. The Big Lottery Fund, the largest third sector funder, has developed explicit guidance on outcomes. Other independent funders have also clarified expectations at the

application stage. City Parochial Foundation, for example, makes initial, interim and final evaluation report requirements clear, providing support to organisations to develop evaluation frameworks at an early stage, and providing a link to additional support if needed. Northern Rock Foundation provides forms and guidelines to download. Its *Evaluation Planning Form* includes a question about how organisations will share and promote what they have learnt.

Funders in our survey sample identified the importance of a supportive approach within the funding relationship. Eighty-five per cent of the sample carried out monitoring visits and, of these, over three-quarters identified such visits as a part of establishing a face-to-face relationship and part of a supportive, developmental funding approach. Only one-quarter of funders reported using monitoring visits to check on monitoring systems and their adequacy to provide required information.

Half the sample – both large and smaller funders – reported training or ad hoc support on monitoring and evaluation to organisations. From our interviews we found some funding bodies, such as London Councils, developing training for their commissioned organisations. However, those providing consistent support on monitoring and evaluation were in a minority. Most of those providing any support did so in the form of ad hoc support to identify planned outcomes and impacts, and two-thirds reported ad hoc support to set up a monitoring and evaluation framework and develop self-evaluation methods and a monitoring system. Of the 14 funders that provided training:

- ten offered training on planned outcomes and impacts

- nine provided support on developing self-evaluation methods and monitoring systems
- seven helped with setting up a monitoring and evaluation framework.

The City Bridge Trust regards itself as an engaged funder, but recognises practical limitations: *'Very often it is the borderline groups that need a bit of help but this can be very hard work as they are more vulnerable, and as a trust we do not always have time'*.

For some funders, there was a more fundamental attempt to change the basis of the funding relationship. The London Housing Foundation bases its relationship primarily on whether the organisation learns and reports back, while the Diana, Princess of Wales Memorial Fund, which is developing a new focus on using evaluation and learning to increase advocacy and impact, also sees that the *'focus on the difference being made provides the core of the relationship rather than the budget line'*.

Abdy and Mayall (2006), in their study of six relationships between voluntary sector organisations and their funders, cited the helpful response of the Derby City Partnership, which ran a monitoring and evaluation workshop for all Small Change programme grant recipients at the outset of the grant, following early warnings that organisations needed more help with monitoring. The Sandwell Interagency Commissioning Group drew attention to the ACES mentoring programme run in partnership with West Bromwich Albion, as an example of benefits obtained from a systematic approach to involvement with voluntary sector organisations at every stage of the evaluation process, with a shared agenda and jointly-held goals (Sandwell Interagency Commissioning Group 2006).⁶

In Scotland, the Laidlaw Youth Trust was providing projects with access to

free, ongoing support from Evaluation Support Scotland through an Evaluation Support Account which gives charities a 'bank' of evaluation support time. In England, a number of funders – including City Bridge Trust, City Parochial Foundation, BBC Children in Need and the Nationwide Foundation – were either subsidising training for their grantees on CES' open training or arranging bespoke training for them.

Management and evaluation consultancy and support providers ... main sources

The research identified six main sources of consultancy and technical support to third sector organisations:

- **Non-profit organisations providing specialist evaluation support** – for example CES, the International NGO Training and Research Centre (INTRAC), new economics foundation, the Evaluation Trust, and in Scotland and Northern Ireland, Evaluation Support Scotland and Community Evaluation Northern Ireland. There are also specific services, such as the Telephone Helplines Association Evaluation Service, which provides evaluations of helplines.
- **University departments** – such as the Centre for Charity Effectiveness at Cass Business School and the Institute for Voluntary Action and Research (IVAR). Many of these have a focus on external evaluation. However, some have been involved in developing specific tools, such as the Centre for Regional Economic and Social Research, Sheffield Hallam University, where Julie Manning has developed a Social Return on Investment methodology for measuring the economic and socio-economic impacts of investments in voluntary and community organisations, and

'Funders who have good relationships, and carry out technical checking with applicant groups prior to funding being awarded have a greater chance of monitoring being provided accurately and in good time.'

Funder

Brighton University, which worked with London Enterprise to develop an evaluation framework for small social enterprises.

- **Private consultancy organisations** – these frequently work across public and third sectors. They often provide a specialist focus and are increasingly drawn into outcomes-focused evaluation work.
- **Specialist evaluation departments within national organisations** – these vary in their focus and ability to support frontline organisations.
- **Regional or local infrastructure** – for example councils for voluntary service, or sub-sector infrastructure or network organisations.
- **Independent evaluators** – who may work as freelance sole traders or as associates for consultancy organisations, university departments or national organisations.

The research suggests that this diversity of provision is of great value to the third sector, bringing creativity, developing skills and, in practical terms, increasing local provision. However, evidence also suggests that such diversity results in considerable duplication of effort in terms of tools development and lack of coordination. It is also not clear whether the potential for sharing and embedding learning within the wider sector is fully realised from consultant-led work and from local initiatives. These initiatives are further discussed in the next section.

Capacity-building initiatives ... partnerships and approaches

Funder-led initiatives

Our interviews and wider review found a small number of wider examples of support provided by funders – in addition to providing or funding training for their grantees –

such as localised posts and initiatives. Specific toolkits, such as *The Evaluation Game* developed by the Scarman Trust, and the Paul Hamlyn Foundation's user-friendly *Evaluation Resource Pack*, developed in 2007, provide an effective method of disseminating basic models and methods for self-evaluation.

The research suggests that more direct support has the potential for more focused capacity building, but may have a restricted remit or be time limited. The Kirklees Shared Evaluation Resource was originally set up to look at the evaluation of regeneration initiatives.⁷ It is now funded by the Kirklees Primary Care Trust, and has broadened its remit to support evaluation activity across many of the major Neighbourhood Renewal-funded programmes. The resource does not specifically build capacity with third sector organisations unless they are involved in a programme such as Sure Start.

By contrast, the Plymouth Monitoring and Evaluation Development Group was a council-funded initiative from 2004 to 2006. It was formed to increase the quality, knowledge and use of monitoring and evaluation across the city and, although short-lived, was an interesting model. The group included local practitioners, key funding bodies and service providers: it produced a set of 'how to' guides and provided basic monitoring and evaluation training and some one-to-one capacity-building support.

An initiative in the Northumberland Families and Children's Trust aimed to promote a longer-term impact on monitoring and evaluation practice. It was targeted at both public sector officers and voluntary organisations. The Children's Fund funded an evaluation coordinator post within Northumberland County Council, planned initially until March 2008 'to help organisations understand how

powerful a tool evaluation can be'.

The postholder produced basic worksheets using CES materials and carried out basic training. The aim was to develop 'a community of practice across Northumberland with regard to evaluation'.⁸ Workshop sessions targeted public and voluntary sector providers, with the theme 'developing Evaluation Champions in Northumberland', and the project aimed to leave a legacy of evaluation champions.

Although, as discussed on page 22, monitoring and evaluation support by funders is frequently ad hoc and reactive, the evidence shows that grants officers are in a prime position to provide such support. Nottingham Children's Fund engaged over 20 projects, primarily voluntary sector-based, in developing and implementing a monitoring, performance management and evaluation framework, based on 'Logics and Results', in order to meet the demands of reporting against Every Child Matters outcomes.⁹ CES has provided monitoring and evaluation training for funders since 2003. Sandwell Metropolitan Borough Council grants officers have attended CES outcomes-based training, and have been able to support groups practically, for example by helping them to devise questionnaires.

Is capacity building effective?

A study by the University of Hull Business School (Boyd 2002) suggested that there was little impact on participants in single one-day workshops, which were provided as part of a 2000/01 initiative (the Haze Project) to build capacity in statutory and voluntary and community organisations. By contrast, we found funders that had invested in monitoring and evaluation support to organisations reported a worthwhile return for their investment. For example, the City Bridge Trust was

able to make a link between involvement in learning sets required of the organisations funded through its Golden Jubilee Grants programme in 2002 and subsequent project quality.

BBC Children in Need has been providing training to two participants from selected funded organisations across the UK through CES for over ten years and reported that using the self-evaluation model covered in the CES training enabled organisations to provide a greatly improved standard of evidence of benefits to children. The organisations involved have been those which have received three-year funding for new salaried posts, and BBC Children in Need is currently considering whether to extend the model to other organisations. The 2007 report on the Voluntary Action Fund Outcome Monitoring project in Scotland found some slow improvements in writing reports and more capturing of soft outcomes, and 46 per cent of the projects had put in place tools such as questionnaires, surveys and exit interviews (Evaluation Support Scotland and Voluntary Action Fund 2007).

More practical support from funders has also had benefits. SHINE Trust provides an electronic monitoring and evaluation spreadsheet for use by all its projects. This has improved monitoring standards by ensuring uniformity of the data collected. Hertfordshire County Council delivered support through training on evaluation for groups working with young people, and provided informal hands-on support, getting some organisations to set a baseline and follow-up statistics on anti-social behaviour. As a result some of the projects developed and placed themselves in a much stronger position to obtain funding.

Leicestershire Children's Fund worked with its funded organisations to

develop evaluation frameworks using the CES planning triangle model, and to develop data gathering tools.¹⁰ CES consultants later worked with the funded organisations to improve the standard of their reporting against the frameworks and provided training on areas of difficulty. Leicestershire Children's Fund reported that organisations initially started out with no experience of outcomes and data analysis, but that enthusiasm for monitoring and evaluation, initially rated at 20 per cent, rose to 60 per cent following the first evaluation support and reporting process.

The London Housing Foundation IMPACT programme was an example of intense support over a period of time which has seen significant wider impact as soft outcomes models have been disseminated into the wider housing and homelessness sector. Over the eight years of its programme, London Housing Foundation worked with CES and Triangle Consulting to train over 220 people from a range of organisations, and then supplemented this with technical assistance, finally working with 14 organisations to provide a greater level of support for putting an evaluation framework into practice.¹¹

These initiatives show that support from funders can be effective. The commitment can be considerable, yet the research showed that there is scope for more limited but potentially helpful support without resource implications. For example, funders could provide weblinks to evaluation resources. Yet 45 per cent of our sample of funders neither signposted nor referred to any source of evaluation support. Of those that did, most referred to a local infrastructure organisation, three-quarters referred to a specialist monitoring and evaluation provider, and just over one-third to a national infrastructure organisation.

Monitoring and evaluation support from national and regional organisations and infrastructure

The evidence indicates that many national organisations do not have the resources to provide comprehensive evaluation support to projects. Where an evaluation department exists, it often focuses on training and support to its regional staff. The National Society for the Prevention of Cruelty to Children (NSPCC) evaluation department offers support to individual projects and teams, but has too many local projects to deliver more than a reactive response to requests for support. NSPCC also employs an evaluation officer based in the service delivery team, who is able to offer proactive support, for example in planning internal conferences to address particular issues. NCH Action for Children issues guidance on how local-level service can fit within Supporting People requirements and within the Every Child Matters framework.

The Community Technical Aid Centre (CTAC) was funded in 2002 through its Monitoring and Evaluation Project to develop a system for evaluating impact on delivery of regeneration policies, community plans and local agendas. It evolved an evaluation framework for use in CTAC and in other technical aid centres across the country. CTAC also developed self-evaluation capacity through mentoring, and a framework of social accounting was placed around the monitoring and evaluation process. CTAC delivered seven taster sessions about social accounting to 60 third sector organisations, and delivered five training sessions about monitoring and evaluation to 50 learners on behalf of the infrastructure consortium, now the Greater Manchester Voluntary Sector Support, for which the Greater Manchester Centre for Voluntary Organisation

(GMCVO) is the accountable body.¹² However, this initiative did not take root, and although GMCVO continues to promote outcomes monitoring, researchers were informed that ‘social audit has not taken off locally’.

Sub-sector-specific initiatives

We found that monitoring and evaluation initiatives emerging from, or targeted to, particular sub-sectors can work with several advantages. They can reference common or core areas of work and outcomes. (See the homelessness outcomes work on page 26 and the NAVCA outcomes-focused quality award for infrastructure organisations on page 38.) They can also develop tools that reflect the dominant ethos and respond to reporting needs. Sub-sector initiatives also permit relevant case study material to be developed. This was the case in a joint project between CES and the Refugee Council (2006/08), which included training on monitoring and evaluation and a new publication specific to refugee community organisations (Latif 2008). Faithworks’ Impact and Excellence project, funded by Capacitybuilders, included training and the development of a toolkit to help faith-based projects implement quality assurance standards and impact measurement techniques.¹³

The research found a number of initiatives covering social auditing. From 1995 to 2000, new economics foundation pioneered a social auditing approach and helped to form the Institute of Social and Ethical Accountability to promote professional standards for social accounting. The Social Audit Network has developed a course to train social enterprises in how to implement a reporting framework covering the range of organisational activities. The approach uses a three-step process to plan, gather information and audit the

enterprise’s social accounts. new economics foundation and the Social Audit Network have worked in partnership on a social accounting framework to meet the needs of smaller social enterprises and community organisations. This work culminated in the foundation’s publication *Proving and Improving: A Quality and Impact Toolkit for Social Enterprise*, which contains a range of tools and an indicator bank, which are accessible online (Sanfilippo, 2005).

Co-operatives^{UK} provides an example of sub-sector-focused performance measures. It launched its Key Social and Co-operative Performance Indicators project,¹⁴ intended to capture the cooperative, social and environmental performance of a cooperative, offering a series of training events from 2005. In 2006, Co-operatives^{UK} provided members with an electronic reporting framework to enable them to monitor their performance. Co-operatives^{UK} reported that the framework had been introduced to a section of its membership – consumer retail societies. After three years the level of reporting has increased and Co-operatives^{UK} is able to provide the societies with benchmarking data. Most retail societies are also including performance on the indicators in their annual reports.

Some sub-sector infrastructure and networks offer monitoring and evaluation training, largely at an introductory level. For example, Homeless Link offers seminars on outcomes, and Sitra, the umbrella organisation for the housing, care and support sector, offers a limited amount of monitoring and evaluation training. BTCV Yorkshire and Humber (formerly The British Trust for Conservation Volunteers) provides monitoring and evaluation support to its networks by email on an ad hoc

basis. From CES' experience, such ad hoc support can provide targeted, responsive input to meet immediate monitoring and evaluation needs.

Consultancies

Research survey participants most frequently referred to non-profit specialist evaluation agencies for their technical support in monitoring and evaluation. But the broader research found a wide range of private consultancies that have developed monitoring and evaluation support to third sector organisations, as well as providing external evaluation services. Other third sector organisations, having developed some evaluation expertise, are also looking to develop monitoring and evaluation support services. Technical support can include helping to develop monitoring and evaluation frameworks, developing a conceptual understanding of a project and helping to develop tools.

Consultancy work was increasingly found to combine technical capacity building and external evaluation, although the relationship between the two differed. Consultancies can bring specific areas of expertise, for example on economic issues and regeneration, health, action research, participatory approaches and service user involvement. Some, such as the Centre for Local Economic Strategies, have well-established courses on evaluating projects and programmes and some, such as Research for Real, based in Edinburgh, have a UK network of associates.

The research shows that these diverse sources of technical expertise and assistance have greatly strengthened the development of monitoring and evaluation in the third sector. However, it also found that issues of internal capacity and organisational culture are key to that development. This is explored in the rest of this chapter.

Developing a monitoring and evaluation culture ... organisational embedding and integration

The location of monitoring and evaluation responsibilities can be a strong indication of their integration into, or isolation from, core management functions. Monitoring and evaluation tasks were reported by the large majority of our survey respondents as located within job responsibilities and functions; however, for 10 per cent of organisations, monitoring and evaluation was not a formal part of any job responsibility. Management posts were most likely to have formal monitoring and evaluation responsibilities, but we often found that the monitoring and evaluation function had been placed in the finance or fundraising department, either by default, or with intent.

While there were some advantages (including strong motivation to meet reporting requirements and to use information as leverage for fundraising), several organisations, funders and consultants reported disadvantages with that location of evaluation functions. Disadvantages included inadequate sharing of understanding about outcomes or developing motivation across the organisation and to frontline staff, and little emphasis on using monitoring and evaluation to review services and outcomes. And for those working within the finance department, access to policy functions could be difficult.

Several respondents pointed to the importance of the responsibility for monitoring and evaluation being shared among all staff. However, 16 per cent of our third sector survey respondents had a specialist monitoring and evaluation post. For Quaker Social Action, a post with dedicated responsibilities for

monitoring and evaluation had enabled a concerted effort to embed and integrate monitoring and evaluation across the organisation. Somerset Community Food is a small organisation with a lot of dispersed work. Having a part-time monitoring officer post allowed more creative and broad-based monitoring for a large three-year project with a variety of different aims.

Constraints to introducing a systematic approach to monitoring and evaluation

CES' experience and further research evidence has shown that, even with an organisation fully engaged in the task, developing an outcomes focus in particular is technically complex and may take several years. However, there are a number of issues that make the introduction of monitoring and evaluation more generally a complex and frequently lengthy process:

- Consultancy help and a drive to change from the top may encounter difficulty if monitoring and evaluation is not felt as a priority for the organisation or group as a whole.
- Generally speaking, too few resources are put behind the change effort, and budgets for consultancy are inadequate for the level of support required.
- Larger organisations trying to introduce a new culture may not be able to invest in staff to support the change or may even have to cut those posts able to facilitate change across regional and local offices.
- Organisations often under-estimate the amount of support required to build administration skills and new frontline skills and ways of working.
- Most important, it can be difficult to introduce a culture change – to 'change people's hearts and minds'.

A real fear of additional work and the lack of an open culture were also

reported as constraints. Care for the Family worked with an internal evaluation group, drawing on the skills of external consultants and a part-time researcher over three years, resulting in evaluation taking a more central role in its work, 'becoming much more part of our organisation's DNA'. SENSE, working with the Compass Shout for Success programme to improve its reporting and focus on impact, found that it was important to work with a task group made up of motivated people from different parts of the organisation to encourage more integrated development.

Many participants in the research felt that more specific skill building was required to improve the quality of data. However, the research demonstrated the time required to develop research skills and the steps needed to ensure that skills are embedded within organisations, which can be difficult when most staff and volunteers are concerned with frontline work. Some respondents felt that practical time issues meant that they could not always put their skills and knowledge into practice.

Several organisations pointed to specific monitoring and evaluation difficulties, such as the need for language translation, sensitive work areas or difficult-to-assess outcomes. One organisation reported how difficult it was to define outcomes for a client group that declined rapidly in their health. Another area reported as problematic was advocacy; this is work which is highly client centred and it seemed difficult to look at patterns across cases. For some organisations, such challenges became a complete barrier, for example:

We work in a sensitive area and apply full client confidentiality so clients are under no obligation to tell us anything and we try to avoid 'interrogating' them to gather statistics.

Finally, organisational culture was

'It's about having the time for staff to spend on doing it or to oversee volunteers doing it for them. It's not obvious to me that all the capacity building in the world does anything to improve this situation for us.'

Local voluntary organisation

'We are not proactive at all and this simply isn't part of our working culture. Our focus is traditionally quantity rather than quality.'

National charity

recognised as an important factor. Sometimes this related to the extent to which routine monitoring was felt to be compatible with types of activity, such as street- or community-based work. Other issues concerned lack of management buy-in and non-compliance or lack of understanding of its value by staff. The importance of changing organisational culture was captured by one respondent:

Staff working at service level have a varied understanding of monitoring and evaluation. Most have a commonsense idea of collecting information and why, but others say we are here to help people, not to do the paperwork...there are difficulties developing people's understanding and awareness – this is the real problem. It's hard to spend time selling this when you are just trying to get things done.

The main areas of difficulty expressed by third sector survey respondents are illustrated in the box below.

Managing data ... overview of systems used by respondents

One of the critical issues reported in developing monitoring and evaluation was difficulty with data collection and analysis. (This was identified by 50 per cent of third sector respondents.) Participants reported:

- a general lack of both generic IT skills, and skills in data analysis
- difficulties in getting people sufficiently well-trained throughout more complex organisations both to prioritise data collection and to provide consistent information
- reliance on frontline staff and volunteers who did not commit to data collection or did not have the right skills
- collecting qualitative data in ways that did not permit analysis
- inadequate database systems that were usually unable either to provide

Constraints to developing a monitoring and evaluation culture

Third sector respondents recorded the following as constraints:

- **Time:** Three-quarters (76 per cent) of third sector respondents identified insufficient time for monitoring and evaluation as causing difficulties. This rose to 90 per cent of local offices of larger organisations. However, this was a significant issue even for larger organisations.
- **Money:** Just over one-third (39 per cent) of respondents identified lack of money as a key constraint and for organisations with no staff this rose to 60 per cent.
- **Skills:** Just over one-third (35 per cent) identified lack of skills. Often, there was a dependence on volunteers, who did not have the necessary skills. Buy-in from volunteers and their involvement in developing evaluation questions can be vital. For example, the Motor Neurone Disease Association's volunteers are involved in a very direct way with the organisation, managing evaluation questionnaire responses locally across the 94 branches and groups and encouraging people to complete them.
- **Data collection:** There were a number of practical issues identified as constraining monitoring and evaluation. The most important of these was finding appropriate or manageable data collection methods and getting responses back (affecting nearly half of all respondents).
- **Outcomes and impacts:** Just over one-third (39 per cent) of respondents overall reported identifying outcomes and impacts as a difficulty.¹⁵ Related problems were identifying indicators and getting baseline information. Several mentioned difficulties of making a connection between activities and change.

the data needed or to successfully deliver outcomes information

- inadequate systems and skills to analyse data generated from ‘distance travelled’ tools¹⁶ and participatory methods
- inability of organisations to shift project-based staff into systems and data work.

In our survey, the great majority of third sector organisations (80 per cent) reported using a combination of electronic and paper-based systems (including three-quarters of those organisations without paid staff), while 12 per cent of respondents reported using IT-only systems. A relatively small number used paper-based systems only. Describing their software:

- 37 per cent used off-the-shelf IT systems
- 36 per cent used customised off-the-shelf systems
- 27 per cent had a system designed and built for them.

A small percentage used alternative quantitative packages, such as SPSS, and very few (2 per cent) used qualitative software packages, such as NVivo. Many organisations used a Microsoft Excel spreadsheet or a simple database in Microsoft Access to store and manage information. Some organisations reported developing comprehensive databases, with customised systems or bespoke systems being geared up in some cases to deal with new demands. For example, BTCV Yorkshire and Humber offices had a custom-built system that could be accessed by project workers through an internet browser which could generate reports for different funders and provide volunteer profiles against various indicators, such as indices of deprivation, disability and ethnicity.

Some third sector organisations reported being in the process of

introducing new IT systems, or mapping existing data collection against new monitoring needs. One explained ‘*We are currently mapping all our reports and requirements so as to ensure that the electronic patient notes we are developing will meet monitoring requirements*’.

CES’ experience, and that reported by others working with frontline organisations, is that most are struggling with inadequate systems. With their funders as their primary stakeholder for monitoring and evaluation, new databases have frequently been acquired to meet reporting requirements, sometimes later found to be less useful for other purposes, such as processing qualitative data and meeting different funder requirements. For many there has been no time or financial resources to develop an appropriate system, or there is little knowledge of what is available and how it could help. Added to this was the perception that data management was difficult.

For some of the larger organisations in our research, IT had become a critical issue. Without a core database, or with an inadequate one, some reported that they were struggling to introduce reporting against a standardised set of indicators. A number of respondents reported databases, some quite newly acquired, often geared towards the output data required by funders, that were inadequate for assessing outcomes. Organisations have found it difficult to find adequate off-the-shelf systems and relevant information. Additionally, the research indicates that investment in IT expertise to adapt software packages or design databases may not meet the different requirements for multiple funders.

Although there has been an increased focus on ICT development recently through the ChangeUp ICT Hub, the

‘All clients now have an individual outcomes profile and are tracked through the organisation. The organisation has defined core outcomes and all funding and new projects are designed with measurable and achievable outcomes.’

Drop-in centre for young people

research found little information available on IT systems for monitoring and evaluation.¹⁷ A new workbook published by the Performance Hub on using ICT for effective monitoring and evaluation provides guidance on the different options for developing an information system and also on issues such as sharing data, linking with other systems and security (Davey et al 2008). We found a limited amount of training on monitoring and evaluation IT systems available, although net.gain (a programme funded by Capacitybuilders to help third sector organisations tackle ICT planning) is researching needs in this area.

We obtained information from 15 systems providers offering monitoring

and evaluation software specifically for third sector monitoring and evaluation and placed information on the CES website.¹⁸ (This did not include bespoke systems.) We also interviewed 14 organisations that had adopted these systems. They reported that, as well as helping with the work itself – for example through improved efficiency, improved client work, better access to information and greater ease of outreach work – they were obtaining more consistent monitoring information and they were more able to achieve a system which met all their different reporting needs. A brief summary of the systems reviewed is provided in the box below.

Summary of monitoring and evaluation software systems

Monitoring and evaluation software systems have a number of defining characteristics:

- Some systems are particularly relevant to different sub-sectors (for example AdvicePro for advice work, Link for (larger) homelessness organisations, ContactLINK for infrastructure organisations).
- Some systems are targeted at specific sub-sectors (for example CharityLog for Age Concern offices or Volbase for councils for voluntary service) but spread out from there to similar organisations.
- Some systems attempt to cross the sectors by focusing on supporting the way people work (for example Caseworker Connect).
- Some systems are designed to offer different things to different types of organisation (for example Lamplight, supporting both frontline and infrastructure organisations).
- A few systems provide soft outcomes measurement only (for example SpiritLevel and Soft Skills Toolkit). These may be useful for organisations that are already monitoring outputs and profile but need something in-depth for soft outcomes. However, these systems do not appear to be able to aggregate data or to link to outputs.
- Some systems from the United States are beginning to be used in the UK. These are highly developed systems, but are expensive so more likely to be used by statutory services.
- Some systems are driven by funding streams (for example SP Provider and SPA, both relating to Supporting People contracts, and AdvicePro, developed for advice agencies with Learning and Skills Council contracts).

Visit www.ces-vol.org.uk for more information on these systems.

Some of these systems are recent developments; most are still being used by only tens of users and often information about them is passed via word of mouth. At the time of interviewing, some of the systems were just beginning to develop outcomes tracking and reporting facilities. Seven of the 14 system users interviewed used their system for outcomes information. Some of the systems still required data to be exported to Microsoft Excel for graphs and other functions.

Many systems have focused on case management and event management and are waking up to outcomes tardily. One user of AdvicePro – which was required for a Learning and Skills Council contract – said that it was almost too sophisticated for them: *‘Change management is the main issue for the culture. My casework team is well advanced in terms of IT but we still struggle to record things –*

we are busy doing the job’. An advocacy organisation with 11 paid staff, using Case Connect, a Microsoft Windows-based system, had previously been unable to produce the extent and accuracy of reports required, and needed to move forward from handwritten case notes. Staff are now able to record outcomes and undertake case management with the system. One software systems user said:

Generally it has massively improved the way we work, the standard of case recording, statistics, evidencing what we do which has been very well received. We can produce detailed reports...Yes, it was more expensive, but it is worth the money. We’re almost there in terms of getting the most out of it.

The process of introducing a software system and its benefits are demonstrated in the case example below.

‘The whole process is a lot more about people and a lot less about IT than people think. You have to take a long-term view and be very committed. It’s taken us years but we are beginning to see the benefit.’

Volbase system user

Preston Community Arts Project – trialling soft outcomes software

Background

Preston Community Arts Project employs three permanent staff and nine project-funded staff on arts-based community projects. Four of the project staff work on a Community Radio project (Preston FM). At key points, the project has captured user outcomes relating to improved self-confidence, self-esteem and other soft skills, using one-to-one appraisals, case studies and self-reported scale rating data.

Soft outcomes software

In spring 2007, Preston FM began trialling a new Soft Outcomes Measurement System – software developed as part of the Kirklees ESF EQUAL Project, Common Ground, which aimed to measure soft and intangible outcomes, particularly among socially excluded groups disadvantaged in the labour market. The software is designed to allow participants to fill in a paper or screen-based questionnaire at various stages during their involvement with a project. A quantitative analysis of the ‘distance travelled’ by participants can then be produced for ten core areas, such as confidence, teamwork, problem solving and self-esteem.

Trialling the software

Before and after their seven-week course, which included time spent on air during an FM community radio broadcast, participants trialled both on-screen and paper questionnaires. The software allocates record numbers to each individual, allowing the personal information collected to remain anonymous. In the second trial, participants were given the option to put their name to their responses and get feedback on their progression.

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The results show the ratio of distance travelled to the maximum possible score. There were positive results in eight of the ten core areas. They included improvements in motivation and autonomy, which had not been measured before.

Reviewing the soft outcomes software

Feedback on the use of the software was positive, with participants preferring the on-screen version. There were some software design issues: questions were not sufficiently geared towards the context of the project, which made it difficult for participants to make a connection to their own roles and situations. Some found the language difficult, and took a long time to complete the questions. However, there were real benefits. Even people with limited computer skills found it easy to use the system; it was easily networked and the software stood up well to multiple users (up to ten) accessing questionnaires.

The software allowed outcomes to be quantified that Preston FM had previously found difficult to measure and, combined with other evidence, this provided a good demonstration of the project's effectiveness as a stepping stone to further training or employment. Participants liked the anonymity of the process and it was felt that they were encouraged to give genuine answers. Most importantly, Preston FM hoped that future analysis of the data would allow them to adapt delivery methods in low-scoring areas.

Addressing data management issues ... ways to improve reporting capacity and quality

From the research, practical issues of data management appear to compound the effects of the predominant focus on performance reporting, with its heavy demands on available resources, and may be holding back the development of evaluation within the sector. Consultancy that works together with organisations to identify internal information needs and critical evaluation questions (as well as external requirements), and to develop the means of collecting data and reporting effectively, is helpful but does not itself resolve the resource constraints. A study in the United States of 298 projects found similar results (United Way of America 2000). More than half the US respondents agreed that implementing programme outcome measurement had overloaded their record-keeping capacity. Two-thirds reported difficulty identifying manageable data collection methods, relevant outcome

indicators and appropriate outcomes. In this study, one consultant urged funders to consider the value of covering the costs of designing software to capture the data. The research strongly suggests that resourcing monitoring and evaluation IT development would significantly increase reporting capacity and quality.

A 2005 CES study for London Housing Foundation's IMPACT Programme looked at the need in the sector for IT-based outcome data management solutions. The report focused on 25 organisations in the homelessness sector but its findings are relevant to the wider third sector. There was a clear sense that organisations want IT-based outcome data management systems (Parkinson 2005:11). The report concluded: *'It clearly does not make sense for the sector to develop a multitude of different individualised systems for outcomes data management'*. This research reinforces the conclusions of that study that a strategic approach is required to develop and introduce appropriate monitoring and evaluation software systems to the sector.

Since 1998, when proposals were first formulated to strategically support voluntary sector monitoring and evaluation, there have been substantial developments in resources available, and in third sector monitoring and evaluation knowledge and skills. Yet, the encouraging developments reported by those participating in this research do not

represent the experiences of those organisations that still find monitoring and evaluation irrelevant or its language inaccessible. Development across the sector is uneven, and those carrying out monitoring and evaluation need more technical skills and better systems. The need for strategic support remains pressing.

Notes for Chapter 3

¹ See www.evaluation.org.uk

² See www.ces-vol.org.uk

³ This effect may be explained by the presence of respondents from the CES database within the much larger third sector survey sample. For information on the survey distribution, see Appendix 1.

⁴ The London Housing Foundation has set up a dedicated website at www.homelessoutcomes.org.uk with guidance on how to use the Outcomes Star, and the Outcomes Star ladders are available to view online.

⁵ We found no clear explanation for this, although some targeted dissemination of the survey through networks to those refugee organisations attending monitoring and evaluation training might have affected the figure.

⁶ This programme, which ran from 2003 to 2007, engaged over 2,000 young people from Sandwell high schools, West Bromwich Albion's Community Programme and a range of local voluntary and community organisations.

⁷ See ask@kirkleespartnership.org

⁸ www.northumberland.gov.uk

⁹ See Nottingham Children's Fund Strategic Plan, 2005–2008, www.nottinghamcity.gov.uk/nottingham_childrens_fund_strategic_plan_2005-08.pdf

¹⁰ The CES planning triangle is discussed further on page 54.

¹¹ Information on this programme is available at www.lhf.org.uk/IMPACTProgramme

¹² Information from Community Technical Aid Centre website www.ctac.co.uk 2.04.06 This website is no longer available as CTAC is no longer trading.

¹³ See www.faithworks.info

¹⁴ Now renamed the Co-operative, Environmental and Social Performance Indicators (CESPIs)

¹⁵ This rose to 55 per cent of respondents identifying as local offices of larger organisations.

¹⁶ 'Distance travelled' refers to the perceived progress that a beneficiary makes towards a final outcome, such as employment or maintaining stable housing.

¹⁷ Now NCVO ICT Development Services. See www.ictHub.org.uk

¹⁸ See www.ces-vol.org.uk and see also www.homelessoutcomes.org.uk and www.itforcharities.co.uk

Focus of chapter 4

This chapter reports on the advances made in developing outcomes approaches in the third sector, the challenges that relate to the requirements of government frameworks and targets, and also those connected to data collection and management. Specifically, the research found that:

- **Funders frequently found the quality of outcomes reporting unsatisfactory.**
- **Many organisations found it difficult to frame outcomes so that they allow for statistical analysis and so that they relate to higher-level outcomes defined by statutory agencies.**
- **A focus on outcomes results has often meant that information processes and context required to understand the factors that encourage or inhibit good outcomes are overlooked.**
- **Developing outcomes approaches is complex, involving time and resources, change of organisational culture, and the development of data collection and analysis skills.**

Pioneering outcomes ... developing outcomes frameworks

In Chapter 1, we discussed the shift in emphasis in public sector funding to an outcomes approach. The more advanced development of an outcomes focus in certain sub-sectors can be related to the drive towards outcomes by government departments.

Pilots

Specifically, in 1993 the Department of Health decided to trial an outcomes approach with grant-funded organisations, and Alcohol Concern piloted work with alcohol agencies on how outcomes monitoring could be used; the drugs and alcohol field still remains at the forefront of outcomes work in the sector. Housing and homelessness organisations have been exploring the use of outcomes measurement systems since the late 1990s, driven by the introduction of the Supporting

People¹ and Every Child Matters national outcomes frameworks, but also by the London Housing Foundation's IMPACT capacity-building programme, and aided by the culture of peer learning within the homelessness sector. (See the report on this programme on page 26.)

Outcomes tools

The dissemination of the Outcomes Star tool has been particularly influential. This is an outcomes tool developed by Triangle Consulting in the context of the IMPACT programme, which has allowed soft outcomes to be assessed and used jointly by key workers and clients. Darlington (2007) found that once adopted by St Mungo's, one of the largest homelessness organisations in London, dissemination events were held within the city and similar organisations across London began to follow suit, and the outcomes model slowly spread out nationwide. Infrastructure organisations, including Homeless Link and the

umbrella organisation Sitra, have also promoted the use of outcomes measurement to managers.

The case example below illustrates how organisations have benefited from cross-sector learning to develop outcomes tools.

Street Cred – developing a tool to measure soft outcomes for a micro-credit project

Street Cred is a project run by Quaker Social Action (QSA) since 1999, providing encouragement and practical support to women who are unemployed or on a low income to start up their own small businesses. QSA has 27 staff, half of whom are part-time, working in East London.

Developing a tool to measure soft outcomes

The project found that it was unable to capture the importance of group support and changes in the confidence, motivation and skills that women reported anecdotally. Its funders were also asking for better outcomes information. At first the Street Cred team tried using forms to record personal assessment of skills and progress (PASP forms) – but found them lengthy and intimidating; it was difficult to translate the information into a format that was easy to collate and analyse. So the project team decided to adapt an existing tool, the Off the Streets and Into Work ‘employability map’, which aimed to capture evidence of how homeless projects develop confidence and other ‘soft’ skills among their users.

The team worked together to make changes to the employability map. The process took about a year to develop, and another six months to implement.

Benefits

Street Cred staff describe the benefits of the new tool:

- **Evidence and confirmation of progress made by Street Cred users** boosts confidence for users and staff, has improved reporting to funders and strengthened new funding applications.
- **The one-to-one interview** provides an opportunity to assess progress in the key areas of confidence and motivation, basic skills, business skills, and readiness for trading, and to identify remaining difficulties.
- Collated information from individual self-employability maps serves to **identify areas of common difficulty for users**, such as marketing, cash flow and basic finances.

The self-employability map has been so successful that a version has been developed for outreach and introductory work with new users.

Challenges

One of the main challenges has been taking time to adapt the tool, but the team has also needed to make sure that the questions and the information were relevant for both monitoring purposes and self-assessment, and were time-efficient. It was also a challenge to find a convenient and accurate way to analyse the information from the interviews in context and alongside other monitoring information.

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Using the information

The self-employability map is just one of the tools used to monitor the project. Other monitoring information on user profile and outputs information is collected, and more qualitative data is also gathered through exit interviews and case studies. The reports are used for:

- **Performance management:** There are quarterly meetings to review progress against the monitoring and evaluation framework and targets.
- **Reporting to funders:** The statistics from the self-employability map analysis are used to back up and confirm the quantitative hard outputs provided to funders and the qualitative case studies and narrative reports.
- **Improving services:** Data from the self-employability map has helped to identify topics for business development workshops.

QSA continues to develop its monitoring and evaluation and keeps the self-employability map under review so that its data can be integrated within the organisation's wider monitoring and evaluation frameworks.

Frameworks

Councils for voluntary service and volunteer bureaux also paid early attention to outcomes. PERFORM (an outcomes-focused framework) was developed to provide an over-arching framework of higher-level outcomes for infrastructure organisations², and NAVCA's outcomes-focused quality award has strengthened the outcomes focus for local infrastructure organisations.³

Some developments have been directly sponsored by government. A pilot project set up in 2004/05 in response to a request from the Office of the Deputy Prime Minister proposed four higher-level outcomes for agencies covered by the Homelessness Advice Service (National Homelessness Advice Service 2005). The Community Development Challenge Report recommended that government and community development organisations work together to establish a community development outcomes and evidence base. The steering group recommended that a programme of support for community development practitioners and managers be delivered to increase understanding of

the links between evidence and policy and how to use evidence to influence decision makers (Community Development Exchange, Community Development Foundation and Federation for Community Development Learning 2006).

The shift towards outcomes has also been promoted by non-statutory funders. The Big Lottery Fund has been a high-profile leader in this, describing itself as an 'outcomes funder' – an approach developed from earlier initiatives at the Community Fund and the New Opportunities Fund – which requires funded projects to demonstrate how well they achieve intended Big Lottery Fund programme outcomes.

The research found that other independent grant makers now frequently grant fund projects likely to have outcomes that would relate to their own specified grant programme outcomes, and expect to receive monitoring information on their achievement. The third sector has had to shift its focus to meet this challenge. New Philanthropy Capital, from its experience in analysing charities, reports rarely finding an effective outcomes framework or

operating outcomes monitoring system, essential for effective reporting of outcomes. NAVCA has instituted a quality award for local infrastructure organisations focusing on outcomes, and echoes the need for strong internal systems if organisations are going to evidence their outcomes.

Outcomes champions

CES' work since 1990 has been one of the key drivers of an outcomes focus in the sector. Much of the training and consultancy by CES is focused on working with organisations to develop outcomes frameworks, and other consultants reported an increase in this work. The National Outcomes Programme, initially funded from 2003 to 2006, worked with local development officers and specialist networks to cascade training on outcomes to frontline voluntary and community organisations. Some 1,400 voluntary and community organisations were reached through 74 'outcomes champions' based within infrastructure organisations. New Big Lottery funding from 2007 to 2009 will enable a further 80 new outcomes champions to be trained, resulting in a cascade of outcomes training to at least another 800 frontline voluntary and community organisations.

An independent programme evaluation of the National Outcomes Programme (Aiken and Paton 2006), carried out by the Open University, found good signs that an outcomes approach had been successfully introduced into several types of organisations by the outcomes champions themselves, and that many intended to deliver further outcomes training. One outcomes champion, who had been carrying out the CES training since May 2005, reported the change that has occurred over a two-year period, and the 'profound effect' of outcomes training and support on

the sector: *'Outcomes have become part of the common language. It is not something alien to them'*.

Outcomes and public service delivery ... contributing to government and other targets

We noted in Chapter 1 that by 2001 the government was urging the focus for third sector performance to go beyond financial procedure and probity to achievement of aims and objectives. And beyond this, third sector organisations – increasingly drawn into delivering public services and funded by central or local government or by government agencies – should determine their contribution to government targets.

Although the research found that output targets continued to be dominant in some commissioning, successive key guidance and procedural documents (Department of Health 2006) and finally the 2007 Office of the Third Sector Action Plan have all encouraged commissioners to place outcomes at the centre of their strategic planning. The challenge for third sector organisations funded by regional development agencies is to make sure that their aims and objectives fit with funding priorities and broader corporate evaluation frameworks. The Every Child Matters framework emerged around March 2005, requiring local authorities to assess how projects were meeting its high-level outcomes. In local authorities, the Local Area Agreement is providing a focal point for the corporate plan and the community strategy and, when commissioning services, local authorities have to show how the services will meet identified priorities and needs. Even when delivering smaller grants, local authorities are looking for evidence against governmental targets and National Service Frameworks.⁴

'Everything is now outcome based – we have had to change the organisational mindset as well.'

Local voluntary services organisation

London Councils made an early move towards an outcomes approach in 2002/03, grouped under the three over-arching themes of reducing social exclusion, poverty and disadvantage; promoting equality and reducing discrimination; and increasing London's opportunities. Beneath these they have identified 59 priority service areas, each with its own targeted outcomes that their funded projects are required to report their achievement against. This will, in turn, enable London Councils to obtain a statistical analysis and identify how far their own outcomes have been met by funded services.

Across England, local councils have been moving away from grant funding the third sector, towards a more commissioning-based service delivery approach. The extent to which grant funding remains varies greatly from council to council, as do the structures for commissioning services, target setting and the performance measures applied. For example, in June 2007 Camden Council agreed to move from grants to outcome-based commissioning, through Negotiated Funding Agreements and small grants, allowing the Council to specify more clearly the services its funding would be used for and to obtain greater information about the contribution of the third sector (London Borough of Camden 2008).

Organisation-wide outcomes frameworks ... need for a comprehensive and systematic approach

Chapter 2 discussed the development of monitoring and evaluation at a project level, in response to project funding requirements. While this trend remained broadly true, the research found some evidence of organisation-wide monitoring (as opposed to project-level monitoring) of key

indicators in response to the focus on outcomes and impacts and performance targets. Several respondents recognised that a previous emphasis on project-level monitoring had left data collection and reporting weak at a whole organisation level. Collection and analysis of monitoring data, previously driven by the requirements of funding streams, had not resulted in a comprehensive and systematic approach or a core system.

A number of national organisations reported developing outcomes systems and frameworks, cascading down information requirements to local bodies and to local projects and offices. For example:

- NCH Action for Children has worked to develop results-based accountability and more robust evidence on how the organisation as a whole contributes to outcomes for children. It has rolled out an outcomes framework across the UK, with sub-outcomes for each of the five Every Child Matters outcome areas. The aim is to make the data collection IT-based, and for information from local assessments carried out with local parents and children to drop into the framework.
- The NSPCC is developing an outcomes framework to evaluate therapeutic services, located within a new strategic framework for all its services.
- The Motor Neurone Disease Association has a team of volunteer visitors and advisers responsible for making detailed assessments and reports on user outcomes, compiled into detailed management reports. It also carries out regular surveys of over 1,000 individuals to assess the experience of both service users and providers.
- Following requests for outcomes information at a national level by the

Department of Trade and Industry and the Office for National Statistics, and at individual bureau level, Citizens Advice initiated a monitoring and evaluation project to refocus data gathering from its 450 bureaux.

- NAVCA has a national focus on outcomes and now its annual members survey assesses against performance indicators introduced in 2005/06.⁵

Some research participants described establishing a new link between outcome reporting and business planning. However, they reported

difficulty in integrating outcomes into key indicators. Key indicators are likely to be established across a number of different areas of organisational life, including financial performance and quality standards, and often focus on outputs. Organisations sometimes struggled to identify organisation-wide single outcomes against which information could be aggregated at a national level.

The case example below illustrates the process carried out by one organisation to introduce an outcomes framework.

Voluntary Action Rotherham – developing an outcomes framework

Voluntary Action Rotherham (VAR) is the lead infrastructure body providing support, development and promotion of the voluntary and community sector in Rotherham. It has 42 staff running a range of services: human resources and legal advice; community accountancy; small group development; procurement advice; network co-ordination; and policy and performance.

Developing an outcomes framework

In autumn 2005, as the voluntary sector began to work more closely with the statutory and private sectors through the Local Strategic Partnership, VAR needed better evidence of the effect of its work. It was also keen to measure its performance, and to feed findings into organisational management and service improvement. The concept of an outcomes framework was agreed by the VAR Board in January 2007 and the Policy and Performance team led the development in consultation with trustees, management and staff, and with external stakeholders – voluntary and community organisations and public sector partners such as the local authority and the primary care trust.

At the first of three stakeholder events, VAR was able to develop an outcomes framework with five high-level outcome areas, consistent with the PERFORM framework, each underpinned by a number of local outcomes, consistent with the NAVCA quality standard. The second event focused on developing performance indicators. The Policy and Performance team used this information to develop a suite of performance indicators to measure the outcomes and included some additional indicators from the Local Area Agreement. The third event focused on identifying an action plan that would help VAR achieve the outcomes.

Measuring achievement

Once the framework and action plan were agreed by the Board in September 2006, the Policy and Performance team focused on developing systems and tools – a new contact management system database, an annual voluntary and community sector survey, and a customer satisfaction survey.

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Initial baseline data was collected through analysis of the database and an annual survey. The postal survey – with an option for completion online – was sent to 410 organisations identified as being VAR members or service users. A questionnaire was also sent to a group of voluntary and community organisations not using VAR services. Although this group was not ‘controlled’ for size and type of organisations, or access to other interventions, VAR felt that comparing responses from the two groups enabled them to *‘assess the difference we are making to the organisations we work with’*.

All staff are involved in gathering data. At present, most data gathered is quantitative, but more qualitative data is planned. In its recent submission for the NAVCA quality award, VAR also produced a number of case studies to demonstrate evidence against each standard.

The approach has highlighted evidence of where VAR could be more effective. For example, there has been agreement to try to engage more with community groups. VAR sees the outcomes framework as a tool to manage organisational performance, but also as useful for teams and individuals to measure their own performance. The outcomes and action plan are embedded in the staff appraisal process with staff given clear targets to achieve.

The Prince’s Trust, an organisation with over 650 staff, has well-established monitoring procedures and provides an example of an integrated national-level monitoring and evaluation system. The charity supported over 40,000 young people in 2007/08 through six core programmes, pilots and locally-specific projects. The Evaluation team is part of the Planning and Performance team, located within the Finance Department. The Evaluation team produces monthly reports which include key performance indicators which, in turn, include outcome but not impact. These link into the organisation’s strategies and priorities in the following ways:

- The team collects standard profile data on all users across local groups.
- It collects outcomes data on each young person who leaves the Trust, as a minimum (although this is a voluntary process), and this is stored and reported on centrally.
- The system enables the team to aggregate at different levels – national, programme and regional statistics.
- Comprehensive systems allow the charity to meet the needs of new funders.

- Specific quantitative and qualitative outcome information may be obtained through ad hoc internal evaluations or externally commissioned evaluation.

The Prince’s Trust current outcomes monitoring form is broad, allowing it to be used consistently by all projects, and providing standard data across projects. However, changes are being considered to capture more specific details and to meet changing needs for outcomes data for internal policy uses and funders. The charity is also considering more distance travelled data. User profile monitoring is reviewed monthly; if quotas related to specific target groups are not filled, then programmes are adjusted to target priority groups more effectively. Recommendations from external evaluations are also worked into business plans, and evaluation findings are used by ‘quality groups’, as well as policy, programme management and fundraising colleagues.

An outcomes approach ... the challenges

Data collection

Despite the range of monitoring and evaluation initiatives in the sector,

some organisations are still struggling to come to terms with an outcomes approach. Nearly one-third of funders in our survey found outcomes data ‘frequently’ limited or incomplete, and one-third found that it was ‘frequently’ not convincing.

One organisation collected information from local offices through monthly reports on activities and outcomes. This was collated into a monthly report to the trustees, but the data was not used to make changes as ‘*we don’t have the manpower*’. This evidence points to a huge waste of time and resources. We found difficulties in aggregating data arising from a number of issues – for example an overload of data from collection methods, such as client assessments, and difficulties of collating and analysing data from distance travelled models, and translating that numerically. Quaker Social Action used training from CES to set up frameworks across its projects and staff are using these to assess evidence at quarterly meetings and draw up reports. Yet staff find that the lack of similarity between the projects can militate against pulling this information together. There is ongoing work to improve this situation, using ideas and input from staff across the organisation.

Cultural shift

Commentators in the United States (Hatry and Lampkin 2001) have observed the importance of the cultural shift within organisations when outcomes management is introduced and the importance of integrating data collection on outcomes into other information management systems. They suggest that outcomes assessment must also be seen to be useful to organisations and beneficial to service users, so it is helpful to staff to see how their data is used.

This was illustrated by an initiative in

Scotland by Voluntary Action Fund, which explored the barriers to recording and reporting outcomes in voluntary organisations and how best to support funded organisations to improve in this area. Its Outcome Monitoring project provided bespoke training and support to 36 projects delivered by Evaluation Support Scotland to a group of funded projects, testing how best to support them. The project found a culture of trust between funder and fundee to be essential to get outcomes properly established for both parties. It also found that organisations established unrealistic outcomes, which funders were not challenging. Some time was required to look into the different levels of change that a project could realistically record and how this related to an overall vision for their project and the high-level outcomes of the funding programme. Voluntary Action Fund viewed time and resourcing as being the main barriers hampering outcome monitoring (Evaluation Support Scotland and Voluntary Action Fund 2007).

Time and resources

Time and resourcing issues were also main themes from this research – for outcomes assessment as well as for wider monitoring and evaluation. Interviews and responses to the third sector survey indicated further difficulties that third sector organisations were experiencing in assessing and reporting outcomes:

- **commissioners without a clear understanding of outcomes;** one reported: ‘*They use the word outcomes but they don’t know what they mean*’
- **outcome setting by funders without consultation,** resulting in ‘*ridiculous outcomes being set*’
- **internal disagreements about the appropriate tool and methodology** for assessing outcomes

- **large amounts of outcomes data** collected, for example through client assessment, without the systems or time to process it
- **insufficient staff skills** to deal with the extended approaches to client work brought by an outcomes focus
- **tension caused by imposing a recording system** against predetermined measures in reactive frontline work
- **difficulties in finding measures** to provide data against funder-led frameworks in some areas of work, such as preventative work.
- Much of the available training focuses on how to monitor outcome information, rather than on evaluation methodologies, design, interpretation and analysis.
- A diverse client group and inconsistency in applying outcomes tools may make it difficult to produce standardised data.
- With some activities – such as arts and culture, and community development – it can be difficult to distinguish between process and result and to satisfy funders’ expectations of quantitative outcomes.

Focus on outcomes

The monitoring process – with its short timescales – may in itself act as a disincentive to developing an outcomes focus. Evaluators of the Defra (Department for Environment, Food and Rural Affairs) Environmental Action Fund 2002 to 2005 (CAG Consultants with Northumbria University 2005) reported that rigorous project monitoring was set up to track change and projects were encouraged to concentrate especially on outcomes. However, a by-product of quarterly reporting was an unintended concentration on the short term, skewing project reporting to focus on outputs and short-term outcomes. We can also make the following observations:

- It is important for funders and organisations to negotiate on a limited number of outcomes that are relevant to both parties.
- Continued support is required on how to frame questions and obtain data about user benefits, distinguishing this from user satisfaction.
- There are a considerable number of outcome measurement tools available, but organisations are not necessarily aware of them or how to access them.

Many organisations indicated that they were having difficulty in establishing a fit between outcomes that were within the remit of organisations to achieve at the local level, given the focus and scale of their activities, and the information they were required to produce relating to higher-level outcomes. These could be set nationally or by funders, and were often determined by narrowly-defined government targets. This is explored further in the next section.

The evidence gap ... areas to consider and negotiate

A report for the Performance Hub (Darlington 2007) on the adoption by homelessness organisations of an outcomes focus describes an example of attempts to balance measurements considered useful for more effective work practice and outcome measures required for aggregation against funder frameworks or government targets – which may be described as lower-level and higher-level outcomes. The London Housing Foundation has done substantial work with the Department of Communities and Local Government and some London local authorities to find a way that the

priorities of frontline organisations, those of individual local authorities and central government outcomes could be defined within the framework of Supporting People. The Supporting People framework sets high-level indicators, enabling data to be aggregated up, but beneath this organisations could implement their own distance-travelled measures.

The evidence from this research reinforces CES' consultancy experience that this is an area of concern to organisations, requiring considerable support and negotiation with funding bodies. Many individual projects do not serve a sufficiently large target group to affect community-wide statistics, regardless of how successful they are, or they may be working with clients with outcomes at the very beginning of a cycle of change. A 2005 article in *Animated Dance* indicated that *'evidence can be supplied to show that art and health projects are addressing health and social participation, and this work can be described. But it is more difficult to provide evidence that these projects have an effect on health, social exclusion and civic participation'* (White 2005).

In the evaluation of the Healthy Living Centres funded by the New Opportunities Fund, in which about one-third of the local projects were led by voluntary organisations, national targets were used as a framework for the evaluation using a broad theory of change approach and showing interlinked changes towards an ultimate outcome. The evaluators collected some 45 evaluations from projects, about two-thirds of which were self-evaluations. It was reported (Hills et al 2007) that there was real difficulty in demonstrating clinical health outcomes from both the local evaluation and the external evaluation, which made it difficult for projects to market health results in an

effort to get further funding. One conclusion was that many local evaluations contribute to learning rather than demonstrate outcomes. This is an important point for funders and emphasises the need to set up systems to extract that learning.

CES evaluators have also observed some practical difficulties for organisations in obtaining the level of information required. For some government targets, such as entry into education, training and employment, it may be feasible to do longitudinal studies with sufficiently resourced monitoring and evaluation, but even these studies risk heavy attrition rates and may be subject to bias. For other outcomes, such as improved school attendance, a good level of data sharing is required, and for others, such as decreased recidivism, data may not be accessible or relevant for a project working at a modest level. For a crime reduction project an organisation may be working on the risk factors associated with offending behaviour, and what is relevant to monitor is intermediate outcomes, such as improved skills or reduced alcohol or drug misuse. This points to the need for funded research evidence to establish the predictive links between preventative or intermediate and higher-level outcomes.

Once the link has been shown, the third sector organisation can produce data on intermediate outcomes, pointing to research evidence, and the probability that the final outcome they want will occur.

Potential pitfalls of an outcomes approach ... the danger of exclusion

Early moves by funding bodies towards an outcomes approach brought warnings by some commentators about some of the possible negative effects of an overriding emphasis on

outcomes (Wales Funders Forum 2002; Cook 2000; McCurry 2002). Among these were the potential to penalise programmes with hard to measure outcomes, presenting outcomes in an unrealistic way in order to secure funding and measuring within an unrealistically short timescale.

Indeed, concerns about implications for funding choices and for focus of work and target users continue to be expressed. Some funders participating in the research reported excluding funding applications that are less likely to demonstrate outcomes. Some also recognised that a more proactive approach, and one requiring organisations to have a conceptual grasp of the project at the application stage, was resulting in more sophisticated, larger organisations being funded. There was a real danger of excluding organisations capable of delivering good work but less able to express or deliver 'tidy' or measurable outcomes.

In parallel, some survey respondents noted the risk of adapting their client group, or their activities, to meet funding success criteria. One reported: *'We are having to pick and choose the groups we work with in order to improve our evaluation criteria'*. Another echoed this: *'What you review determines very much what you do. If you review targets, you end up doing targets'*. A CES evaluation of a black and minority ethnic capacity-building programme in London noted that:

The funding requirements also acted as a constraint. The London Development Agency's targets set a narrow definition of success, based on a particular model of social and economic regeneration. The monitored output areas did not recognise the importance of developing local networks, building alliances and community cohesion and creating access channels to

decision makers and funders. (Ellis and Latif 2006)

Issues were also raised about rigour and methodology. One funder was concerned about the inherent encouragement to 'claiming' outcomes without real evidence. Another observed a trend towards a more 'pseudo-scientific' approach to measuring outcomes and considered attempts at pinning down causal effects as 'a waste of time', asking for a simpler approach.

A number of third sector organisations also expressed concerns about funder expectations of proof of causality and their ability to attribute outcomes to specific interventions. For the Motor Neurone Disease Association, the very large number of organisations involved in one person's care made it difficult to attribute individual change to any one agency, particularly as the charity advocates a multi-disciplinary care approach. SHINE Trust, funding educational projects in schools, recognised a potential danger that demand for scientific methods of evaluation and proof of project success could push projects that did not focus on academic work into doing more academic work in order to deliver quantifiable outcomes.

Measuring process

In general, over-heavy statistical designs on the one hand and simplistic monitoring information on the other can miss important context information. IDeA, the Improvement and Development Agency for local government, has warned that *'outcomes information which is gathered is only as useful as the level of sophistication of its analysis'* (McAuley and Cleaver 2006:15), and as outcomes approaches become more embedded in the sector, the issue of context is receiving some attention. In the research some concern was expressed by funders about over-simplistic interpretations

and measurements that did not recognise the complexity giving rise to outcomes. This is an issue that has already been rehearsed in the context of international development evaluation. Ebrahim (2002) reporting on the information that moved between two international non-governmental organisations and their funders, found that the collation of standardised data, amenable to quantitative analysis, meant that little importance was attached to the different social contexts in which the projects developed or the extent to which development activities were isolated or integrated into more complex social and political structures and initiatives.

In the UK third sector, emphasis on outcomes monitoring for accountability has also shifted the focus of evaluative activity away from context and implementation issues. In Ball's 1989 report, the evaluations offered as case studies focused on process and service delivery. In one case only did the evaluation gather data on outcomes. However, the current focus on outcomes has shifted attention from process, and self-evaluation frequently prioritises outcomes data as evidence of effectiveness in itself, over understanding issues of implementation. CES' experience is that even formative external evaluations, ostensibly well-positioned to feed back valuable learning on programme and project set-up, often have an imperative to focus on early outcomes, despite the short time frame and even though outcomes information devoid of context can offer little learning.

However, some funders reported placing greater emphasis on process issues. The King's Fund, in its Partners for Health programme, had developed an approach founded in realistic evaluation, which places a value on critical reflection and on how and in

what conditions a given intervention works (Tilley 2000). The King's Fund had put considerable resources into training organisations in evaluation through a two-day workshop during the application process, emphasising the importance of establishing research questions and identifying user pathways towards outcomes. It worked with funded organisations to collect information about context together with outcomes, so that evidence could be used by other health service providers.

UnLtd supports individuals to build their social entrepreneurial capacity to generate social and environmental change, with support from a dedicated development manager. The work depends on both the needs and preferences of the award winner and the particular skills and personality of the development manager. UnLtd gathers evidence on these helping relationships, so as to capture the different approaches and to get a better understanding of what works. The research team carries out biannual focus groups with regional teams of development managers alongside interview data from award winners throughout the year.

Influence on policy and change

One regional infrastructure organisation reported that it might be difficult to demonstrate policy influence, and the process of sitting at a policy table was itself important to record. White (2005) has argued that evaluators of arts in health should embark on a process of discovery, not proof, and that it was the environment, and the conversations about the activity, that provided the intermediate indicators of perceived benefit (White 2005).

The evidence reported in this chapter has emphasised how important it is for outcomes approaches to provide information, not only for accountability purposes, or to assess

'It's positive that services focus on outcomes but often they tend to forget the process of how to achieve those outcomes and that is important to capture ... There is an obsession with outcomes now.'

Funder

how much progress is being made, but to demonstrate how change has been achieved or limited, and how to progress further. This suggests that it is important, as noted by Hughes and Traynor (2000), for organisations to clarify with funders a theory of change, in which outputs, processes

and early outcomes can be seen to be leading to the ultimate expected outcome. This will be explored further in the next chapter, as we report monitoring and evaluation methodologies being used by third sector organisations.

Notes for Chapter 4

¹ Supporting People was launched in April 2003, ensuring that vulnerable people have help and support to live independently. Around two-thirds of the programme is delivered by third sector organisations.

² The PERFORM framework was developed explicitly for infrastructure agencies by NAVCA, Action with Communities in Rural England (ACRE), Community Matters, NCVO, COGS (consultants in community development), and the Big Lottery Fund among others. The framework outlines four high-level outcomes against which all infrastructure can potentially evaluate themselves.

³ See www.navca.org.uk/services/quality/

⁴ Such as the mental health National Service Framework, Supporting People Framework and the Common Performance Framework.

⁵ See www.navca.org.uk/publications/evaluatingnavca08

Internal evaluation and performance management ... insights into approaches and methodologies

Focus of chapter 5

This chapter reports on the development of internal evaluation. It explores approaches and methods used and the value of internally generated monitoring and evaluation data for performance management and for wider purposes. The research found:

- **Self-evaluation had increased in currency and legitimacy, but concerns were raised about the quality of data derived from internal information systems.**
- **Third sector organisations were using a range of approaches and data collection methods, and monitoring and evaluation is increasingly based on an improved understanding of the relationships between outputs, outcomes and impacts.**
- **Some third sector organisations surveyed made no distinction between evaluation and quality assurance.**
- **The perception of evaluation as synonymous with performance management ignored the wider potential purposes of evaluation.**

Some definitions ... the language of evaluation and performance

In this chapter different concepts jostle against each other. This section will argue that although the terms are closely related, this report makes some distinctions that are worth capturing as helpful to the discussion. They are listed here.

Internal evaluation

An organisation carries out internal evaluation for its own purposes, but may use an external agency or individual to work with it. This chapter reports that much internal evaluation in the third sector is in practice focused on external reporting requirements, and runs the risk of losing its internal purpose and value.

Self-evaluation

Although often used interchangeably with 'internal evaluation' self-evaluation is distinct. CES defines self-evaluation as a reflective process,

providing an opportunity for improvement:

'Self-evaluation is a form of evaluation whereby the project itself seeks to understand and assess the value of its work. The project is the judge' (Russell 1998:2).

Performance management

Performance management is a process that contributes to the effective management of organisations, programmes, teams and individuals. It is based on effective strategy and has many tools to support it. Performance management essentially relies on measurement, which may include measurement against aims and objectives, return on investment, standards or levels of competency. The government's outcomes-based approaches relate to a drive for performance management, in which target setting provides a central role. This approach is not naturally amenable to identifying implementation and delivery

'I always put self-evaluation first as long as the organisation is equipped. External evaluations are too intrusive, cost too much, and don't say anything different to what we know.'

Funder

problems or unanticipated outcomes.

Performance measurement

Performance measurement is the ongoing monitoring and reporting of efficiency and effectiveness, usually tracking progress against what was planned and often within time limits. Performance measurement is typically used as a tool for accountability.

Quality assurance

Quality assurance is essentially about systematically learning what an organisation is doing well and what needs to improve, and using this information to do it better.

This chapter will argue that while monitoring and evaluation are key performance measurement tools, and their potential for improving performance is being embraced by some third sector organisations, the research found two areas of risk. First, a focus on performance measurement for accountability may in practice be detracting from the use of monitoring and evaluation for performance improvement. Second, the third sector priority given to evaluation for performance purposes is giving little room for its use for knowledge building and for informing policy.

The development of self-evaluation ... steps towards increased currency and legitimacy

The main focus of CES' training, technical assistance and publications since 1990 has been on self-evaluation and this has been an area of substantial development in the sector. This focus recognises a shift from evaluation being perceived as an external, expert activity to a process conducted by the organisation itself or in partnership with external support.

The increased currency and legitimacy of self-evaluation can be explained in

part by increased understanding and basic organisational skills in monitoring and evaluation. Additionally, the research indicated the influence of limited funds for external evaluation and some doubts about the value of external evaluation by both funders and third sector organisations. A majority of funders in our sample reported that they required self-evaluation reports, and nearly half of our third sector survey sample said that they completed self-evaluation reports, as distinct from monitoring reports. For many of the funders interviewed, self-evaluation was felt to be a more useful option than costly external evaluations. Sandwell Metropolitan Borough Council valued self-evaluation as putting users at the heart of the process and providing a learning process for the organisation. Leicestershire Children's Fund recognised potential issues concerning the validity of tools used, but considered self-evaluation as the better option.

Yet many funders reported that what they received was monitoring reports, not self-evaluation. Indeed, responses to our third sector survey indicated that there was often no real distinction made between monitoring and evaluation. Asked for details of their self-evaluation, several organisations described the reporting of statistics collected centrally through a management information system, often used for compliance purposes.

This echoes experience in the United States, where a study for the James Irvine Foundation found that even where there was a functioning management information system, data collection was often more geared towards meeting funding arrangements than towards evaluating the programme, and that data was seldom used for analysis and learning (Hasenfeld et al undated). When our surveyed organisations

provided more thoughtful reports, they frequently reported lack of feedback from funders and doubts that reports were read.

The Big Lottery Fund encourages funded organisations to self-evaluate. This is seen primarily as an organisational learning tool, although in some cases the information may be used as data for programme evaluations. The Big Lottery Fund (2007) suggests that if funders are requiring self-evaluation data, funding support should ideally be provided to assist access to training or learning sets for grant holders, and networking events to promote self-evaluation techniques.

The case example below illustrates how an infrastructure organisation has benefited from investment in self-evaluation.

become a key tool in performance management in the sector. Thirty-two organisations mentioned a quality assurance system as the system they were using to monitor. Twenty-four of these were references to CES' quality assurance system, PQASSO (Practical Quality Assurance System for Small Organisations), and other quality assurance frameworks included ISO 9001, Investors in People (for staff training and development) and QuADS (Quality in Alcohol and Drugs Services).

A 2007 questionnaire by Community Development Exchange (CDX) to community development practitioners also found that there is a need for more clarity about distinctions among, for example, monitoring, evaluation, performance management and quality assurance (Longstaff 2008).

Plymouth Community Partnership – investing in self-evaluation

Plymouth Community Partnership (PCP) is the biggest infrastructure organisation in the city, working with 300–400 community and voluntary group members. The project monitoring officer, who has a research background, works with staff to provide evidence of their work and to pull together the data from monitoring and evaluation projects to demonstrate PCP's outcomes. The post is funded for four days a week by putting the function in every funding bid.

PCP produces several self-evaluation reports every year, using both quantitative and qualitative data. Funders' information needs are primarily met through monitoring (and their database), not evaluation. Although self-evaluation reports are sent to funders, they are primarily used for internal development and to disseminate findings about the organisation's work to members and partners.

The monitoring officer specialises in case study methods, and case studies are sent to funders, although Capacitybuilders is the only funder requesting qualitative information.

case example

Third sector self-evaluation and quality assurance ... making the distinction

The picture of self-evaluation is also confused because a significant minority of third sector respondents made no distinction between quality assurance systems and activities and monitoring and evaluation methodologies. Quality assurance has

Distinctions and definitions

CES describes monitoring and evaluation and quality assurance as two distinct, if complementary and overlapping processes. Whereas in quality assurance agreed standards form the criteria against which judgements are made, in evaluation the criteria may be set by individual terms of reference, or may emerge through the evaluation process itself.¹ Quality assurance systems such as the

widely-used PQASSO, which are based on a process of self-assessment, will rely on a functioning monitoring and evaluation system to provide information. One organisation about to implement PQASSO recognised this implication: *'We definitely need to improve upon how we use/analyse the information we have collated and develop an evidence-based approach to promoting and developing services'*.

However, the distinction between self-evaluation and quality assurance becomes less clear when evaluation relates closely to processes because of their link to, or implications for, quality. In Advance, a housing association, a single person heads up monitoring and evaluation and quality assurance. A tenant survey and 12 focus groups with service users raised the question of safety, which gave rise to a promotion campaign on safety.

It is clear that a quality assurance system can provide an over-arching framework within which monitoring and evaluation is located. Action for Blind People describes annual self-evaluation within the framework of the Excellence Model,² a process which identified a lack of provision for young people in leisure services and resulted ultimately in the provision of 29 'Actionnaires' clubs.

Increasingly within the third sector, delivery of information about organisational results is an integral part of a quality system, and such information relies on effective monitoring and evaluation data. PQASSO, probably the most commonly-used quality assurance system in the voluntary and community sector, has a results quality area.

NAVCA's performance standards and quality award, launched in 2006, focuses on organisational outcomes in relation to increased effectiveness of the local voluntary sector, effective networking, effective representation

and working relationships, and integration into local planning and policy making. It is designed to provide local infrastructure organisations with the means of demonstrating that they are providing high-quality services and to provide evidence against 21 key outcomes of their work. Approximately a quarter of NAVCA's membership has so far signed up to the award. Co-operatives^{UK} has developed key performance indicators to allow cooperatives to monitor their performance. Half of these indicators are about results – the key outcome areas, such as focusing on investment in the community and in other co-operatives (The National Centre for Business and Sustainability 2006).

Topics for debate

The question may be raised as to whether distinctions between monitoring and evaluation and quality assurance are of any consequence, or if both might simply be interchangeably regarded as performance management techniques. Our observation is that while evaluation can and should be used as a performance management tool, not making this distinction is potentially problematic as it de-emphasises the functional relationship between monitoring and evaluation and quality assurance – that effective monitoring and evaluation is required to provide information for quality assurance and that monitoring and evaluation findings should be used to improve performance. In addition, while locating monitoring and evaluation within an over-arching quality assurance framework may have benefits by reinforcing its effective functioning for performance improvement, by the same token it may devalue the role of evaluation for wider learning purposes. This theme is explored further in Chapter 7, where we report on the benefits and use of monitoring and evaluation.

Internal evaluation approaches ... theories, frameworks and methodologies

In Chapter 1 we reported that many funders commissioning evaluations in the third sector are looking for causal links to be made between their investment and demonstrable change, and that the sector is often unable to provide this information convincingly. From our research we can also trace a related distinction between two trends – one towards quantified methods and the other looking at methods such as storytelling – as capable of more powerfully demonstrating outcomes than quantifiable linear methods. Realistic evaluation approaches stress the need to understand specific contexts and to establish and explore theories of change or programme logic which identify each step in an expected chain of change, leading to a better understanding of how to increase effectiveness (Connell and Kubisch 1998).

The theory of change, sometimes described as programme logic, is an initial planning tool that describes a project or programme so as to show all the assumptions, intentions and links within it that are often not made explicit. It can be used to decide what must be done to achieve aims and key intermediate outcomes that will lead to ultimate long-term outcomes, and finally to impacts, and helps to focus evaluation on measuring each set of events in the model.

CES' experience is that many third sector organisations are unlikely to conceptualise evaluation in this way. However, many of the monitoring and evaluation approaches taking root in third sector organisations are framed by an understanding of linked indicators of change. Asked about whether they used the approaches to monitoring and evaluation listed in

Table 3, only 40 per cent responded. Of these, the largest number, 69 per cent of third sector respondents, identified monitoring and evaluation of achievement of aims and objectives as an approach they used. The CES planning triangle, the ABCD approach (Achieving Better Community Development), the logical framework and social accounting were all methods that were relevant to this approach. These are explained on page 54.

Table 3 Third sector evaluation approaches

Type of approach	Percentage of responses (n=275)
Aims and objectives	69
Case study enquiry	27
Logical framework	11
Social accounting	9
Balanced scorecard	9
Theory of change	7
Appreciative enquiry	7

Some organisations were using a mix of these approaches, and indeed they are not mutually exclusive. For a significant minority of those responding (and possibly for many of those not responding), these were not meaningful categories. Ten per cent were unable to identify any listed approaches and 20 per cent were not sure what approaches were used, reporting that they did not recognise the technical language, although they might use the methods. Follow-up interviews also indicated that some organisations were not clear about approaches they had indicated they were using. With that qualification, the following is an analysis of the frameworks within which evaluation was reportedly carried out.

Aims and objectives, or goal-oriented evaluation

This approach focuses on monitoring and evaluating an organisation's

'I have found the CES triangle method an extremely useful and adaptable tool. It has been the backbone of both my 'monitoring and evaluation' and IMPACT training sessions. I am also using the framework in a pilot where I am supporting individuals on a one-to-one basis to learn about outcomes.'

Local government
evaluation officer

progress and effectiveness in delivering planned outputs, outcomes and impacts and information gathered against selected indicators. The focus is on establishing a planning framework.

The CES planning triangle

Many organisations recognised or used the CES planning triangle. The triangle is a simple theory of change, which clarifies the separate links of change among outputs, outcomes and impacts and their derivation from planned aims and objectives. An initiative in Scotland by Voluntary Action Fund (Evaluation Support Scotland and Voluntary Action Fund 2007) found the CES planning triangle was helpful in brokering understanding of the levels of expected change. In 2002, the Community Technical Aid Centre (CTAC) Monitoring and Evaluation Project, which had as its remit to develop an evaluation framework for technical aid centres across the country, used the CES planning triangle to explain the logic process. CTAC commented:

The introduction of the planning triangle used by Charities Evaluation Services gave a more identifiable structure and justification for the development of [the] governing principles of the organisation. This technique also made the whole process more easy to explain to others.³

Achieving Better Community Development (ABCD)

A small number of survey respondents had used the Scottish Community Development Foundation ABCD approach, which provides a project planning framework on which monitoring and evaluation can be built. For example, Preston Community Arts Project used this approach for its community radio project. St Martin's College in Lancaster provided the project with a training afternoon and also provided some support to community radio staff to be clear

about what they needed to evaluate, thinking about a baseline and what information needed to be collected. They found ABCD useful, not as a tool, but as a way of thinking through and setting up a framework for monitoring and evaluation.

Logical framework analysis

The logical framework analysis⁴ also makes a link between the project design and evaluation and was used mainly by those organisations working in an international context. It links evaluation directly with project management through a framework or matrix showing the project's aims and objectives, the means required to achieve them and how their achievement could be verified.

Social accounting

Fifty organisations (9 per cent of those describing approaches and methods) reported using social accounting as a framework for their monitoring and evaluation, being useful internally and providing credibility for funders. The study found a number of social accounting systems in the UK.⁵ Organisations most frequently referred to those disseminated by the new economics foundation and the Social Accounting Network. Social accounting links a systematic reporting of organisational activities to the issue of social impact and the ethical behaviour of an organisation. The social accounting process can be quite flexible and may look like, or indeed incorporate, other evaluation processes. However, there is a greater emphasis on public accountability and a social audit panel reviews the report or social accounts and only then will the report be available to a wider public. The new economics foundation social accounting process, which takes into account the potential difficulties of deadweight and attribution, was reported as more complex than that of the Social Accounting Network.⁶

The following case example shows how a Leicester-based cooperative introduced social accounting.

Soft Touch – implementing social accounting

Soft Touch Arts Ltd is a Leicester-based organisation, set up in 1986 as a not-for-profit company with a cooperative management structure. It has nine staff working in partnership with a range of organisations and individuals to provide opportunities for people from socially or economically disadvantaged backgrounds to express themselves and gain skills and confidence through involvement in creative activities.

In 2004, Soft Touch felt vulnerable in the face of voluntary sector funding cuts as it had no systematic way to assess and present its value. It applied to the Social Audit Programme run by Social Enterprise East Midlands (SEEM) which provided a £3,000 grant, and workshop places and mentoring for organisations interested in adopting a social accounting approach. The grant would pay for some staff time and for brochures summarising the completed accounts, with case studies and photos.

We felt that, not only would the social accounting process allow us to demonstrate our value, but it would also be a good tool to help us look at and improve our internal practices and consult with and get feedback from different stakeholders, which we weren't really doing.

As part of the social accounting process, Soft Touch consulted with staff, funders, key partners and programme participants to assess how they were delivering against their mission, values and objectives. They also carried out a review of their compliance with statutory requirements and other company policies, and implemented a new objective for the organisation to work towards good environmental practice. In December 2005 the first set of Soft Touch social accounts, for 2004/05, were accepted by an independent audit panel.

Challenges

The SEEM programme and peer support

network were felt to be essential to going forward with the social accounting. But it was sometimes difficult to find time to implement the process on top of already heavy workloads. Soft Touch reformulated its mission statement, defined organisational values, devised clear aims and objectives, and set up a staff training policy and appraisal system.

Action plan

The 2004/05 accounts listed a number of recommendations for improving on different aspects of Soft Touch's work. An action plan was developed to implement these recommendations, which included expanding the range of techniques used to consult participants, endeavouring to increase the depth of feedback and recording, and quantifying the value of support given to emerging creative organisations.

The organisation has completed a second set of accounts – for 2006/07 – this time without external funding or support.

Reviewing the process

Soft Touch has learnt what data gathering methods work with the young people it works with, most of whom are disaffected and often under-confident, many struggling with literacy. For the second set of accounts it rejected survey methods, and carried out 'green room' style videoed interviews with performers on a music project. It has also used video diaries, audio interviews and 'brainstorm' type activities with Post-Its and chalkboards. Soft Touch feels that the process has given it added credibility and the evidence has been useful for a range of different purposes.

The great thing about all this evaluation is that along with writing it into the social accounts we are able to use the evidence in case studies and mapping exercises, for fundraising applications and towards our efforts to get commissioned to deliver public sector services.

Soft Touch has adopted the Social Audit Network's social accounting framework as a practical programme planning document and an overall monitoring and evaluation framework. However, although valuable, Soft Touch found the process of social accounting time-consuming and staff said that they did not need to produce another set of accounts for three to five years.

The research found a number of projects that are introducing social accounting methodologies to smaller organisations, looking to adapt the methodology to a lighter model. The Social Enterprise People, Cambridge, had a pilot project from July 2006 with funding from the East of England Development Agency through the Greater Cambridge Partnership as part of its Investing in Communities Initiative. Working with four organisations, it developed its own social accounting tool, Assessing Effectiveness, as a more realistic social accounting option for small, socially driven programmes and organisations. It found that both the Social Accounting Network and the new economics foundation processes required more time than most small organisations could commit and honed down the process, while retaining social accounts that would be useful, accurate and credible. Even with this reduced version, a large part of the process was carried out by the Social Enterprise People. It has put basic information on the model on its website, including case studies and some of the worksheets developed, and is delivering social accounting training sessions.⁷

In the south-west region the social enterprise support network RISE has championed social accounting, linking up with Business Links and gaining resources and status, working closely with sub-regional organisations such as Co-active, Exeter Community Initiatives and Social Enterprise Works

(Evaluation Trust 2007).

The Social IMPact measurement for Local Economies 2007 project (SIMPLE) was funded by the South East England Development Agency and the European Regional Development Fund to find a suitable method for impact assessment, targeting 40 small and medium-sized organisations with three-day training. As part of the project it developed a performance management framework and in 2007 Social Enterprise London developed and piloted an electronic Performance Measurement Toolkit to serve as a simple, do-it-yourself method to measure and manage performance and track outputs and outcomes.⁸

Balanced scorecard

This approach tracks key elements of an organisation's strategy through a coherent set of performance measures, which may include finance, user satisfaction, and key outputs and outcomes. This was found to be used by some regional and national organisations. However, some difficulty was expressed about finding single or unitary outcomes measures which could be incorporated within the framework, and often outcome evaluation was taking place outside this framework.

Case study enquiry

Case study evaluation allows examination of a particular individual, event, activity or time period in greater detail and emphasises the complexity of situations rather than trying to generalise. One organisation reported compiling case studies into a 12-page newsletter about three times a year: *'As well as being a useful evaluation tool, it is great marketing material and also helps to energise and inspire existing and potential users of our services'*. In general, organisations are more skilled in using case examples as illustrative material rather than as part of an analytical approach to identify what works well

and in what circumstances. Several independent funders would like to see more case study information, yet case study approaches do not fit well with the demand for quantified data.

Theory of change

The research found concrete examples of the theory of change most commonly used by evaluators in mapping large-scale evaluations. CES used the approach in its evaluation of Fairbridge to develop a hypothesis of change and to devise appropriate measures (Astbury and Knight 2003). The new economics foundation calls this theory of change ‘impact mapping’ – systematically laying out how the organisation intends to change things – encouraging impact mapping as a useful tool for self-evaluation in its publication *Proving and Improving: A Quality and Impact Toolkit for Social Enterprise* (Sanfilippo 2005).

Appreciative enquiry

Appreciative enquiry is a qualitative approach that a small number of organisations recognised, as one that focuses on what has worked well, often telling stories. Another approach used – almost entirely by organisations working internationally – is the Most Significant Change method.⁹ This approach focuses on gathering and listening to stories about change within communities through different levels across a programme and provides a means to identify, analyse and conceptualise complex outcomes. Practical Action was trialling this method for self-evaluation as one that had the advantage of a narrative process that ‘gets under the skin’. Tearfund was also beginning to use this process, not as a replacement for indicators and the logical framework, but to complement it, get a deeper understanding of change and to identify unexpected change. For both organisations, such methods were

seen as a way to be accountable to beneficiaries rather than meeting donor demands.

Data collection methods ... tools of the trade

The most common data collection methods reported by the third sector survey respondents were routine output monitoring and the use of user feedback forms and surveys. Ninety-five per cent of respondents indicated that they were carrying out output monitoring, and 81 per cent and 83 per cent respectively reported the use of participant feedback forms and questionnaires or surveys. Both funders and evaluators in the research found that despite the strong leaning towards survey methods, a lack of technical skills in survey methods often detracted from the value of the resulting data.

Outcomes monitoring tools

Case files and other record-keeping and individual assessments were used by approximately two-thirds of respondents, and interviews and focus groups by just over half. A small number of respondents provided further information about outcomes monitoring tools, as in the following example:

We survey all young people who take part in one of our programmes/awards 3 months (or 12 months in the case of Business Start-Up) after the programme has concluded. This helps us to collect a range of information such as outcomes (entry into employment, education/training, or alternative progression routes) and the impact of support on skills/personal development and life satisfaction. (National youth charity)

Outcomes were monitored in a number of ways, such as through individual weekly ‘scores’ for

‘We have a Feedback Fortnight every year where every single thing we do we ask for user feedback. We advertise this broadly so any service user, professional, stakeholder can comment on our service.’

Local carers’ organisation

participants against key development criteria, monitoring individual development or health plans, or through progression routes. An infrastructure organisation monitored the financial health of organisations it worked with against a baseline. Several organisations used consultants to develop their own assessment tools or to customise existing ones. Specific outcomes tools mentioned in the survey included the Outcomes Star, the Off the Streets and Into Work Employability Map and the SOUL tool. These and other outcomes tools are described briefly in the box.¹⁰ Third sector organisations frequently use the term ‘soft outcomes’ to describe outcomes that are difficult to quantify and often describe the progress made towards a final outcome – although the distinction between ‘soft’ and ‘hard’ outcomes is not universally made by or applied by evaluators.

Web-based methods for internal evaluation

Twelve organisations gave information about web-based tools or methods for monitoring and self-evaluation, including website comments, feedback forms and blogs, online forums, social networking sites, online case monitoring systems and web-based management information systems driven by service delivery data. There is some evidence that online surveys were increasingly being used, such as SurveyMonkey and Poll Manager – survey software which can be installed on the website and enable regular online surveys.

Several organisations emphasised the need to explore the use of technology, particularly for evaluation with young people, such as the use of blogs and social networking sites. UnLtd, the foundation for social entrepreneurs,

Soft outcomes tools

Soft outcomes tools are most in evidence in the housing and social care sectors. However, there are current developments in other sectors and most tools have the potential to be used more widely.

The **Outcomes Star**, initially developed by Triangle Consulting for St Mungo’s, is in use widely within the homelessness sector. Variations of the Star have been developed for women’s refuges and projects for young people, and continue to be developed for other sub-sectors, such as drugs and alcohol projects, domestic violence, parenting and mental health.

The **Employability Map** was designed by Triangle Consulting for Off the Streets and Into Work. This tool encourages clients and support workers to plot progress towards work and further training, is currently in use across 54 organisations and has been adopted by others not funded by Off the Streets and Into Work.

The **SOUL** soft outcomes evaluation tool measures against the five key areas of Every Child Matters. It was developed by The Research Centre, City College, Norwich and providers across Norfolk to use within the Norfolk voluntary sector.

The **Rochdale Client Centre Dial**, with ten outcomes domains, was developed by Rochdale Supporting People and local providers for use across a range of services.

The **Regional Outcomes System** for Yorkshire and the Humber (ROSYH) has 14 outcome domains. It was developed by Sheffield Supporting People and local providers and is being rolled out across the Yorkshire and Humber region.

Adapted from Darlington, I et al (2007) *Use of Outcomes Measurement Systems within Housing and Homelessness Organisations*, Homeless Link, London.

is researching and developing a simple software tool for its social entrepreneurs. The tool is designed to help a wide range of users measure the impact of their work.

Participatory monitoring and evaluation ... creative approaches

Several survey respondents reported developing creative tools to gather data on their work and feeding this back in a variety of ways to reinvigorate discussion and provoke analysis internally. The wider review indicated that international non-governmental organisations in particular are struggling to promote a co-existence of participatory, community-based approaches and more formal monitoring approaches and performance frameworks, such as the logical framework.

INTRAC (The International NGO Training and Research Centre), working in the international development and relief sector, has recently written of the preoccupation in the last five years with a clash between new managerial techniques and participatory approaches (INTRAC 2007).

Practical Action, for example, required by donors to work to the inflexible logical framework, has also developed some examples of basic record-keeping for communities to record the basic minimum themselves and to develop their own approaches. In the UK, some of the clearest indications of participatory methods were in arts and culture organisations, work with young people and other sectors where the process and the outcome were closely allied. Methods included feedback on 'graffiti walls', facilitation, drama, puppets and games, community action meetings, and narrative and diaries to tell stories. Self-reporting could be done through

the use of 'Big Brother' style feedback rooms, for example, or combined with making videos.

Play and participatory approaches are described in *Views of Health 2000*, a consultation published by Save the Children and *In our View*, a consultation with young people available on the National Children's Bureau website. Less than half of the local Children's Fund evaluations cited by the National Evaluation of the Children's Fund (University of Birmingham 2006) involved children and young people as questionnaire respondents or participants in interviews and/or focus groups; however, of these many indicated that they had used 'participatory' methods of engaging children and young people tailored to ensure they were more engaged and willing to express their views. Methods used included a portable diary room, photo, drawing, and art and crafts work.

Audio-visual methods were reported by 18 per cent of third sector respondents, often as a response to a low return from more formal methods. A number of organisations described using a variety of ways of getting feedback, such as radio clips, e-groups, drama and video, texting and professional photography that could be disseminated to other organisations. Bristol Children's Fund had a skilled facilitator working with children to use cameras to interview themselves: *'Video interviews of children and young people at different stages give them an opportunity to self-reflect. We collect photos and quotes and stories about individual users of our projects, like mini-case studies or interviews, but not as daunting or time consuming for project participants'*.

The wider review indicated some consultancy organisations specialising in participatory methods.¹¹ However, much of the participatory work found

'We have developed a service user group to evaluate services and shape future developments.'

Alcohol support agency

lies in research and needs analysis, rather than in programme and project evaluation. One consultant using participatory methods with communities explained that she uses it for needs assessment only because of the difficulty of integrating the information into other data. Indeed, some organisations reported using creative methods, but were unclear how to analyse or use the data they obtain from them. Both funders and organisations raised the issue of how to collate participatory data, and how to use it as credible evidence. What this shows is that it is important for participatory work and creative methods to be placed within a broader framework of aims and objectives and for the analysis to be informed by an understanding of key evaluation questions.

User involvement in monitoring and evaluation ... a theme for the third sector

Involving users

There have been wider pressures for user involvement in research and evaluation, and this has been a theme for third sector evaluation. Beresford (2002) cautioned for a thoughtful approach, and a need to be clear about whether what was being proposed was an empowerment approach or part of a consultative or managerial approach. Our research looked for examples of how users were involved in evaluation – acknowledging the range of activities this might include, from being asked their views, to carrying out the research and collecting data, analysing data and producing findings, and writing reports.

Only 7 per cent of third sector survey respondents said that users were not involved in any way in monitoring and evaluation. On the whole, responses

reflected that the main involvement was in the initial processes and in providing feedback. Most organisations collected feedback from users and nearly half reported consulting them on findings, 40 per cent involved users in defining outcomes and indicators, and 20 per cent in helping to decide what to monitor and evaluate.

However, there was limited qualitative evidence from our survey respondents of any dynamic relationship through carrying out the monitoring and evaluation process. Nineteen per cent said that users were involved in collecting information and 8 per cent reported users as leading the evaluation. Both these figures appear high as we could find little information to substantiate them. Only 11 organisations gave illustrations of any user involvement apart from providing feedback on services and outcomes. These included:

- input into an evaluation advisory or steering group
- audience or user surveys carried out by project participants
- young people putting together a questionnaire and analysing it with the help of a university consultant
- attendance at committee meetings
- service user and member forums
- contributions to newsletters and reflective journals.

Only one organisation specified that it used a user-led evaluation team for one project.

Prescap Community Radio reported a steering group of ten people – half users and half funder representatives. The steering group had considerable input into what was evaluated, formulating the questions that frame much of the evaluation. For many people it was the first time that they had been involved in anything like a

steering group and it had taken a while for them to think about what they needed to ask, but Prescap reported some thoughtful questions emerging from the group.

Involving young people

Our third sector survey and wider research suggest that involvement of users as evaluators was most frequently found in work with young people, although even here involvement was limited. A 2002 study found that more evaluations now involved children directly, but more frequently children were the subject of data collection rather than data gatherers (Alderson and Schaumberg 2002). Our wider review found some examples of young people as evaluators. For example, the Big Lottery Fund's Young People's Fund has a role for young people gathering information peer to peer, and the Fitzrovia Youth in Action project, funded by Big Lottery Fund,¹² involves an evaluation by young people of clinic-based and outreach services on drugs issues and feedback into future services. Part of the Camden Young People Substance Misuse Plan 2006/07 included involving young people in planning, commissioning and monitoring through Fitzrovia Youth in Action. The monitoring activities included taking part in mystery shopping of commissioned services.

Giving a voice to multiple perspectives

It has been argued that part of the impetus for participatory approaches is to give voice to multiple perspectives and learning and new ideas.¹³ Indeed, there appears to be evidence that involvement by service users as evaluators has positive effects on service delivery. The Evaluation Trust reports on a user evaluation of an independent living unit, which resulted in major changes and empowerment of the people who

were part of the work. As part of a wider evaluation of Adoption UK's parent support programme, A Piece of Cake – a training programme delivered by trainers who are adopters themselves – involving a combined team from the Evaluation Trust and the Hadley Research Centre together with 12 volunteers and staff members, the latter carried out interviews with 66 programme participants. The evaluation reported that, because of the highly participatory approach, Adoption UK had been effectively engaged in a continuous piece of reflection since the evaluation work began and learning was reflected in positive changes in the programme's staffing, structure, content and delivery over the two years (The Evaluation Trust and the Hadley Centre for Adoption and Foster Care Studies 2007).

As part of the Supporting People Health Pilot evaluation, the Doncaster On-Track pilot decided from the outset that user representatives would play a prominent role in developing the service (Cameron et al 2006). The original bid included plans for an evaluation to be undertaken by a local service users group. A representative of this group became a member of the steering group. As the service user evaluation progressed, the evaluators made regular presentations to the steering group and their findings informed the subsequent development of the service. Not only did this approach improve the credibility of the service among service users but it was felt that it might indirectly have contributed to the high levels of engagement with the service.

Constraints to user participation

However, there are contexts that make user evaluation more or less realistic. The few examples we found of users as evaluators illustrated the amount of time that was involved and

'Volunteers and service users attend strategic planning and review awaydays ... to comment on where we have been, where we are going, what we need to get there, how we know we have arrived and what difference did the journey make.'

Local community organisation

other constraints. A 2000 pilot evaluation of an empowerment project carried out by a team of four users from the Refugee Education and Training Advisory Service and Redbridge Sign-Posting Centre involved five days of preliminary training for the user-evaluators. In their report on the pilot, the user-evaluators recommended eight days of training and a more limited focus for any future replication evaluation project (Mukooba-Isabirye et al 2000). They also stressed that evaluators needed a high level of self-organisation and independence. The research programme at UnLtd makes use of participatory methods wherever possible. As part of this, a group of Big

Boost award winners from the Young Social Entrepreneurship programme were given extensive training in sampling, evaluation design and interviewing methods. The participants subsequently went on to design their own their own survey instrument and to gather quantitative and qualitative data.

As well as the practicalities of time, training and resources in user evaluation, the examples found also raised questions about how evaluation requirements of neutrality, independence, rigour and quality can be met. An example of both the benefits and the issues to be addressed in user-led evaluation is illustrated in the case example below.

National evaluation of the Children's Fund – using 'Young Reporters'

Strand B of the national evaluation of the Children's Fund (University of Birmingham 2006),¹⁴ led by Professor Edwards and Dr Marian Barnes (based at the University of Birmingham), focused on models of preventing social exclusion. The research team primarily worked with a sample of local Children's Fund partnerships to explore the processes and outcomes of their activity.

A number of key messages emerging from early work with all 149 Children's Fund partnerships concerning participation were outlined in the *Early Messages from Developing Practice* report (NECF 2003):

- There was a concern to find ways of working towards meaningful participation, and to avoid tokenism and misrepresentation.
- Representative participation, involving diverse communities of children and young people proved challenging.
- Limited time scales clashed with the need for careful preparation and confidence building.
- Participation can require considerable local cultural change and this was not an easy process for some partnerships.

Although children were involved in the design and delivery of prevention services, only a minority of local evaluators involved children more fully – through evaluation design, participation in fieldwork, analysis of data and presenting findings. 'Young Reporters' were seen to bring an informality to the research process and an ability to elicit appropriate data from staff and other young people. However, a lack of resources available to evaluators, difficulties establishing representative samples of those accessing services and the low priority given by the partnership to this type of evaluation activity, were all challenges faced by local evaluators trying to engage children, young people and the wider community in the evaluation process (University of Birmingham 2006).

These learning points were drawn from University of Birmingham (2006) *Local Evaluation of Children's Services: Learning from the Children's Fund*, Research report 783, www.ne-cf.org

Dual approach ... combining internal and external evaluation

CES consultants and other consultants in this study reported an increasing move towards combining internal and external evaluation approaches. Evaluation consultants increasingly work with organisations to develop evaluation frameworks and tools, working with data that has been internally generated to either support internal evaluation reports or to write a report. This has also moved the work into starting up front and being more continuous rather than carried out at the end of a project. Rather than working with the organisation as an expert, there is a closer partnership between the consultant and the organisation, which may continue over a number of years. However, evidence indicates that, for this to work, it is important that each party is clear about the relationship and their respective responsibilities.

Using internal monitoring and evaluation data ... potential difficulties

Although self-evaluation can be an effective management tool, building skills and providing opportunities for internal learning, the study indicated that there are often problems in terms of using monitoring data for evaluative purposes. Many organisations have information systems geared to meeting minimum reporting requirements but may not be able to provide effective data for evaluation. Even those organisations with bespoke or customised IT systems frequently reported them as not meeting their needs. This corresponds to CES' experience of the difficulties of using the products of self-evaluation as data within larger programme evaluations. There is a further difficulty inherent in bringing

together data of different quality and from different project types to evaluate under an over-arching theme.

One evaluator commented on the quality of self-evaluation data: *'Often they are not asking questions at all, or in a very patchy, threadbare kind of way. The vast amount of organisations just don't have the capacity. Much is to do with asking questions that don't give you the insight and information, and asking questions in postal survey formats that lead to fairly low responses and no consideration to biases in those responses'*. This sentiment was echoed by many funders in the research. At least 70 per cent of funders found the quality of outcomes data, financial reporting, and client and output data frequently or sometimes disappointing.

This lack of comparable data drawn from internal evaluation is also a problem at programme level for funders that are trying to evaluate their own outcomes and impacts. There is an increasing emphasis by funding bodies on receiving information that can be aggregated, yet data is often being collected in ways that do not permit aggregation or synthesis. In the Big Lottery Fund's evaluation of its Healthy Living Programme, it was difficult to synthesise the information from self-evaluations. In the evaluation of its Rethinking Crime and Punishment programme, the Esmée Fairbairn Foundation pulled together self-evaluations in a pack, but then did a top-level evaluation rather than attempt to synthesise the reports. Self-evaluation data worked better and provided key information for the Big Lottery Fund's evaluation of the New Opportunities for PE and Sports Initiative (NOPES), where key indicators could be found more easily and more simply reported against across all the projects because a common approach was agreed at the outset.

Many groups set up systems at the start but struggle to collect the information systematically throughout the grant...It is often the qualitative information which is of poor quality – mainly because of lack of time and skills'.

Funder

Using self-evaluation in national-level evaluations

National Evaluation of the Children's Fund

The national Children's Fund evaluation – evaluating what works in prevention of social exclusion for children and young people – raised the importance of the quality of local-level data for national evaluations.¹⁵

A number of local evaluators worked to raise the capacity of Children's Fund projects to self-evaluate their work. Some evaluators worked alongside project staff in developing appropriate self-evaluation tools during the life of the evaluation, with others providing more formal training in workshops. Concerns over future resources in some cases positively drove the development of self-evaluation tools. Other evaluators were restricted in their efforts to build capacity in self-evaluation through limited resources. As well as problems with quantitative data, there was also difficulty because the differences across local programmes made synthesis difficult, and finally they had to show the difference made by each individual service.

Supporting People Health Pilot Evaluation

The Supporting People Health Pilot evaluation illustrates the importance of developing measurable aims at local level and the need to agree on sharing data.

The six Supporting People Health Pilots represented a range of agencies from the statutory, independent and voluntary sectors across England. They were designed to explore the extent to which the Supporting People framework for policy, planning and commissioning could be used to benefit the physical and mental health of the community.

The evaluation research team worked collaboratively with each pilot to ensure that the outcomes they specified in their original submissions were appropriate and measurable, and would provide a baseline against which progress could be assessed on key aspects of the nature of the problems they were seeking to tackle. One of the tasks was to translate broad aims into more easily measurable ones. Each pilot was asked to set quarterly performance targets and to report activity against the targets in the subsequent quarter. Where possible, baseline data was identified. Reflective diaries were used to inform the development of interview schedules. Data was drawn from semi-structured interviews with a range of stakeholders and from project evaluation reports.

Quarterly project evaluation reports had a standard format and served to collect some of the data concerning process and implementation, including issues relating to joint working at strategic and operational levels. The reflective diaries captured experiential data that could otherwise be difficult to access. They formed the basis of some of the developmental work with the pilots. In some cases health professionals had concerns that sharing data with colleagues in the local authority might compromise the confidentiality of individual patients. The experience of the pilots illustrated the importance of establishing processes through which to share information at a strategic and operational level and across organisational boundaries.

These learning points were drawn from University of Birmingham (2006) *Local Evaluation of Children's Services: Learning from the Children's Fund*, Research report 783, www.ne-cf.org and Cameron, A, Macdonald, G, Turner, W and Lloyd, L (2006) *An Evaluation of the Supporting People Health Pilots*, Notes and extracts, Department for Communities and Local Government.

Reports of the National Evaluation of the Children's Fund and the Supporting People Health Pilot evaluation both show how national-level evaluations have driven the development of self-evaluation and also capture some of the limitations of the self-evaluation data produced. This is shown in the case examples on page 64.

This chapter has looked at the development of internal evaluation

in third sector organisations and the approaches and methods used. It has raised issues of the quality of self-evaluation data when used for wider impact evaluation. The issues of the quality and utility of internal monitoring and evaluation data for programme evaluation will be considered further in the next chapter, which looks at some of the challenges for the third sector in external evaluation.

Notes for Chapter 5

- ¹ 'Evaluation determines the merit, worth or value of things. The evaluation process identifies relevant values or standards that apply to what is being evaluated, performs empirical investigation using techniques from the social sciences, and then integrates conclusions with the standards into an overall evaluation or set of evaluations.' Scriven, M (1991) *Evaluation Thesaurus* (4th edition), Sage Publications, Newbury Park, CA.
- ² The European Foundation for Quality Management (EFQM) Excellence Model is an over-arching framework for continuous improvement.
- ³ Information from Community Technical Aid Centre website www.ctac.co.uk 2.04.06 This website is no longer available as CTAC is no longer trading.
- ⁴ The logical framework analysis links evaluation directly with project management through a framework or matrix showing the project's aims and objectives, the means required to achieve them and how their achievement can be verified.
- ⁵ See the systems developed through the National Centre for Business and Sustainability, Social Enterprise Partnership, new economics foundation and the Institute of Social and Ethical Accountability.
- ⁶ These are related concepts. 'Deadweight' relates to the extent to which the benefits of an intervention might have happened anyway. This 'deadweight' needs to be deducted from the assessed change in order to assess the real amount of impact. 'Attribution' is claiming that a particular result is because of a particular intervention. This is an issue for both outcomes and impact evaluation, particularly when the effect of other agencies or societal influences are likely to be felt.
- ⁷ See www.thesocialenterprisepeople.co.uk
- ⁸ See www.sel.org.uk The Social Enterprise Performance Measurement toolkit follows the same basic logic as the CES planning triangle described on page 54.
- ⁹ This approach was originally proposed by Rick Davies, an independent monitoring and evaluation consultant for development aid programmes in Africa and Asia, who has been a leading proponent of participatory approaches. See www.mande.co.uk
- ¹⁰ See www.ces-vol.org.uk for further information on these tools.
- ¹¹ For example, Community Involvement Group, www.communityinvolvement.org.uk
- ¹² See www.biglotteryfund.org.uk, Wednesday 25 October 2006 12:48, *Tolerance in Adversity Backing from Big Good Cause*.
- ¹³ See the work of SOLAR, Social and Organisational Learning as Action Research at the University of West England. See also Bennett, F with Roberts, M (2004) *From Input to Influence: Participatory Approaches to Research and Inquiry into Poverty*, Joseph Rowntree Foundation, York. Also Percy-Smith, B (2006) 'From consultation to social learning in community participation with young people' in *Children, Youth and Environments*, 16(2); University of Colorado, Boulder, CO.
- ¹⁴ See www.ne-cf.org The National Evaluation of the Children's Fund has been a research programme run by the University of Birmingham, in partnership with the University of London Institute of Education and ICT specialists Nemysis.
- ¹⁵ Ibid

External evaluation... the challenges of demonstrating value

Focus of chapter 6

This chapter reports on external evaluation in the third sector, and discusses questions concerning expectations, quality issues and different agendas. It looks specifically at the drivers for evaluating impact, and the learning from impact assessment methods. The chapter concludes by reporting on the growing interest in assessing the monetary value of third sector delivery. The research found:

- **Funders and others commissioning evaluation frequently found external evaluations disappointing.**
- **External evaluations could be improved through a number of key elements, including being clear about purpose, developing more critical analysis, and building in time for organisational learning and disseminating findings.**
- **Third sector organisations are increasingly asked to demonstrate their contribution towards economic priorities and their investment value or return, and organisations often agree a level of impact not realistic or feasible to measure.**
- **Large third sector organisations are developing their ability to assess their overall performance and impact.**
- **A focus on complex, technical methodologies may reinforce the emphasis on external information requirements and be at the expense of developing lighter, practical models that build internal capacity and learning.**

External evaluation ... how third sector organisations are involved

Over one-third of surveyed third sector organisations had had an external evaluation in the past, and altogether 45 per cent had either had an external evaluation, were currently having one or planned to have one.

External evaluation is evaluation that is carried out by an agency or individual not directly responsible for the programme or activities evaluated. As such, it may have concerns and criteria that do not derive from the organisation itself. In practice, hard distinctions between internal and external evaluation have become less clear as external

evaluators work with participatory methods and engage with stakeholders to design the evaluation and work with internally-generated criteria.

Among survey respondents, smaller organisations, those identifying themselves as projects and more recently established organisations, were less likely to have had an external evaluation in the past. Larger organisations were more likely to report having had an external evaluation, probably reflecting the greater complexity of the organisation and greater availability of resources.

More generally, third sector organisations may be involved in external evaluations in a number of

ways – through, for example, project-level evaluations commissioned either internally or by a funder, as part of programmatic evaluations commissioned by national organisations, being involved in a programmatic evaluation based regionally or as part of a national programmatic evaluation. How organisations are involved in external evaluation, and the extent to which external evaluation is internally driven, will combine to affect how organisations learn both from the findings and the process itself. National organisations in this study had a variety of criteria operating to signal external evaluations. Tearfund, for example, commissions external evaluations of any project over £250,000. But criteria are often more flexible, as shown in these examples.

- Help the Aged reported that it evaluates time-limited work, if funding bids allow, and has commissioned evaluations in most of its areas of support, advice, regional and national development, and volunteering, some of which are available as published reports.
- Refugee Action reported that it has flexible criteria, but the trigger for an external evaluation is often related to whether a project is innovative, impacts on quality or whether it is likely to demonstrate good practice.
- NCH Action for Children reported that its external evaluations were mostly triggered by safer care issues.

For some third sector organisations, their experience of evaluation is as part of a national programmatic evaluation and this may expose them to more rigorous methods than purely local-level evaluation.

For example, Moving People is an £18m programme over four years (2007/11) which includes 28 community projects. It is a diverse

programme of national and local activity to reduce stigma and discrimination linked to mental ill health, and improve the physical and mental wellbeing of people who have experienced mental health problems and those who have not. It is led by four mental health organisations – Mental Health Media, MIND, Rethink, and the Institute of Psychiatry, King's College London. The evaluation is being done by the Institute of Psychiatry with a £2m budget. It includes pre- and post-testing of attitudes, viewpoint survey, a Department of Health survey and research on employer attitudes. The evaluation is also using the new economics foundation's wellbeing portfolios for which it has developed a common assessment tool.¹

The quality of external evaluations ... issues about scoping, methodology and evidence

Funding for external evaluations

The research evidence suggests some disenchantment by funders with external evaluations. While half of the funders' survey respondents sometimes required external evaluations, only six funders required external evaluations frequently. Less than half of the sample funded external evaluations and the triggers for external evaluation varied as follows:

- when an organisation or project offered specific learning (53 per cent)
- as part of a themed grant programme (47 per cent)
- in response to a request (37 per cent)
- for high-risk projects (33 per cent)
- for grants over a certain sum (20 per cent).

‘Good evaluation is very hard to do and there do not seem to be the skills in the sector to do it. We are not impressed generally about the quality of external evaluators out there.’

Funder

Forty-two per cent of funders found less than half of externally commissioned evaluations useful. The chief problem reported lay in the quality of the evaluation specification and research methodologies; also important was the adequacy of the evidence. Funders described evaluations as often being unclear about the intended audience, too wordy, not sufficiently analytical and not addressing key questions.

Expectations of external evaluations

CES’ experience is that expectations by those commissioning external evaluations of what they should deliver are now higher than 20 years ago. Increased technological capacity – both the ability of software to deliver data and the overall presentation of reports – has had a strong influence on this. However, funders in the research also expressed a sense of disappointment about the quality of external evaluations that goes beyond the quality of the data. A number of key elements emerged in the study as being important to different stakeholder groups commissioning evaluations. These include:

- having clarity about the key purposes of and audiences for the evaluation and the appropriate formats for presenting information and where and how it is needed
- developing a better grasp of the programme and committing sufficient time at the brief and design stage
- having a theory of change, so that variables likely to affect the performance of the project or programme can be identified and assessed
- moving away from ‘good news’ stories and delivering what people want to hear, and developing more critical analysis and learning

- ensuring that the evaluator’s own personal research or other agendas do not impinge.

These issues are discussed further here.

Evaluators of choice

University departments are often the evaluators of choice for the specific subject area expertise required for sub-sector large-scale evaluations (such as health, families and regeneration) and can bring a technical rigour to evaluation studies. Additionally, we found examples of university departments linking with consultancy organisations to obtain complementary expertise. However, research participants often criticised evaluations as being over-academic and jargon-ridden. Lambeth Crime Prevention Trust made an initial false start to an external review, with the trustees and staff unhappy with the work carried out by university-based consultants, but were pleased with the work of a consultant with a background in the voluntary sector. *‘You don’t want an evaluator to be just repeating back what you have told them. You want some analysis of the situation.’*

Commissioning skills

Evaluators, national organisations and funders all pointed to inadequate commissioning skills. CES’ more general experience is that those commissioning evaluations frequently do not adequately specify the work and often have unrealistic expectations of what can be done with available resources. An examination of what works in what circumstances will require sufficient funds to look at the context and process information and to support the relevant analysis – rather than just providing outcome data.

Some evaluation commissioners expressed dissatisfaction that external evaluators had not understood the

project sufficiently. Yet, except in large programmatic evaluations, we found that time was rarely factored in for preliminary scoping work at the commissioning and evaluation design stage – squeezed by both resource issues and time constraints.

Some funders accepted that where evaluation primarily served accountability purposes it was difficult for the organisation evaluated to be open to areas of difficulty, or issues concerned with management and implementation – even where there was an apparent learning agenda. This indicates that if there is to be a learning function, evaluation proposals and designs need to establish frameworks that can receive and process feedback.

Learning opportunities

There is also a danger – well documented in evaluation literature – of role confusion where a programme or project is moving from one phase to another or reconsidering refunding or developing strategy. Here, evaluators may be expected implicitly or explicitly to make management decisions, and there is disappointment when recommendations do not do that but rather point out the implications of findings.

The evidence suggests that if the main purpose of evaluation is to help funded organisations become learning organisations – to identify weaknesses and correct them – funding technical support to self-evaluation may be a better option to external evaluation in many cases. Given the specific nature of this information, such self-evaluation may not provide information that is needed for the funder's own accountability purposes and to help them make funding decisions and these monitoring needs may need to be specified separately.

Evaluating impact ... need for an agreed definition and understanding

Within the third sector there is a degree of confusion in the use of the term 'impact'. Impact is sometimes used to describe all the results achieved by an organisation, or is sometimes used interchangeably with 'outcomes'. It is also used to imply the net effects of an intervention – the changes brought about by the project or programme above and beyond those resulting from other processes and events. Research participants were most likely to recognise the following distinction between outcomes and impacts:

- Outcomes: the more direct benefits or effects of a project, within the control of the project, although there may be unexpected or unwanted outcomes.
- Impacts: the wider and often more long-term consequences, for example for the social, economic or political environment. These may be positive or negative and are more likely to be influenced by the interplay of the context with the intervention over time. The 'net effect' was also a concern for some assessing impact.

This distinction is common to many of the definitions found in evaluation literature and practice (Astbury 2005) and was found within the context of large-scale programmatic or national-level evaluations reviewed.

Common understandings of the terminology are important to the extent that they help clarity about the level of change on which information is required, and what information is feasible or useful to collect. Most of the funders in our survey did make a distinction between monitoring and assessing outcomes and impact,

pointing to the difficulties of demonstrating impact within the short timescale of many grants. The City Bridge Trust, for example, required organisations to provide information commensurate with the level of funding awarded, and this affected whether impact information would be expected.

Setting measurable aims

CES' experience and the assessment of some funders in this research is that impact evaluations are frequently asked for when it is not realistic and that organisations often collude in this when applying for funding by declaring unrealistic expectations of impact. In the Health Pilots evaluation one of the first tasks for the evaluation team was to help pilots develop measurable aims (Cameron et al 2006).

For example, the original aim in the Doncaster pilot was to reduce suicide. The report pointed out that, leaving to one side the issue of causal attribution, this impact would be difficult to demonstrate, and the pilot developed a number of proxy indicators such as engagement with services and sustainment of tenancy. In Salford, the pilot's aims originally included reducing the incidence of death caused by accidents, and promoting health and active life for all older people. Again, the difficulties of identifying reliable indicators for these ambitious aims meant they had to be put aside. This was partly because of the challenge of attributing causal links between these outcomes and the project, but also because of the difficulty in demonstrating changes in low-frequency events such as death by accidents.

(Chapters 4 and 5 described the difficulty of using local outcomes data for aggregation.)

The research interviews and review of evaluations also underlined the

difficulty of using local data for programme-wide evaluation, whether generated internally or by independent evaluators:

- When different evaluation designs are applied at local level, there are real difficulties in collating and synthesising data.
- Collecting and aggregating data against centrally identified outcomes may miss the learning from local implementation and important differences in service delivery.

One evaluator experienced in third sector programme evaluations reported that the variable capacity of organisations to assess and report had created problems not only for aggregation, but in obtaining an over-arching view and when making comparisons.

Potter (2005) describes a methodology to address these difficulties by providing an over-arching framework at the beginning of the evaluation that groups individual projects by theme and formulates evaluation questions that transcend the issue of the performance of a single local project, rather than synthesising summatively. At the same time, allowances are made for the individualities of each project.

Practical examples

The Yorkshire Forward programme evaluation provides a challenge in terms of evaluating projects brought together within a programme, but with little commonality. Evaluators at the Centre for Regional Social and Economic Research (Sheffield Hallam University) have drawn up a framework with six simplified themes, each with a dedicated package of research. Also important is the establishment of a logic chain for each of the six funded elements, with at least 17 identified theories of change underpinning the programme. Sheffield Hallam evaluators are also

delivering a capacity building component to the evaluation in partnership with consultants. More generally, from CES' experience, the amount of resources available for such capacity building is critical to how far it can affect the quality and quantity of locally-produced data.

This research has found the issue of variable data quality and of project diversity particularly important in impact assessment. The City Parochial Foundation, the Equitable Charitable Trust and the City Bridge Trust combined their funding in a Funders' Alliance in order to tackle the problem of school exclusion in the London Borough of Merton, funding two voluntary sector organisations and three projects working with children and young people, each offering different sorts of intervention. They found difficulty in making comparisons across them to see the overall impact of the three together because of the differences in timetable and differences in projects (Unwin and Field 2003).

The evaluation of the Defra Environmental Action Fund 2002 (CAG Consultants with Northumbria University 2005) reported that evaluating impact was made problematic because of the diversity of projects across a wide range of policy areas and delivery approaches. More focused funding would have led to a greater combined impact within chosen policy areas and a greater focus for evaluation and impact analysis. The quarterly reporting structures and the inclination of the voluntary and community organisations had the effect of focusing monitoring towards outputs and short-term outcomes. As a result, it was difficult to draw conclusive lessons about longer-term outcomes and impact.

Funders are increasingly moving from evaluation of individual projects and programmes to evaluating the impact of their funding programmes and the quality of data produced by their funded projects becomes a critical issue, as shown in the case examples below.

Evaluating the impact of grant programmes

Evaluation of the Phoenix Development Fund

An evaluation of the Phoenix Development Fund (Freiss 2005) demonstrated the need for funders to encourage good data collection in funded organisations in order to have good quality data for their own programme evaluation.² Evaluators asked highly relevant questions such as:

- Did the Fund encourage fresh thinking?
- How effective were specific project approaches?
- To what extent did projects successfully help particular sections of the community?
- To what extent did the Fund help to engage mainstream providers?
- Did funding help to build capacity?

The evaluation was able to present data on aggregated hard outcomes, such as the number of businesses and social enterprises created and the numbers leaving benefits and entering education. Evaluators also dug down to look at particular case studies. However, they found that few projects systematically collected robust client information. In general output and outcome information was collected only in order to report to outside agencies, particularly funders.

continued »

Evaluation of the impact of Greater Bristol Foundation's grants programme

Greater Bristol Foundation has made grants to locally-based charities and community groups in the former Avon county area since 1987. It was expected that grants totalling over £2m would be made in the financial year 2003/04. An evaluation was carried out between January and March 2004 to determine the impact of the Foundation's grant making during 1998 to 2003. Impact was looked for in relation to individual organisations, their ability to collaborate within the sector and on the area as a whole.

The evaluation methods included a review of grant applications and other data, a questionnaire sent to 300 grant recipients, and a small number of interviews with a sample of grant recipients and local strategic agencies. The evaluation highlighted the difficulties that many small organisations face in thinking about and identifying outcomes and impacts for their users and the wider community, as many beneficiary organisations struggled to answer questions in these areas.

The final report drew attention to the need to have data on the monitoring forms about benefits to users and the difference made to the wider community. It also concluded that whatever data collection methods were used in the future, studies would be dependent on groups' ability to understand impact evaluation and that there might be difficulties with groups trying to give the answers they thought funders needed to hear.

These learning points were drawn from Freiss, PR (2005) *Evaluation: The Phoenix Development Fund: Final Report* and Whitfield, L (2004) *Evaluation of the Impact of the Greater Bristol Foundation's Grant Programme*.

The question of attribution ... disentangling the effects of interventions

Emphasis on evaluating impact has raised the question of attribution and net effect – how to isolate the effects of a particular intervention from other external factors that may influence outcomes. As one funder expressed it *'How do you know whether it was your £5,000 that made a difference?'*

Many public sector evaluators consider that experimental and quasi-experimental designs and standardised measurement favoured by government departments³ are expensive, can take a long time to get results, and are rarely conclusive or widely applicable at programme level. In general, those expecting rigorous designs are often looking for a cause-effect relationship, rather than a 'good enough' picture to put value on an intervention. In both the public and third sectors, evaluations are carried out over the short term and real impact, even with

large programmes, may not be seen for several years. In CES' experience, before/after comparison studies are the most common quasi-experimental approaches in third sector evaluation, and these still present difficulties of disentangling the effects of interventions from other fundamental changes, such as central government or local authority interventions.

Using a control group (a group that does not experience the intervention) is rare in third sector evaluation. CES set out to use a control group in its four-year evaluation of the Fairbridge foundation course (2001-2003) – then working in a context of increasing interest in hard evidence of success from the Social Exclusion Unit and HM Inspectorate of Probation. However, finding people who were legitimately comparable to the group going to Fairbridge, but who had not attended the foundation course was not without its difficulties (Astbury 2002). A control group was useful in the Every Child a Reader evaluation described in the case example on page 73.

Every Child a Reader: using a control group to evaluate outcomes

Background

The Every Child a Reader programme is a collaboration among charitable trusts, the business sector and government. The three-year, £10m initiative has funded highly-skilled Reading Recovery teachers in inner-city schools to provide intensive help to children most in need. It has the longer-term aim to secure sustainable investment in early literacy intervention, and to explore how intensive support in reading can be provided most cost-effectively in a national context.

Annual evaluations were a vital part of measuring the effectiveness of the programme and its potential for further roll-out. They were funded by the partners from the overall £10m raised for the project, half of which came from the DfES (Department for Education and Skills), the other half from a partnership of trusts and businesses. The year one evaluation, carried out by the Institute of Education, cost £70,000.

Methods for control group comparison

The first year of the evaluation (2005/06) compared the literacy progress of the lowest achieving six-year-olds who had access to Reading Recovery with that of children at similarly low achievement levels in schools with no access to the programme. Two hundred and ninety-two children were identified in the Every Child a Reader Year 1 class – 145 in 21 Every Child a Reader schools and 147 in the 21 comparison schools. These 292 children were diagnostically assessed at the beginning and end of the 2005/06 school year.

Information was also collected on which literacy interventions these children had accessed during the year. In the Every Child a Reader schools, 87 children had received Reading Recovery. This group of 87 children was the sample compared with the 147 control group sample of lowest achieving children from comparison schools. The detailed assessment carried out at the beginning and end of the children's Reading Recovery programme provided information on the range of different skills they had developed.

A further assessment of achievement was planned for the end of the 2006/07 school year by collecting key stage results and a whole class measure of spelling and reading administered to monitor the sustainability of earlier gains. Qualitative data was also gathered through termly progress reports submitted by schools.

Although this evaluation is highly regarded, setting up the control group was not without issues. There was an incentive for control group schools to take part as they were given a guarantee of full participation in the programme the next year. Although the work with the control group was straightforward, the risk of external factors playing a role in outcomes remained. As one funder in the partnership said *'Every time you do an evaluation without a control group you have to qualify it by taking into consideration other effects in their lives. When you add in a control group, you have to have double the amount of health warnings'*.

In the Health Pilots evaluation (discussed on page 64), in most cases health pilots came to the conclusion that it was unlikely that they could generate evidence that outcomes were directly and solely attributable to their work. What they could do was gather information about the likely contribution of the pilot. Even with

this, pilots experienced difficulties in obtaining information that required long-term tracking and collection of data by other agencies.

Research participants recognised that it may be particularly hard for preventative programmes to establish impact, which may only become clear

after a long period of time and with resources directed into a population with definable boundaries, and sufficient to make a change of the required magnitude.

For example, a programme funded from the Single Regeneration Budget aiming at homelessness prevention in London identified risk factors in young people as young as ten years on issues such as parenting and school exclusion, and intervened at this level. In general, it takes many years for the impact of such early intervention to emerge, and with relatively small project interventions across a wide area it is difficult to dissociate effects of the programme from other influences. One funder said that when statutory services pointed to what they considered as good impact evidence, it was often unachievable for small organisations, because the organisations they were working with did not work with the numbers that would demonstrate those changes – on educational achievement, for example.

Some organisations in our third sector survey raised the question of whether a demonstration of impact was reasonable, given the size, scope and remit of their work, and given the difficulties of quantification and attribution, although they were being required to provide such evidence. Preston Community Radio pointed out that its funders were regeneration bodies and are looking at improvements against targets in the area and community, but there were difficulties in linking the real benefits from involvement with community radio to crime reduction targets, for example.

The difficulties and ethical dilemmas of identifying and integrating control groups are problems faced by, and familiar to, the wider evaluation community. Such problems are even seen in public policy evaluation,

where human and financial resources are not necessarily a constraint (Martin and Sanderson 1999). It is therefore hardly surprising that the third sector faces difficulties associated with measurement, attribution, causality and validation of outcomes and can experience difficulty when using experimental and quasi-experimental methods.

Impact across regional and national bodies ... the new challenge

Third sector organisations are increasingly being required by regional development bodies and government funders to produce impact information at a regional and national level. For example, among our research participants:

- A key challenge for Regional Youth North East is demonstrating impact as a regional organisation.
- BTCV, the environmental volunteering charity, recently employed NFPSynergy consultants to look at an impact analysis process across the organisation and to understand the impacts of its work in environmental, social and economic terms, drawing from best practice elsewhere.
- Action for Blind People is trying to translate outcomes information – in terms of jobs, numbers into employment and numbers into new homes – into impact measures across the organisation.

For some national organisations this is a completely new challenge. Early impact reports for public consumption, providing headline information about annual achievements, showed considerable confusion about impact. The literature review showed that this reporting has developed in recent years.

Groundwork UK's 2006/07 report provides a good example of a synthesis, or presentation of cumulative 'impact' of its outputs and outcomes, shown in the case example below.

Groundwork UK – reporting on impact

Groundwork UK is a national federation of charitable trusts whose aim is to build sustainable communities in areas of need through joint environmental action. In 2006/07, Groundwork generated and invested around £127m in practical activities to support regeneration and promote sustainable development.

During 2006/07, Groundwork developed a new approach to evaluating the impact of its activities. Each evaluation is undertaken in partnership with the Centre for Local Economic Strategies (CLES) using a team of external assessors. The evaluation methodology has been developed with support from a number of organisations, including the Home Office, the Treasury, the Department for Communities and Local Government, new economics foundation, the Audit Commission, Greenspace, the Community Development Foundation, University of London and the University of Cambridge.

Groundwork's report *Making a Difference: Impact Report 2006–07* has clear sections on the following:

- its overall mission and scope and remit of its work
- how it worked in key areas of improving the physical and natural environment, building sustainable communities (outputs)
- the difference it made to the way people involved and affected think, feel and act (qualitative outcomes)
- the extent to which it helped businesses to reduce waste and improve resource efficiency, and helped to improve green spaces (quantified outcomes)
- how it delivered its approach to finding ways of tackling social and environmental problems – through partnership, innovation and sustainable solutions.

The report includes a learning section, which reports on some of the findings from external evaluations and provides more qualitative data. Another section – *'Sharing our experience – influencing others'* – reports on achievements in relation to policy change. The report also provides illustrative case studies.

Groundwork uses a common set of output and outcome measures and a range of performance indicators, sets targets as part of its business planning process and reviews performance to monitor progress. During 2006/07, the organisation redeveloped its intranet to support the sharing of good practice and collated over 120 project case studies.

These learning points were drawn from *Making a Difference: Impact Report 2006–07*
www.groundwork.org.uk

International non-governmental organisations have institutionalised impact evaluation since the mid-1990s, but there have been warnings from international development agencies about the difficulty of large-

scale statistical studies, particularly when the catchment area is fluid or unclear. Plan introduced a corporate monitoring and evaluation programme across the organisation in the late 1990s, and reported the

difficulties of retaining meaning and accuracy when information was aggregated at national, regional and global levels. Furthermore, there was a real danger of corporate indicators driving strategy at programme level.

Debate among international non-governmental organisations raises concerns about the methodological problems of measuring the effectiveness and impact of complicated development programmes (Hailey and Sorgenfrei 2005). A greater importance attached to contextualisation necessarily led away from aggregation. To some extent this led to a de-emphasis on formal evaluation and a greater emphasis on integrating evaluation into programme management (Mansfield 1997). Roche (1999) has urged an approach that places intervention within the wider context and enables understanding of the relative importance of interventions in relation to other changes going on.

Global impact reporting ... an increasing trend

The research indicated an increasing trend for international development organisations to report on their impact across programmes, or worldwide. Oxfam has been producing annual impact reports since 1999, drawing together field-level participatory evaluations, ongoing monitoring reports and regional impact reports against its overall aims and strategic objectives (Oxfam 2005). Plan produced a global impact report for the first time in 2007. Based on an extensive review of internal and external documentation across all the 46 countries in which Plan works, it identifies strengths and weaknesses and is designed to be the basis for planning future work (Betts 2007). Tearfund synthesises local information at a regional level, and

also produces an evaluation synthesis report, reviewing some 20 evaluations commissioned across the year.

Giffen (2005) expresses concern that such global impact assessments are primarily a tool for marketing. She identifies the risk of the search for impact becoming linked to the need to demonstrate achievement of strategic targets, and suggests that evaluation developed locally for learning – to understand change – risks being misused to demonstrate impact.

Cross-sector impact ... the value of a strong evidence base

A 2006 Treasury report emphasised the need to demonstrate the third sector's impact as a whole more persuasively through a stronger evidence base (HM Treasury 2006), and the issue of evidencing the effectiveness of particular sub-sectors has also emerged.

A Rapid Evidence Assessment of the benefits of voluntary and community sector infrastructure in 2006 found it difficult to bring evidence together in any cumulative sense to gain an impression of its overall or aggregate impact – finding the evidence base somewhat *'fragmented and disparate and not particularly substantial'*. The Rapid Evidence Assessment found very few longitudinal or comparative research designs, or value for money or cost-benefit studies (Macmillan 2006). Sub-sector specific initiatives to build an evidence base include community development, housing and welfare rights. However, even within sub-sectors, the diversity of provision is an obstacle to finding unitary measures of impact.

A 2006 study reviewed the literature assessing the impact of welfare rights advice. This is shown in the case example on page 77.

Assessing the impact of welfare rights advice

A 2006 review of the literature on local authority and voluntary sector welfare rights advice and their benefits found local economy gains from improved take-up of benefits as a result of welfare rights advice, because of a multiplier effect (Wiggan and Talbot 2006).

Examples included an impact assessment of the Neighbourhood Renewal scheme Poverty and Income Maximisation in Newham, which drew on national and local data covering a range of measures, such as take-up of pension credit, local recipients of housing benefit and council tax benefit, to set a baseline. It reported delivering an increase in income of £9,065,200 (London Borough of Newham Social Regeneration Unit 2005).

A review of a three-year (2000/03) welfare rights take-up project in Yorkshire and Humberside, run by the Royal National Institute of Blind People (RNIB) to improve take-up of benefits among visually impaired people, reported a substantial monetary impact (Royal Institute of Blind People 2003). RNIB estimated that around £916,000 per year of additional income (April 2000 to January 2003) was received by people with sight difficulties and their carers.

A 2003 study calculated that Brighton and Hove Citizens Advice Bureau raised an additional income for its clients of £676,000 (Ambrose and Stone 2003). The true economic benefit was, however, much higher because of the multiplier effect in the local economy. Drawing on the local multiplier toolkit (LM3) developed by the new economics foundation,⁴ the study concluded that the economic impact of the initial £676,000 raised should therefore be multiplied by 1.7 giving a total financial gain to the local economy of £1,149,000.

This learning was drawn from Wiggan, J and Talbot, C (2006) *The Benefits of Welfare Rights Advice: A Review of the Literature*, Manchester Business School, University of Manchester, commissioned by the National Association of Welfare Rights Advisors.

Assessing social capital ... focus on community capacity building

In Northern Ireland the impact of new public management has been tempered by an emphasis on collaboration and negotiation in inspection and review. The concepts of social capital and community capacity building have been central to the notion of community cohesion, particularly the focus of voluntary sector funding (McNamara et al 2007). Community Evaluation Northern Ireland (CENI) has built a framework for indicators relevant to public funding for the voluntary and community sector, using the concept of social capital to capture the notion of community process (McDonnell 2002).

Social capital evaluation has been less prominent in England, except in the

community development sphere. A 2007 survey by Community Development Exchange identified CENI indicators on monitoring and evaluation used by community development practitioners, showing how the community demonstrates internal cohesion, engages with other communities and links with other agencies and policy makers (Longstaff 2008).

UnLtd, the foundation for social entrepreneurs, aims to help social entrepreneurs (some 5,700 award winners) by offering a tailored package of support and financial assistance. UnLtd is developing an assessment of social capital, in terms of networks of support and achievements of its award winners. It is looking at the potential to use mapping of relationships, and assessing the skills and relationships

developing in the sector. An online social network, recently launched, will itself provide a potentially rich source of data.

bassac, the national network of community-based organisations, has focused in recent years on introducing an impact focus to community organisations. bassac first introduced concepts of wellbeing, quality of life and sustainable development to community anchor organisations – support organisations to self-help action (Church 2005). This is described in the case example below.

they bring to public service delivery – their distinctive value, their added value, their strategic added value and their value for money.⁵ The notion of value is central to evaluation. However, there is considerable lack of clarity about what these different concepts mean, how they are related or distinct, and how they can be assessed and demonstrated.

Added value

The Audit Commission itself introduced the notion of added value when it explained value for money concepts, referring to intangible

bassac – developing an impact focus with community anchors

The feedback and experiences of bassac’s members in 2000/01 showed bassac that it needed to shift the focus of community anchors away from the individual project-level information gathering required by funders, to focus on the effectiveness of the organisation as a whole – or impact.

With funding from the Community Alliance, bassac’s *Changing Places, Changing Lives*, printed in 2005, aimed to introduce the concept of impact to community-based groups, targeted primarily at bassac members. With the help of the Baring Foundation, the methodology was published in mid-2007 as a toolkit, *ChangeCheck*, aimed at community anchors and accompanied by workshops and training for development workers, to cascade the knowledge. Recognising that measuring impact was not likely to be within the grasp of small organisations, the methods focus on how organisational impact is experienced by different audiences, based around perception of the Audit Commission’s eight categories of community wellbeing.

bassac found that, although a more positive response has built gradually, the take-up of consultancy support was slow with those for whom impact was new; feedback on the usefulness of the process has been positive and enthusiastic. However, it remains challenging for community anchors to resource the exercise, and only a small number of organisations had gone through the process: *‘There has been a striking mismatch between what we put on the table and what people could pick up’*. bassac’s response has been to revisit the process and method in order to engage community anchors more effectively. bassac has maintained the emphasis on the whole organisational and strategic impact, *‘rather than the narrower and more common focus on the outcomes of individual projects’*.

Demonstrating ‘value’... distinctive value, added value and value for money

Beyond the question of outcomes and impact, third sector organisations are also being asked to assess the ‘value’

benefits such as greater flexibility, innovation, knowledge and expertise (Audit Commission 2007).

Somerset Community Food explained how it expressed added value:

We are offering a lot of support to marginalised people. A lot of added

value, for example, young mums groups – it's not just about coming and getting health food, it's also a chance for them to meet up and get their babies weighed. That's what I mean by added value. You've got to argue everything from first principles. We want to tell social services that this is a great way to work with their clients and that it will have lots of knock-on effects that would save them money in the long term.

However, Blackmore (2006:11) has argued that government recognition of the added value that third sector organisations can bring to public service delivery has to an extent 'muddied the waters' as it has led many to try to quantify it, whereas the real point was that commissioners needed to be clear about *'what value it is they are seeking for a particular service, and which potential providers are best able to provide that value'*. A 2007 Performance Hub publication argues that the concept of added value is unhelpful and that a more meaningful way forward is to think in terms of 'full value', which includes an organisation's outcomes and the satisfaction of its users (Eliot and Piper 2007).

'Strategic added value', however, has become an element within evaluation briefs, although there is no uniform approach. It has been included in the regional development agencies' impact framework, and a measure of strategic added value is needed to be demonstrated to the Department of Trade and Industry (DTI) and the Department of the Environment, Transport and the Regions (DETR), making the link into regional and economic strategies. Strategic added value may encompass issues such as strategic influence, partnership working and leverage. It has been described as a subjective measure, often based on opinion, assessed through qualitative methods.⁶

Value for money

The 2007 Audit Commission *Hearts and Minds* report emphasised the importance for local authorities of shifting their emphasis to value for money information from voluntary sector providers, requiring consideration of outputs and outcomes as well as inputs. Government has defined value for money as ensuring that funds are spent in a way that minimises costs, maximises outputs and achieves intended outcomes (Cabinet Office 2000, 2006), or as getting the best possible outcome from any given level of input (HM Treasury 2006). The Audit Commission report stated that local authority staff and voluntary sector providers attached different meanings to value for money and neither assessed it well (Audit Commission 2007).

The report focused on local authorities and made little connection to the skills or methodologies that might be needed by third sector providers to demonstrate value for money. A number of third sector organisations in our survey sample reported that funders required value for money information. Although, for comparison of value for money, much depends on the consistency of the measurement, there were substantial variations in how value for money was interpreted by funders: in some cases it was assessed through achievement against organisational purpose, or cost-effectiveness, whereas others looked at efficiency targets, which meant either reducing management costs or increasing the number of users.

In general, the third sector has little track record in carrying out value for money studies. Where it exists, the value for money component is often tacked on the end of an evaluation study and carried out independently of other parts of the evaluation. In Chapter 4 we reported that internal

outcome monitoring is rarely related to implementation, design or efficiency issues. But those studies reviewed have shown that value for money evaluations are not simple exercises. The 2001 evaluation of the Crossing the Housing and Social Care Divide programme demonstrated how projects were vulnerable and failed to get renewed contracts because they were unable to produce evidence on costs and benefits to feed into value for money assessments:

Few projects were able to calculate outputs and to link these with inputs, let alone specify how the production of outputs might contribute to the achievement of longer-term outcomes. (Cameron et al 2001:5)

The value for money study that formed part of the Defra Environmental Action Fund evaluation was carried out through a review of application forms, and of processes

and management of delivery and a quantitative assessment based on achievement of targets and outputs. Judgement on value for money included issues such as wide geographical extent, engagement with a range of communities and work covering a range of themes rather than single issues. Value for money criteria were also contained within an evaluation of 'strategic value'. These criteria were providing innovative features; a model that could be replicated; and whether the project worked with an umbrella organisation (thus being more cost-effective than funding individual organisations). Overall, evaluators found it a challenge to provide a 'quantifiable' value for money assessment, as a number of assumptions were made about the appropriateness of planned performance levels (CAG Consultants with Northumbria University 2005).

Women's resource centres – capturing monetary values

A study of four women's resource centres in 2006 presented problems in capturing the whole cost of providing the service, because of the difficulties of including 'non-funded' indirect or in-kind inputs (such as the use of donated premises and volunteers). The **cost consequence analysis** used allowed the relevant costs and effects of the intervention to be measured, but did not produce one single effectiveness measure to allow clear comparison of the relative cost-effectiveness of alternative interventions. Comparing different organisations was also problematic as different organisations had different financial management systems, so the cost analysis might just be comparing the variations in financial management rather than the variations in real costs of delivering services.

The **total economic cost** of a specific project was calculated for each of the case study organisations. Ideally, the researchers would have liked to have identified each project's own economic value for the outcomes and to balance the costs of each against the benefits. The limited time and resources available meant they used '*figures from existing research about the cost of whatever harm the projects were tackling*' to suggest how successful the projects had been at breaking even.

Although they produced a figure at which the centres could provide a saving to society, there appeared to be no way of measuring the level of prevention afforded by the service, so more descriptive findings were presented. The outreach support service was felt to be reducing the risk of domestic violence by enabling women to reach safe places and by improving services available to them.

Adapted from Matrix Research and Consultancy (June 2006) *Economic Impact Study of Women's Organisations*, Women's Resource Centre and the Association of London Government.

From our review, one of the main difficulties of value for money studies lies in putting a monetary value on social benefits. But there are also problems in costing inputs, as demonstrated by the 2006 study of four women's voluntary and community organisations in London described in the case example on page 80.⁷

Cost-benefit analysis faces the same challenges as impact in relation to attribution and generalising findings. Additionally, the very local and particular nature of communities and the context in which interventions take place make it difficult to generalise from results (Sefton 2000).

Social return on investment ... measures of value

New indicators

Third sector organisations are being increasingly drawn into new indicators or measures of value. An article in *Third Sector* in July 2002 cited the move by some funders towards an investor approach, seeking to identify what social 'return' they are getting on their grants (McCurry 2002). Of greater likely impact is the government drive to find standardised processes to measure the impact and 'value' of investment in third sector infrastructure and their delivery of public services.

One theory of state funding that government is increasingly applying to public services and to third sector service delivery is that of 'investing to save', with its logic of better returns and reduced costs.

The Invest to Save Budget is a joint HM Treasury/Cabinet Office initiative which aims to create sustainable improvements in the capacity to deliver public services in a more joined up manner. The London Borough of Camden obtained funding

in 2006 for a three-year partnership project – Third Sector Delivery in Camden – to develop and pilot a new commissioning model that was outcome-focused and valued both service-level and wider community-level outcomes (economic, environmental and social) and tracked savings to the service, council and wider public sector of the achievements of these outcomes (London Borough of Camden 2008). Camden commissioned the new economics foundation to develop a model that could be used in both the commissioning process and by providers to demonstrate the 'triple bottom line' impact – economic, environmental and social – of its activity. The sustainable commissioning model was developed and successfully piloted in tendering for a Housing and Adult Social Care contract: Provision of Mental Health Day Care Services.

Social return on investment

The social return on investment (SROI) methodology was pioneered in the United States by REDF, a venture philanthropy fund. It has been developed in Europe by members of the European SROI Network and in the UK initially by the new economics foundation and, since first pilots in 2004/05, within a network of SROI practitioners (Nicholls 2007). Sheffield Hallam University is now carrying out an evaluation of the Futurebuilders Fund.⁸ The agreed model of measurement is to assess the SROI from Futurebuilders investments. The Futurebuilders Advisory Panel noted in its report to the Minister in December 2006 that measurement and reporting of SROI had implications for other government-sponsored programmes and action plans that were investing in third sector and public service delivery. The 2008 Interim Report summary described the methodology as an innovative and experimental part of the

Futurebuilders evaluation (Centre for Regional Economic and Social Research 2008). It found clear evidence of potential savings to the public purse which investments could bring in eight of the case studies, but in four cases it was not possible to make an estimation with a significant level of certainty, either because the evidence did not exist, or because the returns were likely to be in the very long term, although other positive social outcomes were likely to be achieved.

The Sheffield Hallam report urged some caution in interpreting results because the calculations were forecasts of likely financial and social returns; some social returns were difficult to place a monetary value on, such as community cohesion, some initiatives would achieve other social returns beyond financial savings to the public purse and some successful projects were likely to lead to increased costs to the public purse.

Originally for social enterprises, and developed from traditional cost-benefit analysis, the social return on investment methodology attempts to put a monetary value on the social and environmental benefits of an organisation relative to a given amount of investment. The process involves an analysis of inputs, outputs, outcomes and impacts leading to the calculation of a monetary value for those impacts, and finally to an SROI ratio or rating. SROI studies have now been applied to organisations producing social returns, such as helping ex-offenders into employment, where clients cease to receive benefits and start to pay taxes, all of which result in savings to the public purse. The new economics foundation has produced a do-it-yourself guide (now in its second edition), but this remains relatively complicated analysis. The new economics foundation is also

publishing a number of SROI-based research studies.

The SROI UK network, launched in 2008, is dedicated to the consistent and effective use of SROI. It has developed an online tool for calculating SROI free to its members. Corporate Citizenship Partnership has been funded by the London Benchmarking Forum (corporate funders) to test out SROI studies in a few charities to see if they are likely to be useful for corporate funders, and was developing a toolkit for publication in 2008.

The case example on page 83 describes a return on investment study that provided effective evidence to encourage government funding.

This emphasis on return on investment is likely to increase. From 2008/09, the government is investing approximately £350,000 over three years in its Monitoring Social Value project, to develop a standard for measuring SROI that will bring the different methodologies together, increase the accessibility of SROI and increase the evidence base of the impact of the third sector.

Evaluators currently exploring the methodology emphasise its complexity, sensitivity and the assumptions that will need to be made explicit about the social benefits and cost savings. The fear is that the results of the social return on investment studies may be more powerful than they are worth, and is about the difficulties of extracting real operating costs and putting a monetary value on social value. Although lessons have been learnt by development work commissioned by the Scottish government, and pilot studies are taking place, the potential danger is that the language of SROI, as of impact, is gaining currency when there is insufficient widespread understanding of what such studies

Every Child a Reader – Social Return on Investment study

KPMG Foundation and its partners set up the Every Child a Reader programme with the expressed aim of obtaining sustainable funding. The research into the benefits of the Every Child a Reader programme provides an example of how evaluation might be placed together with a return on investment study to good effect. There was already a lot of evidence of its success, but the main barriers to getting the government to support Reading Recovery was cost. The KPMG Foundation felt it would be useful to commission a separate Social Return on Investment study to complement the evaluation. The KPMG Foundation funded this itself, at a cost of £20,000. The research brief was to review the research on the long-term consequences of literacy difficulties for individuals and for society, to estimate the costs to the public purse that result and the return on investment of early intervention to address literacy difficulties (Gross 2006).

The report identified five different types of costs for children who have not learnt to read by the age of seven:

- health costs
- cost of crime
- educational costs – special needs support
- education costs – behaviour, exclusions, truancy
- costs of unemployment and low wage.

The report noted that estimation and full quantification of social costs depended on four critical pieces of data: population numbers, prevalence rates, typical frequency and/or duration of the problem (for example exclusion from school) and unit cost information.

Unit cost information was taken from other cost-benefit studies and from national sources for health and social care services, criminal and benefit recipients. Only hard costs were included in the calculations – those having a direct monetary effect and usually falling on public, private or voluntary sectors. Soft costs – those borne by family and friends – were excluded because information on them was too scarce.

The cost savings were set out for lower and upper estimates at age 37 (the last point at which reliable survey data was available). Based on the evidence from previous studies that 79 per cent of children aged six currently leaving school with very low literacy could be 'lifted out' through Reading Recovery, the return on investment for every pound spent on the Every Child a Reader programme was estimated to range between £14.81 and £17.56. Then the long-term return on investment from the £10m spent on the programme could be estimated to be £148.1m and £175.6m over the period between 2006/08 and 2007/09, when the children at that time accessing the programme would reach the age of 37.

While this report provided convincing evidence to government to invest in the programme, it should be noted that the researchers were able to access pre-existing unit cost information, an agreed unified outcome measure (reading level) could be identified and data on this was readily available. The study was nevertheless limited in that existing studies had data only to age 37, and it was not possible to calculate and include soft costs – those borne by friends and family.

Adapted from Gross, J (December 2006) *Every Child a Reader Evaluation Report 2: The Long Term Costs of Literacy Difficulties*, KPMG Foundation, London.

imply and as yet little evidence base concerning the efficacy of SROI as a practical tool.

In the current efforts to produce a user-friendly SROI tool, it is also recognised that it may not be suitable or appropriate for some organisations and the level of effort may not be necessarily justified. The review of economic evaluation studies and impact evaluation more generally would suggest that consideration should also be given to whether SROI can avoid the difficulties associated with cost-benefit analysis relating to monetary values, social outcomes and attribution. There is an argument for such economic studies to be done in particular areas of work (for example,

bearing on government targets) which other organisations can refer to and not have to prove their own investment and value each time.

This chapter on external evaluation has raised questions about its quality and utility. It has focused on the public agendas driving demands for evidence of impact and value, and the methodological issues arising. The next chapter reports on how evaluation findings are being used. The evidence suggests that more internally-driven evaluation has produced most organisational benefits. It also suggests that a more focused effort will be required to harness wider learning from third sector evaluation.

Notes for Chapter 6

¹ See www.movingpeople.org.uk

² The Phoenix Development Fund, administered by the Small Business Service, is part of the £189m Phoenix Fund, running from 2000 to 2008. It aims to tackle social exclusion by supporting innovative projects providing business support to enterprise in disadvantaged geographical areas and to groups currently under-represented among business owners. Funded projects used a wide variety of approaches to target different types of disadvantaged areas or groups under-represented in enterprise.

³ See the argument for randomised control trials in National Offender Management Service (2005) 'Understanding research methods and findings', in 'What works' briefing 3/05, www.homeoffice.gov.uk/rds/noms.html

⁴ new economics foundation has developed its Local Multiplier 3 (LM3) as a practical tool for measuring economic indicators. The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area – demonstrating how money that enters an economy has a multiplier effect. This involves surveying

businesses and people that money is spent on to see how they in turn spend their incomes.

⁶⁵ See HM Treasury (2002) *Spending Review 2002: Report* and HM Treasury (2002) *Spending Review 2004: Report*.

⁶ Presentation by Tim Foster of York Consulting, *Assessing Impact and the Importance of Strategic Added Value*, undated.

⁷ The centres involved were the Asian Women's Resource Centre in Brent, the Women's Health and Family Service in Tower Hamlets, the Creative and Support Trust in Camden, and the Rape and Sexual Abuse Support Centre in Croydon.

⁸ The Futurebuilders Fund is a demonstration programme, testing the theory that if third sector organisations can access investment finance at reasonable cost, they can then compete for and win public service delivery contracts and public service delivery will improve as a result.

Using monitoring and evaluation findings ... implications for good practice and service delivery

Focus of chapter 7

This chapter reflects on the benefits of monitoring and evaluation reported by third sector survey respondents. It reports on the wider evidence of the extent to which monitoring and evaluation have been used for internal and wider learning and the relationship between monitoring and evaluation and performance management. It also relates this to an emerging emphasis on developing knowledge management and sharing learning. The research found:

- **The use of monitoring and evaluation for internal learning may be limited by the perception by third sector organisations that monitoring and evaluation is for the benefit of funders, reinforced by externally derived targets and performance measures.**
- **Those organisations that have been able to invest resources in monitoring and evaluation as a management tool have been able to see organisational benefits.**
- **Many funders have had more data than they can deal with, and are limited in the systems and resources necessary to collate, analyse and use it.**
- **Third sector organisations have not yet developed effective ways of sharing information about the appropriate and successful application of evaluation techniques and methods.**
- **Early moves towards developing knowledge sharing in the third sector have the potential to help move the sector towards a more learning culture.**

Evaluation for a purpose ... integrated into daily work

Much current third sector training and guidance on monitoring and evaluation emphasises the points made by Patton (1997) on utilisation-focused evaluation. It stresses the importance of integrating evaluation into daily work from the beginning of a project, focusing on a small number of indicators and coordinating evaluation reports with decision making. Evaluation trainers and resources also stress the importance and value of monitoring and evaluation for a number of different purposes. These include:

- the communication role – communicating achievements and celebrating success

- ensuring accountability and transparency – monitoring and tracking outputs and outcomes systematically
- the performance management role – feeding back into management and organisational planning
- the wider learning role – learning from failures as well as successes
- the policy role – generating information that can be used to strengthen advocacy campaigns and influence organisational and public policy.

This list shows that monitoring and evaluation, in theory at least, has multiple and wide-ranging purposes. In practice, however, observations from research participants in our wider study strongly suggest that

'It provides ongoing enhancement to my advice as an independent adviser in wildlife conservation, especially by providing real life examples which can be used in narrative form. Value from evaluation experience is most effectively 'fixed' by the preparation of papers, tables, presentations etc.'

Conservation charity

accountability – primarily to funders and regulators – is the main driver for monitoring and evaluation in the sector. This is somewhat at odds with the reported importance attached by a majority of third sector organisations in our survey to monitoring and evaluation for internal purposes, at least in principle. Indeed, among our survey respondents we found evaluation valued as a performance management tool, for day-to-day management, and allowing changes to be made in organisational direction or in practice.

We also found evidence of monitoring and evaluation used as a communication and marketing tool. However, we must recognise that our sample represents organisations with relatively high levels of engagement in monitoring and evaluation, and from our wider research this limited evidence represents good rather than widespread practice. Even among our respondents, a small number were explicit that they were unable to use monitoring information internally. One respondent said *'We don't use it, just pass it on to funders. Terrible, I know'*. And our data suggests that using evaluation for wider learning purposes and as a policy tool is as yet under-developed.

Benefits of monitoring and evaluation ... differences in perception

There were some differences in how monitoring and evaluation findings were used in practice and how respondents viewed the benefits of monitoring and evaluation. Although the research found reporting to funders was a main driver, respondents rated this important, but less so than potential internal benefits and benefits for beneficiaries. Among our survey respondents the top eight perceived benefits of monitoring and

evaluation reported were, in the following order:

- being clear about the benefits of their work
- learning about what is working well/effective practice
- improving the end result for beneficiaries
- better services/strategic planning
- improving the way they worked
- telling others about results
- competing for funding and resources
- improving reporting to funders.

These results are very similar to those of the US-based evidence about perceived benefits of outcomes assessment by non-profit organisations (The Advisory Board Foundation 1999; United Way 2000; The Urban Institute and The Center for What Works 2006).

Seventy per cent of our survey respondents described the areas where change had been introduced as a result of monitoring and evaluation. Most reported that change lay in developing organisational services and activities. But an important related – if less frequent – area of change was in clarifying organisational purpose and the organisation's target group. These changes are shown in the box on page 87.

Ninety-nine organisations (15 per cent of the total sample) provided further descriptive information about how they used monitoring and evaluation to introduce significant changes and for marketing and income generation. This is summarised here.

Marketing and income generation

For several organisations, a key purpose of monitoring and evaluation was profile raising, promotion and funding. Organisations described how they had used information to obtain

How third sector survey respondents used monitoring and evaluation findings

- **Redefining the user group**, including changing geographical boundaries, targeting under-represented groups and prioritising in the light of discovered need.
- **Identifying and acting on gaps**, including developing worker training, providing more targeted support, altering roles and restructuring the organisation.
- **Improving systems**, for example, monitoring requirements leading to a move to electronic communication.
- **Developing services**, for example, using needs assessment to obtain increased funding, shedding services in the light of information about capacity to sustain them and tailoring activities to respond to access issues.
- **Changing work practices**, which included:
 - working more closely with beneficiaries
 - becoming more service user-led, including involving user groups in project planning and working together to define aims and objectives
 - changing approaches to campaigns and public awareness
 - developing more effective partnership working.

funding, to rebrand, to develop promotional material or to market work differently – for example, using user feedback to rewrite leaflets and redesign websites. BTCV Yorkshire and Humber, an environmental volunteer organisation, had been able to use its developed management information system to improve the information to potential customers via its website, so that a potential volunteer could click on a map and see what projects were available in a particular area.

Preston Community Radio used case studies demonstrating outcomes for marketing in its six-monthly magazine. Case profiles were built up through depth interviews and helped to provide evidence of the impact of the programme for strategic agencies. One survey respondent felt that an increased profile was one of the main benefits of an evaluation:

We are two and a half years into the project and I've used monitoring and evaluation primarily to please the funders, ie, to get third year money, but also to let others in the project

know what is happening...I have now got two years of project information and I am using that to reach the media, the NHS, local authorities and schools to tell them about our successes so that they would want partnerships with us in the future.

Managing performance

Of those 99 survey respondents providing qualitative information on changes made, 12 organisations talked about the benefits of feeding information back into review and strategy. This included:

- refocusing the organisation
- clearer targeting of services
- being more realistic about what could be achieved
- being clearer about costs involved in achieving desired results.

For one organisation, *'the whole direction of the project has been changed over the past four years, as we have monitored and evaluated our work more effectively'*.

The case example below illustrates how an organisation in the London Borough of Lambeth used evaluation to refocus its services.

Lambeth Flipside – using evaluation to change strategy

The Lambeth Crime Prevention Trust (LCPT), which was set up in 1997, refocused on youth-oriented work following an external review in 2006, changing its operating name to the more positive 'Flipside'.

The external review was prompted because the organisation was facing a challenge to its sustainability. LCPT had developed in a project-based way, largely in response to available statutory funding, and lacked a coherent organisational ethos and mission. The review focused on the structure needed to ensure sustainability, the roles of the director, staff and other stakeholders, and the options for fundraising, and these were explored in interviews with staff, trustees and a number of funders. The tight timescale – over four months – meant that managing the interview schedule was challenging, and consultation was not extended to consultation with the young people who LCPT was working with.

The director found the process helpful in highlighting the challenges for the organisation. One of the main report findings was that the organisation was too small to carry the range of project work, and the organisation needed a distinct focus and role. The director subsequently proposed to the trustees that this focus should be youth work, and the new name of Flipside was adopted as one that would attract the potential user group.

The review helped the organisation define its work more clearly – as work with young people aged 8 to 25 years, their parents and carers. Flipside is now clear about not pursuing funding for projects falling outside this remit. Staff have started implementing more effective monitoring and evaluation systems, hoping in the future to be able to assess the longer-term impact of its work with young people.

The process has made the organisation more conscious of the potential role of evaluation and, with a single focused area of work, staff now find it easier to collect and present meaningful data.

Using monitoring and evaluation for internal learning ... potential to check and challenge organisational direction

Performance measurement

Our review of the political and funding context in Chapter 1 proposed that performance measurement in the third sector has been very largely developed as a response to central government reforms and the policy context. The wider literature, CES' experience and the research interviews suggest that – despite the encouraging evidence from the third sector survey respondents – all too

often performance measurement is used purely as a compliance mechanism. It is used less often to check and challenge the direction of the organisation. Respondents from our different stakeholder groups reported that organisations were often doing evaluation *'just because they have to report to funders showing what they have got for their money'*.

Cambell and McClintock (2002) commented on the trend in non-profit organisations in the United States towards a stronger emphasis on performance measurement – relevant to the current situation in the UK third sector and its drive for demonstrating comparative advantage in a

competitive funding situation, and for measuring performance against strategic outcomes and impacts. They suggest that the use of evaluation predominantly for public relations and compliance is not easily compatible with exploring real problems. Furthermore, they argue that assessment against performance targets may benefit from rigorous evaluation designs and standardised measurement, but that such methods may not permit the localised detail useful for organisational development.

The high number of respondents who reported using quality assurance systems as their monitoring and evaluation tool suggests that for many organisations there is little distinction made between evaluation and performance measurement. Yet, although both performance measurement and evaluation are interested in judging the performance and success of a project or programme, and are complementary processes, evaluation is quite specific in terms of coverage and time, and may have a number of different purposes expressed in an evaluation brief or terms of reference.

Policy and advocacy role

We have also seen that evaluation can have a wider learning role, which may mean focusing on processes as well as results (discussed in Chapter 3) and must mean being explicit about failures as well as successes. It may also have a wider policy and advocacy role, not necessarily incompatible with results-based monitoring and evaluation, but which may be de-emphasised in a performance measurement focus.

Evaluation for improvement

This discussion does not lose the importance of using evaluation for improvement. A broader debate is taking place among evaluators, and a

strong argument can be made for making evaluation more useful and relevant by incorporating it within performance management and strengthening performance measurement by using evaluation. To do this, we would argue that organisations must be more skilled in drawing the best possible evidence from a number of different sources, and be more concerned with analysing and interpreting data, and establishing how and why something works and in what conditions. CES' experience is that all too often monitoring data is collected across organisations and aggregated without looking for the meaning in detail and variance. Bonar Blalock, writing about government accountability trends in the 1990s, cautioned against the tendency of those responsible for reporting results on performance *'as if they represented the direct and exclusive effects of program interventions, when these outcomes may be only weakly correlated with them,'* and without regard to the complexity of interaction with other interventions. Understanding performance management as a planning and managerial tool and evaluation research as a research tool should enable a more complementary relationship to develop between the two (Bonar Blalock 1999:134).

Sanderson (2001) suggests that building the capacity for evaluation and learning and embedding monitoring and evaluation as part of the performance culture require two elements: first, structuring the content and process of evaluations so that they become useful for internal management; and second, refocusing evaluation so that evaluators incorporate and analyse processes and implementation issues to better interpret outcomes.

'By sharing the numerical part of our information with others (for example, the Council) we have raised awareness and brought tangible, practical change for the client group.'

Local advice and advocacy organisation

Benefiting service users ... difficulties of ascribing changes to evaluation

Most organisations participating in the research were unable to demonstrate how improved services – a result of monitoring and evaluation – had resulted in demonstrable user outcomes. Benefits tended to be described as greater access to particular user groups, increased activity, volunteers or beneficiaries, or an improved service – outcomes for the organisation that could be expected, but not demonstrated, to lead to user benefits. For example, one organisation had developed ‘*a more flexible respite service and wider range of support and increased numbers of young carers supported*’. Following an evaluation, the Volunteer Centre in Liverpool improved access to, and participation in, a youth volunteering residential training, resulting in greater attendance. There were also reported knock-on benefits to users by sharing information with other agencies working with the same client group and making them more aware of issues.

This lack of evidence does not mean that evaluation did not contribute to client benefits, but that it is difficult to determine without individual organisational impact assessments. We would also expect that establishing ‘net effect’ (see page 69) – directly attributing a level of improved user outcomes to monitoring and evaluation – would be problematic. Participants sometimes reported that it was difficult to ascribe changes directly to evaluation, but change was ‘in the air’ and evaluation contributed to the process of change; indeed evaluation could be an expression of the desire to change.

Using evaluation to influence policy change ... a subject for debate

The influencing factors

Twenty per cent of third sector survey respondents identified changes obtained in the policy and practice of other organisations as a benefit of evaluation. However, there was little concrete evidence of use of evaluation to influence public policy. This is not surprising; the government’s evidence agenda has contained an implicit notion that evaluations can influence public policy, but this assumption has been the subject of debate.

Lessons have been learnt from the extensive evaluations of Sure Start and the New Deal for Communities as social programmes being notoriously hard to evaluate (Coote 2004). Coote has argued that inherent within the notion of ‘what works’ is the assumption that cause and effect can be traced, yet this has been extremely difficult to do in complex local interventions. Government has pointed to initiatives such as Defra’s Evidence and Innovation Strategy as commitment to overcoming the research-policy communication problem. However, commentators have argued – as we report below – that the degree to which evidence attracts and retains influence depends on a variety of factors, including its degree of political contentiousness and whether the data produced is compatible with the ideology, aspirations and resource commitments of those who have the power to decide. It will also be affected by how effectively the results of research are presented to policy makers and how far they have been involved in its generation.

More optimistically, it has been argued that evaluation may affect

policy makers thinking in a diffused rather than a specific way, and that evaluation can be expected to raise questions rather than to explain, and has a cumulative effect rather than an immediate and direct influence on public policy (Palfrey 2000). CES found interest among policy and practice leaders to the findings of the CES Fairbridge evaluation, which found that the Fairbridge foundation course had a significant effect on personal and social skills – countering the ‘nothing works’ approach found in some of the literature (Astbury 2002). For its Rethinking Crime and Punishment funding programme, the Esmée Fairbairn Foundation attempted a dissemination approach from the start and tried to ensure it took professional communications advice – including some media experience – on the advisory board. On the other hand, the Foundation reflected that it was necessary to be realistic about how possible it is to pin down precisely how much change is due to a programme of funding.

Examples

The Big Lottery Fund publication, *Answering BIG Questions*, reflects on the extent to which a number of its evaluations have affected public policy. The Big Lottery Healthy Living evaluation showed that regular attendance at healthy living centres had a protective effect on physical and mental health for regular users compared with non-users, but the evaluation was carried out in the context of a changing policy environment in which it was difficult for findings to be heard. Evaluation of the Out of School Hours Learning programme (which influenced the extended school model) and the Out of School Hours Childcare programme both affected government policy. The Big Lottery Fund’s Out of School Hours Childcare evaluation produced good practice guidelines and also provided a crucial template to the government

on specific issues about development and sustainability at the right time for statutory policy change. *Answering BIG Questions* suggests that:

Influencing policy development at the right moment is as much a matter of fortuitous timing as it is of weight of evidence. By capitalising on these policy opportunities, and by ensuring that policy-makers are involved in the design and implementation of our programmes and our evaluations, we have been able to foster links that help to ensure wider take-up of learning from our funding (Big Lottery Fund 2007:46).

An example frequently cited of how evaluation has informed policy is the evaluation of the Dundee Families Project, which provided a wide range of support services to families facing eviction (Dillane et al 2001). The project was run by NCH Action for Children in partnership with Dundee City Council. During 2003, six local authorities, working closely with housing associations and charities, established a number of dedicated anti-social behaviour Intensive Family Support Projects, based on the work undertaken by the Dundee Families Project. These interventions were in turn evaluated, and the study findings relating to outcomes at the point at which families left the service indicated that, for the vast majority of families, the projects had helped them achieve remarkable changes (Nixon et al 2006; Pawson 2007).

NCH argued the case against eviction in written evidence to the Select Committee on Home Affairs on Anti-Social Behaviour, 2004/05, using the evaluation evidence which had found that two-thirds of the families referred to the project had been successfully re-housed and put back on secure tenancies.¹ The findings were taken up by the government’s Respect Agenda, a cross-government strategy to tackle anti-social behaviour.

While some organisations have been able to use structured channels to feed back into government, for national organisations in the study there was evidence of a number of constraints:

- Dependence on public funds and donations and good public image meant that there were difficulties in being open and evaluations were not always published.
- It was reported that evaluations may not deliver the desired results; even a balanced report might be suppressed if there were some critical or unwanted findings.
- Systems were not always established by national organisations to capture policy change achieved at a local

level and might not be considered worth investing in.

The research found some evidence to suggest that third sector organisations might be more likely to be effective at a local, rather than a national policy level. Preston Community Radio collated information across projects, feeding evidence from them into the Local Strategic Partnership and the community cohesion steering group. It was able to highlight the need for services and feed into, for example, the local Arts and Events strategy.

The use of evidence in decision making was recorded in the Research Report 783 of the National Evaluation of the Children's Fund. This is captured in the case example below.

Local Children's Fund evaluations – using local evidence in decision making

Evidence derived from local Children's Fund evaluation reports and interviews with local evaluators suggested that the majority of evaluations appeared to pragmatically gather and analyse data on impact or processes (such as children's participation and partnership working) with a view to affecting partnerships **instrumentally**, such as through changing practices and deciding to re-commission specific projects (University of Birmingham 2006). Many Children's Fund programme managers suggested that local evaluation had helped them to identify successful and less successful projects and **how** they worked well or less well, as well as to make decisions about continuing funding projects or which projects to promote for mainstreaming.

Nearly half the programme managers indicated that local evaluation had helped them to broaden their partnership's thinking about prevention and partnership working. Local evaluators pointed to a number of factors that had helped them to influence partnerships' work. These included:

- providing relevant and useful information
- delivering evaluation outputs at appropriate and relevant times
- making results widely available and presenting them in appropriate, accessible formats
- making realistic recommendations to which the partnerships could respond.

Local Children's Fund evaluators stressed that the rapidly changing national context meant that changes in partnerships' directions were often politically motivated rather than based on local evaluation – that is, the move towards integrating Children's Services and Children's Trusts was driving the agenda. The commitment of partnerships to their own priorities and the climate of rapid change meant that they tended to have insufficient time to act on evaluation findings.

These learning points were drawn from University of Birmingham (2006) *Local Evaluation of Children's Services: Learning from the Children's Fund*, Research report 783, www.ne-cf.org

Making evaluation useful for influencing public policy

Julia Mountford of the Office of the Third Sector offered tips for making evaluations more useful at a Big Lottery Fund conference in November 2007. These included an emphasis on making reports accessible and understandable, admitting what does not work as well as what does work, keeping the report real by writing in plain language and using real case studies, and by tailoring the presentation to different audiences (Big Lottery Fund 2007).

The KPMG Foundation's social return on investment (SROI) study (discussed on page 83) was carried out together with an evaluation of the Every Child a Reader programme, with the expressed aim of obtaining sustainable funding. The Every Child a Reader programme is now well known, as is the SROI study, for its success in securing government commitment and mainstream funding. The format of the report was carefully considered, as it was aimed at a wide audience from teachers to government ministers. Both the Every Child a Reader evaluation and the SROI report made quantitative data accessible by good use of illustrations, tables and graphs, reducing descriptive text to a minimum and creating a more visually interesting report. Once published, the KPMG Foundation distributed it widely to all those involved, including the teachers, Department for Education and Skills, patrons and others including the Home Office, with the main aim of getting it to the Treasury – and in this the Foundation succeeded. The government is now committed to funding and rolling out the Reading Recovery programme after the end of partnership funding in July 2008.

Evaluation for learning ... creating a culture of learning and improvement

In Chapter 3 we reported that the London Housing Foundation's IMPACT programme worked with 200 members of staff from over 50 homelessness agencies to support them in taking an outcomes approach. In its response to a consultation on strategy for the Supporting People Programme, the London Housing Foundation emphasised the benefits that had been obtained for keyworkers by providing greater clarity and focus for their work (Triangle Consulting for the London Housing Foundation 2006). Overall, they found that an outcomes focus had helped to produce a culture of learning and improvement. Save the Children (2005) also reported on how monitoring and evaluating outcomes and impact, including evidencing unexpected or unwelcome results, had improved learning. It reports that *'being aware that they will have to answer the impact question'* has the effect of helping staff realise that they need to be clear from the beginning about the kinds of changes they hope to see, and be sure that the activities they plan will lead to these changes (Scott and Molteno 2005).

Wider learning

Leat (2003:72) has written about the lack of investment in evaluation which would produce the knowledge required for replication of successful initiatives and asks whether the fundamental question should be *'how do we encourage learning and sharing of learning to create cumulative knowledge building?'* Some funders have become explicit in their encouragement to funded organisations to use learning from evaluation. The Big Lottery Fund

'Evaluation should be the start of something. The report is not the end of the matter. It is a conversation which is needed that says OK that didn't work. What is needed next?'

Funder

‘There is an understandable reluctance to talk about failure and mistakes but much learning occurs when this happens.’

Funder

encourages self-evaluation for organisations’ own learning, and the Arts Council explicitly encourages a more reflective culture. The City Parochial Foundation makes the concern for how data will be used explicit in its funding guidelines by asking *‘How will you know you have achieved what you have set out to do? What will you do with the findings? If relevant, how will you share your learning?’*

Evaluations are increasingly available on the internet but, on the whole, our research found only limited evidence of monitoring and evaluation being used to increase communication among agencies about approaches. The research emphasised the difficulty for organisations reliant on a strong public profile and a positive press to be open, and that there is little culture of bringing evaluation findings into the public arena unless there is a strong, positive public message.

There are some positive examples. Practical Action focuses on promoting appropriate technologies so, in pushing for change in practice, it is important to have internal monitoring that is integral to management of change. Practical Action provided information about technology that had been mainstreamed in certain countries as a result of monitoring and evaluation. For example, as a result of evaluation and learning on consensus building for managing water resources in Bangladesh, this learning was rolled out and extended to other disaster management projects.

The research found evaluations available on websites, but often not in a digestible form. Less frequently, evaluations had been presented to make learning accessible. The Joseph Rowntree Foundation has an established format for its brief research *Findings* papers, and we found specific learning initiatives. In 2006, Community Development

Foundation employed associates to review the Civic Pioneers’ Project – 18 projects in 13 local authority areas – intending that a wider audience would benefit. Learning was presented in two ways: case studies and learning points (Evison 2006). NCH Action for Children did a review of child protection assessments and produced a practical resource pack as a result of its learning. Enterprising Communities (now Social Enterprise and Cooperative Development Ltd) used external consultants to write up case studies and developed a lessons learnt website.

In 2006, Oxfam used a meta-analysis drawing on findings and conclusions in more than 60 evaluation reports and assessment reports produced over the previous three years. (Oxfam’s global impact reports are discussed on page 76.) The exercise had the expressed purpose of identifying the main factors influencing the quality of Oxfam’s programmes and whether Oxfam’s ways of working were firmly based on its principles and stated programme approach. It also explored using the findings as a basis for learning lessons by regional directors and heads of departments and to encourage discussion by teams (Oxfam 2006).

Using data effectively ... overcoming barriers to learning

However, the evidence discussed in Chapter 2 indicated that a focus on accountability requirements may mean, in practical terms, less time for improving performance and for wider learning, and that accountability and learning purposes may work against each other (Hailey and Sorgenfrei 2005). Many third sector organisations, large and small, reported having a lot of data which they were unable to interpret and use. This was particularly an issue for ‘soft’

outcomes data. One of the key findings from the substantial IMPACT programme carried out by the London Housing Foundation was that outcomes feedback was being used as a keyworking tool but organisations were finding it difficult to aggregate and use the data. Some organisations had recently become aware of the need for a staff member with a specific remit for analysing information.

The barriers to third sector learning from monitoring and evaluation emerging from the overall research data (particularly relating to the evidence reported in Chapters 2 and 4) are summarised in the box below.

held in files and folders. With a move to an outcomes focus, old monitoring systems were serving less well: funders were struggling with the question of how to put data together in a meaningful way, and some had installed or were looking for a database which would allow outcomes to be systematically recorded and learning to be extracted. In 2007, County Durham Community Foundation, for example, questioned a small sample of 20 community foundations and five other funders and found that most of the systems were inadequate for evaluation, reporting *'The majority never actually evaluate. Everyone is going around monitoring'*.

'The problem for us is the lack of a learning agenda in the voluntary sector and also possibly the public sector.'

Funder

The barriers to third sector learning from monitoring and evaluation

Beyond the lack of a learning agenda, a number of specific constraints on learning were reported.

- Funders often place themselves and are seen as the primary stakeholders for evaluation, and the heavy demands of compliance and performance reporting frequently act as a disincentive to learning and performance improvement. This is because monitoring and evaluation is associated with external priorities and needs, and because further time for analysis and reflection may be an unaffordable luxury.
- Learning from work means joint approaches between funders and funded organisations which may not be sufficiently developed.
- Organisations often see monitoring as a less formal approach to evaluation and there is little development of sufficiently rigorous or creative evaluation approaches or critical analysis of the data.
- The focus on outcome measurement has often not been accompanied by an analysis of resources, activities and outputs to make sense of the information.
- Learning is costly and many funders are not willing to resource these costs, and there is also a lack of time.
- Learning may be limited when both funders and funded want to demonstrate success.

Many funders in the research reported that they were getting more data than they could digest, and that they were often limited in the systems and staff necessary to collate, analyse and use it. They commented that the sheer volume of reports made it difficult to distil lessons learnt from beneficiary reports, particularly when they were in narrative form and were

Several funders in our survey sample admitted that they *'don't actually do much with evaluation reports'* and that they needed to develop greater clarity about what they should do with them. However, a number of others were already taking steps to use evaluation learning. For example, the City Bridge Trust had started *The Knowledge*, short publications

containing key learning points from funding programmes. (See also page 97.) Hertfordshire County Council reported using information in a number of ways: to inform its annual plans; to share information about success factors in diversionary activity with young people with other organisations; to disseminate good practice; and to put others in touch with organisations doing well.

The Big Lottery Fund makes the multiple purposes of evaluation clear in its strategy. *'The Big Lottery Fund undertakes evaluation and research to enable it to improve funding impacts and processes; to promote wider sharing of such learning in order to improve practice and influence policy; and to support public accountability.'* (Big Lottery Fund 2005)² It uses the data to help in funding decisions but also to build up accumulated activity which will help to meet higher-level outcomes; to provide aggregated data to show patterns of change, and higher-level impacts above project level; and to provide building blocks for more detailed analysis and evaluation.

Table 4 shows how respondents to the funders' survey used data.

Table 4 Funders' use of monitoring and evaluation data

How data is used	Percentage of responses (n=62)
To make decisions on further / continued funding	81
To track progress	76
To inform funding strategy	66
To identify learning points for future funding	65
As data in monitoring own effectiveness and impact	65
As data for evaluation of themed programmes	37
As part of discussion with other funders	36
To inform policy debates	31

Many funders participating in this research commented on the lack of a learning agenda in the third sector, most particularly the lack of learning deriving from evaluation. Several also reported a lack of examples of exciting or insightful learning reports to inform practice or policy. Some funders expressed a concern that compliance needs were conflicting with learning, creativity and honesty. Learning from work also meant developing joint approaches and adjusting the power balance, and a move away from 'good news stories'.

We can draw a number of implications from these findings. As a first step, funders' approaches to learning must essentially link to having clarity about the purpose of funding – whether it is about developing services, building third sector capacity, or bringing about social or policy change in specific areas. Following from this, both internal and external evaluation need to develop better ways of drawing out key learning points from evaluation studies without losing valuable insights about complexity, and to develop a more open culture in which organisations are prepared to make use of the technology available to disseminate studies widely.

Evaluation and knowledge management ... using and sharing learning

Learning and knowledge management

The research found an increasing emphasis on using evaluation data for learning and knowledge management among some independent funders. Kumar and Leat's 2006 review of the Big Lottery Fund's grant making suggested that learning was less likely when the purpose of evaluation was unclear, when there were inadequate planning and resources in relation to

dissemination, and over-reliance on written reports (Kumar and Leat 2006). The review also stressed the importance of focusing evaluation and dissemination of findings around intended purposes and audiences, and making findings comprehensible and accessible to users. The Diana, Princess of Wales Memorial Fund is an example of a funder which has in the past used evaluation primarily to inform its funding priorities. It is now developing an exit strategy focusing on its impact and is looking at the information systems it requires to learn from evaluation and put information in the public arena.

Intelligent funder

The Big Lottery Fund has found evidence that its good practice guides emerging from evaluation findings have been widely read; feedback from grant holders and evidence of partnerships sustained beyond the funding period offered an indication of changes in the way that people went about their work (Big Lottery Fund 2007). The Big Lottery Fund's commitment to promoting a wider sharing of learning includes an emphasis on external dissemination, providing findings in diverse formats and facilitating discussion of lessons. The research and evaluation team also stresses that being an 'intelligent funder' will include mining information better and developing evaluation activity by theme (Big Lottery Fund 2007). ('Intelligent funding' is discussed on page 7.) The Big Lottery Fund's learning document *Answering BIG Questions* brings together 12 years of findings and lessons learnt across different areas, such as health and wellbeing, strengthening communities, young people and the environment. The authors have drawn out broad learning from the evaluations as well as specific findings. The Big Lottery Foundation is also committed to

developing a knowledge bank – an electronic means of collecting formal reports and making them accessible. It has appointed a knowledge management officer, and is prioritising adequate databases and institutional memory.³

In 2005, Northern Rock Foundation launched a learning study of its Money and Jobs programme, drawing out implications for funders, statutory agencies, and national and regional decision makers (Wilkinson 2007). While recognising that its funding was going into a mix of resources, the Foundation nevertheless wanted to know if people were getting richer as a result of the programme, what worked and what was the unique role of the Foundation. Most significant insights were arrived at through an analysis of the case study material and a hypothesis was put forward as a result of analysis that effective community-based organisations were more able to engage with people at the beginning of the pathways from more to less desirable circumstances. The City Bridge Trust has produced the first three of a series of learning documents. These provide illustrations of common issues, drawing out common problems and providing tips to other organisations.⁴

Learning from monitoring and evaluation practice ... capacity building potential

Within the sector generally, there has been little evidence that evaluation findings have been fed back into a pool of knowledge or that external evaluation has brought substantial transfer of learning about methodology. We found some external evaluations that had a capacity building element built in, but also found that external evaluation all too often does not bring to the evaluated organisation any

development of internal monitoring and evaluation skills. It was suggested by some research participants that many evaluators engaged in evaluation of third sector activity have been more attuned to academic research and policy audiences than to the third sector, and there was a limited understanding of any role beyond that, in terms of sharing knowledge and building capacity.

Evaluation departments embedded within third sector organisations are potentially well placed to build monitoring and evaluation capacity, but we have seen that they work within resource constraints and their functions are often linked to other areas such as quality assurance. (See page 26.)

CES' series of evaluation discussion papers, first published in 1998, aim to develop learning about evaluation purposes and methods, based on practical experience. A number of websites provide resources based on third sector monitoring and evaluation experience.⁵ One area suggested for increased resources is through indicator development across the sector, an issue explored in a 2008 study by the new economics foundation. Half the sample of 18 charities and social enterprises in the study shared indicators with other organisations externally, making use of shared indicators from small benchmarking groups set up in the sector, or participated in a group of organisations meeting every few months to discuss outcomes, key performance indicators and performance management (Sanfilippo and Chambers 2008). Very largely, the research found examples of organisations that have been isolated in the more detailed work of developing appropriate frameworks and methods, and a certain amount of duplication of effort.⁶

Within the UK third sector generally, learning opportunities are building in other ways. For example:

- CES' National Outcomes Programme offers opportunities for sharing practice through its networks and conferences.
- The Performance Hub, and now the National Performance Programme, provides an online forum for infrastructure organisations supporting performance improvement in frontline organisations.
- The London Housing Foundation's IMPACT programme, and its continuing work on homeless outcomes, provide an opportunity to develop outcomes tools.
- The development of outcomes tools in other sub-sectors by Triangle Consulting, learning from the successful Outcomes Star, has demonstrated a capacity to learn across sectors.
- The social enterprise sector has seen a rich development of tools and methodologies.
- Conferences, such as the NVCO annual impact conference, UK Evaluation Society annual conference, London Housing Foundation conferences and the Big Lottery Fund 2007 evaluation conference have provided opportunities to exchange experience and learning.
- When Evaluation Support Scotland was set up in 2005, it was able to learn from and build on existing CES materials.

International development

International development and relief agencies provide a particular example of cross-learning within a sub-sector. BOND provides a network of voluntary organisations working in international

development and opportunities for learning and sharing. INTRAC provides training, consultancy and publications, focusing debate on evaluation approaches and methodologies. The *MandE* newsletter and website also provide a news service focusing on development in monitoring and evaluation methods relevant to development projects and programmes. REMAPP is a UK-based group of networking professionals concerned with planning, appraisal, monitoring, evaluation, research and policy. The group includes people working at organisations such as ACORD, Action Aid, the British Red Cross and CAFOD (Catholic Agency for Overseas Development). Since 1992 the group has met three or four times a year, reflecting on experiences of organisational learning and good practice.

Concern for knowledge management is also growing among international non-governmental organisations. Plan, for example, is among those attempting to increase the value it gets from evaluation reports. It is rolling out Sharepoint – Microsoft software – a portal which will make information more accessible globally to support the development of a comprehensive knowledge management strategy. Tearfund has a knowledge management manager and a programme development team, but pointed to the difficulty of extracting and using the learning from evaluations.

New learning initiatives ... exciting developments for disseminating and sharing

There are a number of new initiatives that indicate a move towards bringing learning in the UK third sector into focus. For example:

- As part of its Third Sector Action Plan, the Office of the Third Sector is investing, with partners, in a £10.25m independent third sector research centre.
- There is a projected new online learning portal for the third sector – the e-Learning Net, funded by the Big Lottery Fund BASIS programme through a grant to the Cass Business School.⁷
- The Drug and Alcohol Findings project has aimed to provide a bridge between research and practitioners. Its main output has been the Drug and Alcohol *Findings* magazine, replaced from 2007 by the Effectiveness Bank, which highlights research and evaluation studies on interventions intended to reduce the use of alcohol and other drugs or to reduce harm related to that use.⁸ A customised search facility managed by DrugScope will afford one-stop access to the 'what works' literature including *Findings* documents and source research papers and reviews.
- *The Journal of Voluntary Sector Research* is a new quarterly research journal aimed at practitioners as well as academics, and aims to help meet the need for research evidence to inform and underpin good practice and performance improvement.
- Community Campus is a new knowledge exchange site for third sector organisations hosted by Northumbria University, providing a place where organisations working in the areas of ageing, disability, community development and social enterprise can share knowledge. This will include sharing knowledge about the purpose and application of evaluation and bringing together information, training and applied research in practical outcomes.

As well as providing a potential vehicle to disseminate evaluation findings and learn about research and evaluation methods, these are exciting developments and could meet the needs outlined on pages 42 and 45 for research evidence on which third sector organisations could draw in order to make the link between outcomes achievable within their own remit and the higher-level outcomes relating to funders' and government frameworks and targets. Third sector organisations also need to be able to link into other learning, such as research carried out by local authority commissioners, which is currently being retained at a local level, or the learning about health improvement practices disseminated by the Evaluation Programme at the University of Edinburgh.

For the third sector to benefit from these initiatives, the learning needs to be appropriate and presented in accessible formats. There also needs to be good coordination between the separate initiatives, and sufficient promotion to third sector

organisations themselves of the relevance of the data available and how they can access it.

This chapter has covered the benefits of monitoring and evaluation reported by research participants. It has also looked at some of the barriers to using learning from monitoring and evaluation and at the wider evidence of the potential for using evaluation findings for service development to better effect, and to inform policy and build knowledge.

The research has been mindful throughout of those organisations that are not yet sufficiently resourced or skilled to integrate monitoring and evaluation into their work practices. The recommendations in Chapter 8 have been developed from the research findings. They focus on how this gap can be addressed, and how the resources invested by third sector organisations in monitoring and evaluation can bring greater value to themselves, their funders and the individuals and communities they support.

Notes for Chapter 6

¹ See www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/80ij/80we35.htm

² Big Lottery Fund (2005) Evaluation, Research and Learning Strategy. Summary for Period 2005–09, www.biglotteryfund.org.uk

³ Institutional memory can be defined as holding information and experiences so that they are available for the organisation and its current and future stakeholders.

⁴ The first edition of *The Knowledge* was based on learning from the City Bridge Trust's programme in London, Greening the Third Sector; the second on material based on an evaluation of its programme on Access to Buildings; and the third disseminates the findings of an evaluation of the London Advice Services Alliance's Circuit Riding project, which developed the ICT skills of some organisations funded by the Trust.

⁵ For example, www.ces-vol.org.uk; www.evaluationsupportscotland.org.uk; www.nef.org.uk; www.homelessoutcomes.org.uk

⁶ At the time of publication there were no known concrete developments arising from this research.

⁷ The project, which will be called the e-Learning Net, funded by the Big Lottery Fund, will have three zones, one for information on existing learning resources; one for problem solving, which will include online interaction; and another for study, which will include more formal learning such as e-learning and workshops. The site should become fully operational in 2009.

⁸ See www.findings.org.uk

Focus of chapter 8

This chapter provides recommendations in three sections.

1. For funders, commissioners and policy makers.
2. For third sector organisations, evaluation support agencies and evaluators.
3. For all stakeholders.

We have developed recommendations under five headings.

- Building monitoring and evaluation capacity.
- Developing more appropriate reporting.
- Developing third sector monitoring and self-evaluation practice.
- Making evaluation more relevant.
- Building and sharing knowledge.

1. For funders, commissioners and policy makers

Building monitoring and evaluation capacity

- 1.1 Funders should work together with monitoring and evaluation support agencies to develop a more strategic approach to building monitoring and evaluation capacity.

Elements of a strategic monitoring and evaluation support approach include:

- signposting or referral to sources of evaluation support as standard
- a focus on infrastructure and sub-sectors as an effective means of cascading learning
- developing technical skills that go beyond a basic understanding of monitoring and evaluation
- ensuring that short-term monitoring and evaluation support initiatives build sustainability into their design
- developing the use of IT in third sector organisations to store, process and manage data
- disseminating good practice
- storing and sharing knowledge and learning.

'We need more training, particularly in developing outcome measures and in IT.'

Women's community group

‘Funders aren’t usually prepared to pay for a charity’s monitoring and evaluation and the charity doesn’t have the resources to pay to make a good job of it themselves... Funders need to be more realistic and invest more in monitoring and evaluation of the charities they fund.’

Funder

1.2 There should be greater investment in training commissioners and grants officers to understand outcomes, evaluation frameworks, and good practice in questionnaire design and other practical data collection methods. In particular, an extension to the IDeA (Improvement and Development Agency for local government) training programme should include commissioners, finance and legal personnel involved in commissioning. It should address:

- tendering outcomes-based contracts
- assessing the credibility of outcomes information included in the tenders from would-be suppliers
- specification of outcomes and outcomes indicators in contracts
- the appropriate outcomes monitoring evidence to be expected from chosen suppliers.

Developing more appropriate reporting

1.3 Funders and commissioners should develop a monitoring and evaluation policy that applies the principle of proportionality to reporting requirements, taking into consideration the level of funding, and the size and resources of the funded organisation.

1.4 Funders and commissioners should acknowledge within their monitoring and evaluation policy that different types and levels of monitoring and evaluative activity are appropriate to different organisations. This depends not only on size, but also on the type and status of the funded organisation – how it works, what user group it works with, and which stage it is at in its organisational lifecycle.

1.5 Funders and commissioners should work within the principles of full cost recovery, providing sufficient funding to realistically cover monitoring and evaluation activities to meet reporting requirements. This means recognising the cost implications of:

- externally provided technical assistance
- improving IT capacities
- developing skills in data collection and analysis
- allocating time to collect and analyse data.

1.6 Funders and commissioners should work more closely with third sector organisations to ensure a closer match between information needs for learning and development, and those required for compliance and accountability.

Developing third sector monitoring and self-evaluation practice

1.7 Funders and commissioners should develop self-evaluation standards by applying appropriate elements of good practice in supporting monitoring and evaluation.

Good practice in supporting self-evaluation includes:

- making monitoring and evaluation terminology clear, providing evaluation pro-formas, and making expectations about evaluation and learning explicit
- enabling or providing information, training and support at the beginning of the funding relationship
- helping organisations design information collection as an integral and integrated part of their core services
- checking on the adequacy of IT systems for managing and processing data during initial visits
- asking only for information that can be used
- encouraging greater analysis and interpretation of data
- reading and giving feedback on reports.

'Many charities do need to professionalise how they collect data, but need help to do so, and funders need to acknowledge and address this. Measuring outcomes is notoriously difficult'.

Funder

Building and sharing knowledge

- 1.8 For the third sector to benefit from a number of recent or planned knowledge-building initiatives, including the planned third sector research centre, those government and academic bodies responsible for their development should ensure that there is good coordination across the separate initiatives, that the learning is presented in accessible formats, and that sufficient information is provided to third sector organisations themselves on the relevance of the data available and how they can access them. Good communication about sharing and disseminating learning with third sector organisations will be enhanced through coordination with third sector evaluation support agencies.

2. For third sector organisations, evaluation support agencies and evaluators

Building monitoring and evaluation capacity

- 2.1 Evaluation support agencies, including national and regional bodies, networks and local infrastructure organisations, should continue to provide basic training and support. However, more focused and targeted support should also be developed to increase the quality of data – focusing on research methodologies and data collection, and management and analysis.
- 2.2 Evaluation support agencies should develop new training approaches to address the practical application of monitoring and evaluation methods. This should include exploring the potential of online training and consultancy methods as well as interactive technologies.
- 2.3 Third sector organisations and evaluation support agencies should address the development and application of IT and monitoring and evaluation

systems software, as a way to save time, improve the quality of monitoring and evaluation, and increase organisational effectiveness. This should include developing pilot and demonstration projects and developing appropriate training and support.

‘Using the IT system has made accessing information a lot easier and a lot quicker, especially for fundraisers. Simply having it has raised the profile of outcome monitoring across the organisation.’

LINK IT system user

Developing more appropriate reporting

- 2.4 Third sector organisations should work more closely with funders and commissioners to ensure a closer match between their own information needs for learning and development, and those required for compliance and accountability.

Developing third sector monitoring and self-evaluation practice

- 2.5 Evaluation consultants should reinforce internal evaluation activity through their technical assistance or external evaluation by using processes and developing tools that address internal as well as external reporting needs, and that transfer evaluative learning to the organisation.
- 2.6 Third sector organisations should improve the utility of the data they collect.

Third sector organisations can make their data collection more useful by:

- translating broad aims into more measurable ones
- collecting baseline data
- learning how to collect and analyse their data so that it can be aggregated both for learning and reporting purposes
- addressing implementation and process issues
- making connections across data to see which resources or other factors are most important to achieve quality services, customer satisfaction and desired outcomes
- establishing systems for systematically feeding back and acting on monitoring and evaluation findings.

- 2.7 Third sector organisations should ensure that monitoring and evaluation responsibilities are written comprehensively into job descriptions in order to build an integrated monitoring and evaluation function and establish an evaluative culture.
- 2.8 Third sector organisations and evaluation support agencies should develop a greater understanding of the differences as well as the complementarities of monitoring, evaluation, quality assurance and performance measurement.

Building and sharing knowledge

- 2.9 Third sector organisations, their evaluators and evaluation support agencies should develop ways to share successful evaluation techniques **as they have applied them**, so that choices can be made about appropriate methodologies for types of organisation and scale of intervention.

3. For all stakeholders

Making evaluation more relevant

- 3.1 There should be sharper evaluation commissioning processes to clarify the key purposes and audiences of evaluation.

Clarification of evaluation purpose will include whether evaluation is for:

- acquiring data to meet higher-level targets
- gathering data to contribute to evidence of programme outcomes or overall grant impacts
- research purposes and replication
- advocacy or policy change
- individual organisation learning
- sector-wide learning.

- 3.2 Third sector organisations, evaluation commissioners and external evaluators should find opportunities within the evaluation process to increase participation and joint learning, which should be appropriately budgeted for and resourced. Practical application of evaluation learning should also be encouraged by:

- including utilisation strategies in evaluation plans
- placing the focus on implementation and short-term outcomes where appropriate
- producing key findings and learning points in accessible formats
- developing effective systems for using the data collected.

- 3.3 Third sector organisations and their funders and commissioners should attach greater value to negative findings, and discover how these can be used for learning purposes.

'The main problem is the power relationship between funder and grantee. There is an understandable reluctance to talk about failure and mistakes, but much learning occurs when this happens.'

Funder

- 3.4 Evaluation commissioners and third sector organisations should recognise that third sector evaluation is better able to demonstrate contributions to change rather than to establish causal links. Instead of looking for cause and effect, organisations should be encouraged to ask questions about which resources were most important for providing high-quality services and which activities and services were most important for achieving desired outcomes.
- 3.5 Policy makers, funders and evaluation commissioners should recognise that assessing impact may have varied relevance and feasibility across different sectors and types of interventions, and that economic analysis and tools are not universally relevant. The development of, and focus on, technical methodologies for value for money and return on investment studies is welcomed. However, care should be taken that more complex, externally-driven methods supplement, rather than replace, more internally-driven methods.
- 3.6 When drawing up an evaluation brief, those commissioning evaluations should take into account the limited organisational learning that may be provided by outcome and impact evaluation unless it includes a) attention to an understanding of implementation processes, and b) an understanding of how and why an intervention works, for whom and in what conditions.
- 3.7 Funders and commissioners should encourage third sector organisations to draw on a body of accessible research to demonstrate a link between their achievable outcomes and higher-level outcomes or impacts. The development of appropriate research and accessible knowledge banks will be essential for this to be viable.

Methodology

Appendix 1

Overview

Field research for the study was carried out from November 2006 to March 2008. The methodology included the following.

- **A wide review of relevant literature**, in order to place the practice of research participants in a broader context of third sector and public sector monitoring and evaluation in the UK and beyond. It included a review of monitoring and evaluation resources. As part of this exercise, researchers placed on the CES website a guide to over 100 sector-specific tools and other resources on monitoring and evaluation, and links to other online generic and specialist resource guides.
- **A UK-wide online survey to third sector organisations**, sent out widely through electronic networks in May and June 2007, receiving 682 responses.
- **An online survey to funders and commissioners**, circulated in July and August 2007, receiving 89 responses
- **One hundred and seventeen face-to-face and telephone interviews** with national, regional and local third sector organisations, independent funders and statutory commissioners, support organisations, evaluation consultants and software providers, including:
 - thirty interviews with funders and statutory commissioners
 - fifty-eight interviews with third sector organisations, including 14 interviews with third sector systems users
 - fourteen interviews with evaluation consultants

– fifteen interviews with software providers.

- **A review of a limited number of external evaluations** providing learning on issues of approach and methodology.
- **Case example development.** This allowed the research to explore the issues raised in greater detail and to illustrate learning points.

Third sector interviews

The researchers developed a matrix to cover different types of third sector organisation and areas of work and used this as a guide when selecting organisations for interview. Seventeen third sector organisations were followed up from the third sector survey responses, as offering potential learning about evaluation practice and the use of evaluation findings. Further third sector interviews were held to explore a range of perspectives, such as national or regional support to evaluation; developed monitoring and evaluation systems and known good practice; the development of new initiatives; and the use of monitoring and evaluation software.

Funder and statutory commissioner interviews

The researchers interviewed a range of funders and statutory commissioners, in order to bring within the research the broad spectrum of funding and funding streams. Interviews were designed to cover funding delivered from central government departments, as well as that delivered through regional and local government, other non-

departmental public bodies and through third sector agencies themselves. It meant interviewing independent funders – those running large, multi-year grant programmes as well as smaller, more localised grant givers.

The researchers were also able to gather data and test out findings through meeting with three groups of funders throughout the period of the research:

- a focus group of London Funders members 26 September 2006
- a presentation of findings and discussion at the London Funders Research and Evaluation Group meeting 8 March 2007
- a workshop with members of the Association of Charitable Foundations 28 February 2008.

Online surveys

Information about the distribution of the two online surveys and the profile of survey respondents is given in Appendix 2.

Profile of survey respondents

Appendix 2

This appendix gives details of how the two online surveys (one to third sector organisations and the second to funders) were distributed. It also describes the profile of the survey respondents.

Survey to third sector organisations

Distribution of third sector survey

Researchers distributed the survey through electronic bulletins and newsletters, ranging from those with a wide circulation across the sector to those issued by networks with a targeted geographical or sub-sector distribution, and to those local infrastructure organisations and others able to reach out to local networks.

Distribution through the more evaluation-focused networks of CES and the Performance Hub were more than balanced by the reach of the Directory of Social Change (40,000) and those of other organisations, such as the NCVO Sustainable Funding Project, NAVCA and the London Voluntary Service Council.

Sub-sectors were reached through organisations such as the National Council of Voluntary Childcare Organisations, the National Council for Voluntary Youth Services, Sitra (the umbrella body for housing and social care organisations), the London Drug and Alcohol Network, BOND (the network for voluntary organisations working in international development), the Refugee Council, Council for Ethnic Minority Voluntary Organisations, and the Social Enterprise Coalition.

Circulation through organisations such as the Wales Council for Voluntary Action and Yorkshire, Humber Regional Forum for Voluntary and Community Organisations and many other regional organisations helped to ensure that the survey had a good geographical distribution.

Profile of third sector respondents

The survey had 682 respondents.

Geographical distribution

Over half the organisations (53 per cent) had a local remit, 43 per cent a regional or national remit, and 4 per cent worked internationally. The respondents were located in the following countries and English regions:

Table 5 Geographical distribution of respondents

Country/region	Percentage of responses
London	33.6
North West	10.7
Yorkshire and the Humber	8.1
East of England	7.7
South West	7.5
South East	8.3
East Midlands	4.9
West Midlands	3.7
North East	3.3
Wales	5.9
Scotland	5.1
Northern Ireland	1.2

Funding

Organisations had a wide mix of funding: 12 per cent had only one funder, but most organisations had

more than one funding source; 48 per cent had been commissioned, with a contract to deliver services, by a public sector agency.

Table 6 Funding profile of third sector organisations

Type of funding received	Percentage of responses
Local authority	52.1
Trust or foundation	50.1
Central government	37.1
Lottery funders	34.8
Income from fees, charges and sales	32.1
Individual donors	26.4
Health authority/primary care trust	22.7
European funding	19.1
Regional body/London councils	13.8
Corporate funders	12.7
Regeneration funds	10.8
Other	9.4

Table 7 Field of work of third sector respondents

Field of work	Percentage of responses
Education/training	39.8
Social care and development	34.3
General charitable purposes	27.8
Disability	24.7
Medical/health/sickness	21.2
Economic/community	20.2
Relief of poverty	17.6
Accommodation/housing	10.8
Environment/conservation/heritage	8.6
Arts/culture	8.2
Sports/recreation	7.8
Religious activity	3.7
Overseas aid/famine	3.1
Animals	1.0
Other	30.6

Organisational characteristics

The survey established the size, age, type of organisation and area of work.

- Organisations with 6–25 employees were the largest single group of respondents (42 per cent). Nearly one-third of respondents were small organisations, either with no employees (6 per cent) or with 1–5 employees (26 per cent). The remaining 26 per cent were from larger organisations.
- Forty per cent of the responding organisations were established over 20 years ago, 26 per cent 4–10 years ago, 19 per cent 11–20 years ago and 14 per cent three years ago or less.
- Forty-four per cent of organisations defined themselves as community organisations, 11 per cent as black and minority ethnic organisations, 9 per cent as refugee and 6 per cent as faith organisations. Eleven per cent classified themselves as rural.
- Over half (59 per cent) were recorded as providing services, such as care or counselling, and almost as many (57 per cent) as providing advice, information or advocacy. Twenty-nine per cent of the organisations were local infrastructure organisations and 8 per cent acted as a national infrastructure organisation. Twenty-one per cent were campaigning organisations. Respondents placed themselves within the following fields of work shown in Table 7.

Survey to funders

Distribution of survey to funders

The survey to funders was distributed through the CES database, by direct email, website information and by electronic communication through the Association of Charitable

Foundations, London Funders, the Directory of Social Change and Charities Aid Foundation.

There were 89 responses in total from third sector funding agencies, although response rates to different questions varied considerably. The funding bodies were profiled on the following dimensions:

- source of income
- size of yearly grants budget
- main recipients of funding
- basis on which funding was given.

Basis on which funding was given

Fourteen per cent of funders distributed funds to a third party funder to allocate. Few agencies funded in a single way; for example grants were likely to be both one-year revenue and multiple-year revenue grants, and the same proportion of both (62 per cent) was found in our respondents. In addition:

- Under half (42 per cent) funded capital grants. A minority of respondents worked in the context of service-level agreements (15 per cent), commissioned grants (24 per cent) and contracts (10 per cent). These were rarely found in agencies with less than £1m annual grant budget. (Thirty-four per cent of funders worked in the context of either service-level agreements, commissioned grant or contracts.)
- Commissioned grant giving was most likely to be found in funders over £1m, with all four of those over £15m giving commissioned grants.
- Sixty-five per cent of the sample gave grants of over £60K. Just over two-thirds of these gave grants of this size and over to ‘lots’ of organisations, and one-third of these gave large grants to ‘a few’ organisations.

- Only five funders restricted their giving to grants of over £60K, with nearly all funders (94 per cent) giving grants of less than £60K.

Table 8 Funders’ sources of income

Source of income	Percentage of responses
Endowment	41
Earned income	25
Central government	24
Local government	24
Private individual or family	16
Own fundraising	11
Other sources of funding	25

Note: The total deriving income from either central or local government was 26 per cent.

Table 9 Funders’ yearly grant budget

Size of budget	Percentage of responses
<£300K	19
£300K–£1m	25
£1m–£5m	42
£5m–£15m	6
>£15m	6

Table 10 Main recipients of funding

Type of project/organisation	Percentage of responses
Service delivery projects	72
Core funding organisations	56
Research	11
Policy and campaigns	10
Individuals	10

Interviewees

Funders

Kevin Ashby, Big Lottery Fund
 Katharine Berber, Capital Community Foundation
 Steve Buckerfield, London Borough of Kensington and Chelsea, Children and Family Services
 Melanie Caldwell, County Durham Community Foundation
 Heather Chinner, Sandwell Metropolitan Borough Council
 Jo Clunie, KPMG Foundation
 Andrew Cooper, The Diana, Princess of Wales Memorial Fund
 Angella Daley, London Borough of Lambeth, Children and Young People Services
 Lindsay Edwards, Hertfordshire Council Council, Young People's Substance Misuse and Crime Reduction Services
 Lea Esterhuizen, UnLtd
 Jenny Field, The City Bridge Trust
 Kathryn Hinds, The King's Fund
 Kevin Ireland, London Housing Foundation
 Jain Lemom, London Councils
 Ellie Lowe, Leicestershire Children's Fund
 Andrew Matheson, London Borough of Southwark, Advice and Legal Services
 Sarah Mistry, Big Lottery Fund
 Lin O'Hara, Futurebuilders England
 Sheila-Jane O'Malley, BBC Children in Need
 Janine Parkin, Rotherham Metropolitan Borough Council, Neighbourhood and Adult Services
 Gwenda Perry, Bristol Children's Fund
 Ian Redding, London Councils
 Stephen Shields, SHINE Trust
 Adrienne Skelton, Arts Council England
 Lesley Talbot, Community Foundation Network
 Joy Wakenshaw, Performance Improvement Team, Northumberland County Council
 Jill Walsh, Capacitybuilders
 James Wragg, Esmée Fairbairn Foundation
 Simon Wyke, London Development Agency

Third sector organisations

Andrea Allez, National Association for Voluntary and Community Organisations
 Kahiye Alim, Asylum Aid
 David Bamber, Action for Blind People
 Martin Brockwell, Depaul Trust
 Jean Carpenter, Flipside – Lambeth Crime Prevention Trust
 Andy Clark, Derby City Mission
 Annie Clarke, National Children's Bureau
 Richard Cotmore, National Society for the Prevention of Cruelty to Children
 Simon Early, Plan
 Jake Eliot, Performance Hub
 Lydia Daniels, National Autistic Society
 Chris Dayson, Voluntary Action Rotherham
 Judy Elmont, Friend Community Mental Health Resource Centre, Weston-Super-Mare
 Ron Fern, BTCV Yorkshire and Humber (formerly British Trust for Conservation Volunteers)
 Charlotte Fielder, The Prince's Trust
 Sarah Flood, NCVO Sustainable Funding Project
 Alice Hainsworth, Centrepoint
 Jo Hambly, Plymouth Community Partnership
 Penelope Harrington, Hammersmith and Fulham Voluntary Resource Centre
 Robin Harris, Social Enterprise London
 Carol Hicks, SKILL (National Bureau for Students with Disabilities)
 Sarah Hind, Quaker Social Action
 Jayne Humm, Community Development Foundation
 Graeme Hunter, Care for the Family
 Nicole Johnson, City YMCA
 Mike Kershaw, Macclesfield Care and Concern
 Richard Lace, Preston Community Arts Project/ FM Community Radio
 Tamsin Lawson, Citizens Advice
 Viv Lewis, Social Enterprise and Co-operative Development Ltd, Cumbria
 Beth Longstaff, Community Development Exchange (CDX)
 Tris Lumley, New Philanthropy Capital
 Malcolm Matthews, SENSE
 Lyn Maytum, People First, Slough

Brian McCausland, Advance Housing and Support Ltd
 Colette McKeaveney, Age Concern Luton
 Leon Mexter, Regional Youth Work Unit, North East
 Val Neasham, Broadacres Housing Association
 Ben Nicholson, Tearfund
 Heather Noble, Newham University Hospital NHS Trust
 Tom Owen, Help the Aged
 Mark Parker, bassac
 Barnaby Peacocke, Practical Action
 David Pearson, Help the Aged
 Helen Pearson, Soft Touch Arts, Leicester
 Dennis Perkins, Age Concern Ledbury
 Sally Pickering, Gloucester Association for Voluntary and Community Action
 Tamara Pollard, Somerset Community Food
 Helen Rice, Directory of Social Change
 Jill Roberts, Refugee Action
 Jay Sharma, NCVO Sustainable Funding Project
 Lucy Tran, Chinese National Healthy Living Centre
 Valerie Tulloch, NCH Action for Children
 Nicola Wilkinson, Motor Neurone Disease Association
 Tessa Willow, Volunteer Centre, Liverpool
 Alex Whinnom, Greater Manchester Centre for Voluntary Organisation
 Sharon Worthington, Blackpool Advocacy
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Monitoring and evaluation systems providers

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 Massimo Giannuzzi, ITSsorted
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 Jonathan Humfrey, Mozaic Network Inc
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 Kate O'Brien and Marika Rose, The Social Enterprise People
 Karl Wilding, National Council for Voluntary Organisations

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