



# Inspiring impact

## Working together for a bigger impact in the UK social sector

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## Foreword

Tomorrow's People is dedicated to helping long-term unemployed people to get and keep a job. Since it was established in 1984, the charity has helped hundreds of thousands of people from disadvantaged communities on their journey back to work.

However, we could not achieve what we do without long-term strategic relationships with private and public sector partners and a wide range of investors who have faith that we will deliver on our promises.

The success of these funding partnerships depends on us being able to measure what we do effectively so that we can prove the impact of our programmes and investors can ensure that we are achieving our mission, making a real difference on the front line and delivering a return on their investment.

Tomorrow's People has recognised the value of impact measurement for some time. The process is complex and expensive and to get it right takes time, focus and internal resources. However, the benefits are considerable as the process provides an accessible, shorthand way of signalling to government, grant-makers and major donors the value of our work and the quality of our outcomes.

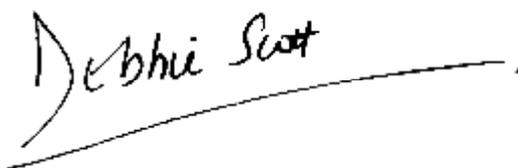
In 2010, we were lucky enough to win a bid for an impact measurement project. This enabled us to undertake a much more in-depth review of performance and impact than we otherwise might have been able to do. However, if more charities and social enterprises are to measure their performance in a credible way, the process needs to be cheaper and easier to do.

This is why this report's call for clearer standards and principles of impact measurement, so that charities and social enterprises know what's expected of them, is very welcome—as is its plan to make questionnaires and other tools available online at low cost, which would make it easier and cheaper to collect useful data.

Most of all, charities need funders, commissioners and investors to coordinate their demands for impact data in order to reduce the reporting burden. We spend far too much time collating, monitoring, analysing and reporting against different measures for different funders. This is costly and takes us away from what we are in business to do.

This report proposes a simple solution: funders, commissioners and investors should join up their demands for impact data, in order to generate impact data that is judged by a common standard. In turn, this will help the sector to have a more informed debate about what interventions deliver the biggest impact.

Our immediate goal, however, is to make it easier and cheaper for charities to measure their effectiveness. This is a laudable goal, which is why I encourage every charity, social enterprise, funder, commissioner and investor to get behind this report and its recommendations.

A handwritten signature in black ink that reads "Debbie Scott". The signature is written in a cursive style and is positioned above a long, thin horizontal line that extends across the width of the signature.

The Baroness Stedman-Scott OBE, DL

# Executive summary

On 23 September 2011, 30 leaders in the field of social impact measurement came together for an Impact Summit. We discussed how leadership and collaboration could make impact measurement part of everyday practice for the thousands of charities, social enterprises, funders, commissioners and investors that make up the social sector.

The starting point for discussions at the Impact Summit was simple: more social organisations need help to be focused on impact, using measurement to demonstrate their achievements and improve the way they work, ultimately changing more people's lives.

## The impact cycle

Organisations that are focused on impact plan their activities by thinking about what they want to achieve, carry out their activities in an effective way, assess and review what they have achieved, and learn from experience to refine the way they work and make an even bigger difference in the future.

Implementing this cycle of impact measurement can help organisations find out their progress against their mission, inspire staff, improve their services, contribute to knowledge in their sector, raise their profile and raise funds.

## Why now?

We are at a key point in the history of social change—the main conditions are in place for an impact focus to become the norm. Growing numbers of funders and charities are putting money into collecting evidence of impact and improving their services as a result, but significant issues remain. In particular, measurement is often not as robust as it could be, and results are too rarely shared.

## The state of impact measurement today

We have identified five key factors involved in encouraging or holding back the development of impact measurement:

- **Incentives:** Charities and social enterprises need to have incentives to measure their impact. This could be the promise of funding or an internal drive to improve services.
- **Resources:** More funding needs to be invested in impact measurement, and we need more affordable and accessible products and services to help with measurement.
- **Capacity and skills:** We need to make affordable, user-friendly tools and systems more widely available, and we need to train staff to use them.
- **Support:** Social organisations need more support to look at their impact, with clear standards and coordination
- **The way that results are used:** We need to do more to learn from our impact measurement—shared measurement approaches are key to this.

## The decade of high impact

Together, the participants at the Impact Summit believe we can do more to accelerate the improvement of high quality impact measurement. In the process, we could help thousands more social organisations to improve.

To create change on this scale, we need a cultural shift. We therefore propose to make the 2010s the decade of high impact, focusing on five themes:

- Leadership and culture
- Shared measurement
- Data, tools and systems
- Funders, commissioners and investors
- Impact measurement support

To achieve our goals, we need focus and collaboration. Each theme will be led by one or two organisations, and overall leadership will be provided by an Inspiring Impact Group, made up of 12 organisations: the Association of Charitable Foundations, the Association of Chief Executives of Voluntary Organisations, Big Lottery Fund, Big Society Capital, Charities Evaluation Services, Dartington Social Research Unit, National Council for Voluntary Organisations, New Philanthropy Capital, the Office for Civil Society, SROI Network, Substance, and the Third Sector Research Centre. This group will support change over the next ten years by providing clear guidance along with affordable and accessible training, tools and systems.

The first step in the decade of high impact involves a 12-month action plan, which involves more than a dozen activities and objectives. These include clarifying what good impact measurement looks like, campaigning to change the attitudes of leaders in the sector, setting up online resources, and making tools more accessible.

This is a collaborative venture and our plans and activities will evolve over time. Nevertheless, our goal will remain the same: to encourage and support the social organisations to measure their impact better, and in so doing, make an even bigger difference in the lives of the people they support.

# Acknowledgements

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# Introduction

On 23 September 2011, 30 leaders in the field of social impact measurement came together for an Impact Summit, hosted by NESTA. The participants discussed how leadership and collaboration could make social impact measurement part of everyday practice for the thousands of charities, social enterprises, funders, commissioners and investors that make up the social sector.

This report, written by New Philanthropy Capital (NPC) and Views, summarises the debate at the summit.

## The importance of impact

The participants at the Impact Summit shared one key assumption: that organisations trying to improve people's lives should understand as much as possible about the difference that they make.

Most commissioners, grant-makers and social investors have a clear interest in understanding how they can allocate their funds to achieve the greatest possible benefit. Governments in particular are eager for to find proven solutions to mounting social problems.

Charities and social enterprises, which we call civil society organisations (CSOs), also have a lot to gain by measuring their impact.<sup>1</sup> It can help them to manage their performance, improve their services, think strategically and allocate their resources in ways that makes the biggest difference in their beneficiaries' lives. Evidence of impact can help CSOs to attract funding, investment and volunteers, and it can help them to build public support.

Although there are many benefits of measuring social impact, and ideas such as social return on investment and results-based commissioning are growing in profile, there are not enough examples of organisations placing evidence of impact at the heart of their activities. Despite the best efforts of those who champion it, social impact measurement remains fragmented, embryonic, and often poorly practised and misunderstood.

## Prioritising social impact measurement

Even though social impact measurement is often on the margins of charities' and funders' activities, it is generating an ongoing, lively debate. Funders, commissioners and investors often struggle to agree what to ask CSOs to measure. A variety of values and motivations lie behind their measurement requests, which often creates tension.<sup>2</sup> However, we believe that there are two ways to bring the different parties closer together:

- **Developing a clearer, more coherent focus on outcomes** will help CSOs to lead the debate and improve the way they plan, assess, improve and communicate their impact.
- **Building agreement on standards and approaches to impact measurement** will enable charities, funders and other organisations interested in social change to work out how outcomes data should be linked to other aspects of measurement, such as economic value.

The Impact Summit gave leaders in social impact measurement the opportunity to review the factors that have held the field back and look at how we can start to move forwards. We also

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<sup>1</sup> Many of our comments about CSOs also apply to private sector deliverers of public services and businesses that wish to maximise their social benefit. However, this report focuses on CSOs.

<sup>2</sup> Mulgan, G (2010) *Measuring Social Value*. Stanford Social Innovation Review, Summer 2010. Lyon, F. and Arvidson, M (2011) *Social impact measurement as an entrepreneurial process*. Community Evaluation Northern Ireland.

acknowledged the significant advances in impact measurement that have taken place in the past decade. Most importantly, we shared a sense, and a hope, that the cumulative effect of recent waves of social innovation and cultural change is now set to take impact measurement into the mainstream. We are committed to work together to accelerate this process of cultural change over the coming years.

## About this report

Participants at the Impact Summit did not agree on everything, and this report does not attempt to capture every difference of opinion. Instead, the authors have pulled out the main points of consensus. The key messages are based on discussions from the summit, we have integrated feedback from a dozen participants, and we have endorsement from 22 organisations.

This report therefore broadly reflects the collective views of participants at the Impact Summit and the organisations listed on the cover. In our writing, 'we' refers to the participants, and where appropriate, we separate out contributions from individual organisations.

Our ambition is for this to be a UK-wide initiative. However, we have mainly focused on England so far, because the organisations involved in the Impact Summit were primarily based in England. We would welcome discussions with relevant organisations in Wales, Scotland and Northern Ireland about how to extend this work across the UK.

In **Section 1**, we look at what impact measurement would look like in an ideal world, with a 'plan, do, measure, review' approach. We also set out the benefits of impact measurement.

In **Section 2**, we look at key elements of social change over the last 60 years, and explain why now is the time for a culture of impact measurement to take off.

In **Section 3**, we review the state of impact measurement in the UK today, and identify five key factors involved in encouraging or holding back the development of impact measurement: incentives, resources, capacity and skills, support available, and the way that results are used.

In **Section 4**, we set out the key recommendations that came out of the Impact Summit, and the activities we aim to undertake to reach our goals. We propose making the next ten years the decade of high impact for charities, social enterprises, funders, commissioners and social investors.

### Definitions

**Civil Society Organisations (CSOs):** Charities and social enterprises.

**Funders:** Private donors, trusts, foundations and public bodies (such as the Big Lottery Fund) that fund CSOs through grants.

**Commissioners:** Public bodies that contract CSOs to deliver public services.

**Impact:** The broader or longer-term effects of a project or organisation's outputs, outcomes and activities. These can include effects on people who are not direct users of a project, or effects on a wider field such as government policy. Impact can be negative as well as positive.

**Impact measurement:** The process of trying to find out what effect an organisation is having on people's lives or on the environment. We use the term 'impact measurement' to refer to all activities involved in managing and assessing an organisation's impact, from routine management of output and outcomes data to doing high quality evaluation.

**Investors:** Individuals or organisations that invest in CSOs, typically through repayable finance.

**Shared measurement:** An approach that consists of agreeing how impact is measured and what is measured in a particular field (such as mental health) or for a particular intervention (such as counselling).

**Outcomes:** The changes in the lives of people who use a CSO's services, such as finding a job.

# 1. Focusing on impact

The starting point for discussions at the Impact Summit was simple: not enough social organisations are focused on impact, and not enough use impact measurement to prove their impact or improve the way they work.

## The impact cycle

Organisations that are focused on impact plan their activities by thinking about what they want to achieve, carry out their activities in an effective way, assess and review what they have achieved, and learn from experience to refine the way they work and make an even bigger difference in the future. This 'plan, do, measure, review' process is widely used in project management in the private and public sectors, and NPC has tailored it to the issue of social impact. Figure 1 depicts the core activities that social sector organisations should carry out in order to demonstrate and improve their impact, both for the organisation as a whole and for individual projects.

**Figure 1: Ideal impact cycle**



Few organisations will be able to apply Figure 1 perfectly. Most have limited resources and face disincentives (for instance, charities rarely want to share a bad finding with such stiff competition for funding). It can be difficult to choose which tool or method to use in assessment.<sup>1</sup> Also, organisations function in a complicated way, and it can be hard to follow a

<sup>1</sup> In impact measurement, there is a spectrum ranging from light touch performance management to high quality academic evaluation. The former can provide reassurance that a service is being delivered to a high standard and is producing specific outputs, but says little about its impact. The latter provides evidence that a service has had an

simple step-by-step process. But the cycle does illustrate a broad approach that most organisations should aspire to, placing impact at the heart of the way they work by planning, monitoring, assessing and reviewing their impact.

## The opportunity

Many CSOs and funders monitor and evaluate their work, and this should be welcomed and encouraged. Nevertheless, but few routinely follow the full impact cycle. For example:

- Crucial stages are often skipped—for example, by bringing in an external evaluator without having collected data through ongoing monitoring.
- To our knowledge, few organisations consider impact in their planning processes (for example, by researching needs and interventions), and few consistently review their findings to improve their services.
- Many organisations leave impact measurement to an evaluation manager or an external evaluator, rather than making it the responsibility of their staff.

Impact measurement is therefore peripheral to the most organisations' work. This status quo needs to change if organisations are to achieve their full potential. We want to help more of them move closer to the impact cycle.

What would this look like in practice? The cycle would be embedded across the organisation, from delivering services to fundraising. For instance, staff responsible for developing services would draw on research into needs and effective interventions. Frontline staff would take responsibility for monitoring impact. Senior managers and evaluation managers would analyse impact, and the management team and trustees would use findings to inform and improve their services. Marketing and fundraising staff would put impact data at the centre of corporate documents.

## The benefits

Good impact measurement can deliver significant benefits for CSOs in six key areas:<sup>1</sup>

- finding out progress against mission;
- inspiring staff and improving their work;
- learning how to improve;
- contributing to knowledge of 'what works';
- raising their profile; and
- securing funding.

Good impact measurement also has benefits for funders, commissioners and investors—in particular, because it enables them to target their resources more effectively and better understand the difference they are making.<sup>2</sup>

In all this, our ultimate aim is to achieve better outcomes for society, and we will only achieve that aim if three groups play their part:

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impact that can be attributed to it. Both are valid methods of assessment for different purposes, and more guidance is needed to decide which is appropriate in which circumstance.

<sup>1</sup> Ricky, B., Lumley, T. and Ní Ógáin, E. (2011) *A journey to greater impact: Six charities that learned to measure better*. New Philanthropy Capital.

<sup>2</sup> More research is needed to provide more evidence of these benefits and understand how they vary across organisations, types of activities and types of impact measurement.

- **CSOs** need to adopt evidence-based interventions and try to improve their impact through ongoing monitoring and evaluation.
- **Funders, commissioners and investors** need to fund organisations and projects that have evidence for the difference they make.
- **Policymakers, academics and think tanks** need to support CSOs, funders, commissioners and investors by carrying out research and analysing data to identify effective interventions.

Working together, these organisations will be able to find common standards and approaches to impact measurement, helping us to move towards a social sector where evidence, learning and continuous improvement is the norm. Over time, this kind of shift would help to improve the lives of thousands of people.

## 2. Why now?

A major culture change is needed if we are to move from a world of compliance, inputs and outputs, to a world of transparency and accountability around outcomes and impact. This process has already begun, but it is not yet complete. However, we are at a key point where the main conditions are in place for this to become the norm.

Six waves of social change have brought us to this juncture over the last 60 years:

**1950s**     **Social research:** In the post-war era, social researchers developed the founding principles, tools and techniques of contemporary impact measurement.

**1980s**     **Public service reform:** The public sector was remodelled in the quest for greater value for money. Private sector performance management culture was injected into the public sector, and a focus on 'commissioning for results' became increasingly central.

**1990s**     **Impact funders and social investors:** A growing group of impact funders, venture philanthropists and philanthrocapitalists brought private sector rigour to setting goals, monitoring performance and measuring social impact. They wanted evidence that their funding was transforming the lives of beneficiaries. More recently, social investment has become an important driver of change as more and more social investors attempt to assess the social return on their investments.

**Social entrepreneurship:** A global movement of social entrepreneurship began to mature, with entrepreneurs applying their skills to improve social returns in local communities, charities, social enterprises, public sector organisations, social businesses, and a variety of joint ventures. The leading social entrepreneurs are trying to create large-scale change in society, and many want evidence to show they are achieving that.

**2000s**     **Digital era:** An explosion of web-based technologies provided the platforms needed to make it easy to access and manipulate all kinds of information.

**Financial Crisis:** The economic downturn and cuts in government spending have added impetus to the trend towards evidence-based policy making and outcomes-based commissioning. There is a compelling need for government agencies to capture the social value of public spending, so that they can decide how to cut the services that generate poor results, and re-invest where returns and savings are more promising. The government is re-writing the Treasury Green Book, which is meant to inform any new government spending. This will give social impact a more central role in future decision making. A new bill will enshrine social value in the commissioning process, and different models of results-based funding (such as The Work Programme) and financing (such as Social Impact Bonds) are growing.

The participants at the Impact Summit agreed that these six waves of change made a seventh wave possible—a social sector-wide focus on investing and funding for results. This seventh wave has already begun to gather pace. At the summit, we explored how best to build on and sustain this wave, to transform mainstream impact measurement practice for the better.

## 3. The state of impact measurement today

Over the past 20 years, increasing numbers of CSOs, funders and commissioners have started to collect evidence of their impact on society, and impact measurement practice has evolved significantly.<sup>1</sup> Yet there are still barriers. We have identified five key factors involved in encouraging or holding back the development of impact measurement:

- incentives to measure (both internal and external);
- the resources invested in impact measurement;
- capacity and skills of the people and organisations involved;
- support available in impact measurement; and
- the way that data and findings are used.

### Incentives

#### External incentives

The main incentive that influences CSOs' impact measurement is money: the priorities of funders, commissioners and increasingly social investors have a huge impact on how CSOs view impact and what they do about it.<sup>2</sup>

Over the past decade, local and central government departments have shifted much of their funding from grants to contracts. This has been accompanied by a shift from funding based on activities to funding based on outcomes.<sup>3</sup> The coalition government has accelerated this trend: the 2010 Spending Review committed to '*pay and tender for more services by results*'.<sup>4</sup>

A small but growing number of individual donors and grant-making trusts only fund charities that can prove their impact. 94% of charities that responded to a 2008 survey said funders required monitoring information; so only 6% said they hadn't been asked for monitoring information, compared to 28% in a 1996 survey. The 2008 survey also found that 75% of charities were being asked for evaluation reports.<sup>5</sup> Many social investors also ask for proof of the social impact of their investments, as evidenced by initiatives like the Impact Reporting and Investment Standards.<sup>6</sup>

Funders, commissioners and investors are therefore more focused on impact than ever before—a development that we welcome. Many CSOs are also more focused impact, in order to raise their profile and raise funds.<sup>7</sup>

<sup>1</sup> Charities Evaluation Services (2008) *Accountability and learning*.

<sup>2</sup> Lyon, F. and Arvidson, M (2011) *Social impact measurement as an entrepreneurial process*. Third Sector Research Centre.

Charities Evaluation Services (2008) *Accountability and learning*.

Arvidson, M. (2009) *Impact and evaluation in the UK third sector: reviewing literature and exploring ideas*. Third Sector Research Centre.

Innovation Network (2010) *State of Evaluation 2010*.

Community Evaluation Northern Ireland (2010) *Measuring Up*.

<sup>3</sup> IDeA and LGA (2009) *Outcomes based accountability survey*.

<sup>4</sup> Comprehensive Spending Review 2010.

<sup>5</sup> Charities Evaluation Services (2008) *Accountability and learning: developing monitoring and evaluation in the third sector*.

<sup>6</sup> <http://iris.thegiin.org/>

<sup>7</sup> Lyon, F. and Arvidson, M. (2011) *Social impact measurement as an entrepreneurial process*. Third Sector Research Centre.

However, two problems remain. Firstly, money can be a distracting incentive. And secondly, there are still not enough funders, commissioners or investors who are focused on impact measurement.

### The wrong incentives

In many cases, money is a poor incentive for CSOs, who may see impact measurement simply as a way of securing funding. This can be harmful. For example:

- If impact measurement is seen primarily as a fundraising tool, it may fail to become a core activity embedded across the organisation.<sup>1</sup>
- Competition for funding encourages many CSOs to use impact measurement to prove they are using funding well, rather than to learn from findings or share them in their sector.<sup>2</sup> Indeed, most CSOs avoid publicly admitting when they fail to achieve the impact they expected, for fear of losing funding.
- As funders, commissioners and investors multiply their demands for data, CSOs are often left struggling with excessive reporting burdens.<sup>3</sup> If staff have to prepare numerous monitoring reports, each with different reporting requirements, they may have little time left to reflect on what this data means and how it could be used to improve their services.<sup>4</sup>

We are concerned that CSOs' impact measurement practice is too focused on attracting or reporting on funding, and not focused enough on learning from findings.

### A lack of external incentives

In spite of recent improvements, there are still not enough funders, commissioners or investors who are focused on impact. Many do not ask for evidence of impact, encourage CSOs to measure their impact to a high standard, or provide support with monitoring and evaluation.<sup>5</sup>

We suggest that more funders, commissioners and investors should become impact-focused, but without creating excessive reporting burdens for CSOs. Reporting should be proportionate to the organisation's size and activities, and funders should encourage CSOs to use their findings by learning from and sharing them.

### Internal incentives

A growing number of CSOs are interested in measuring their impact. A 2008 Charities Evaluation Services survey found that 60% of charities had changed their monitoring and evaluation criteria in the past five years to place a greater emphasis on outcomes.<sup>6</sup>

However, many CSOs still do not consider impact measurement to be a priority. In a US survey, charities placed measurement as almost the least important organisational priority, second only to research.<sup>7</sup> Impact measurement is not embedded in enough CSOs. It is often seen as the responsibility of one or two people, such as an evaluation manager or fundraiser, rather than being a shared responsibility between all staff across the organisation.

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<sup>1</sup> Charities Evaluation Services (2008) *Accountability and learning*.

<sup>2</sup> Ibid.

<sup>3</sup> Lofgren, G. (2007) *How are you getting on?* New Philanthropy Capital.

<sup>4</sup> Heady, L. and Keen, S. (2008) *Turning the tables in England: Putting English charities in control of reporting*. New Philanthropy Capital.

<sup>5</sup> Charities Evaluation Services (2008) *Accountability and learning*.

<sup>6</sup> Charities Evaluation Service (2008) *Accountability and learning: developing monitoring and evaluation in the third sector*.

<sup>7</sup> Ibid.

## A culture focused on impact

Every organisation has its own culture—the attitudes and working practices that drive how it operates. In some social organisations, creating, measuring and increasing impact is at the heart of this culture. Staff value measurement as a way of demonstrating their impact, improving their services and raising funds. Such organisations have been key to raising the profile of impact measurement in recent years.

However, for too many CSOs, impact measurement is considered to be little more than a peripheral concern or a technical process.

CSOs need an impact-focused culture if they are to benefit from impact measurement. This means that staff from across the organisation—from the front line to senior management—are committed to demonstrating what they achieve. With this buy-in, impact measurement can be both good quality and useful, improving the way services are delivered and informing other organisations in the sector.

## Leaders focused on impact

To develop an impact-focused culture, more CSOs need impact-focused leaders. Not enough chief executives of charities and social enterprises put impact measurement at the heart of the way they develop strategy, design services, and assess their organisation's performance. We believe that chief executives should see impact measurement as a necessity, not a 'nice to have'. We therefore need to convince chief executives of the benefits of doing impact measurement well, and show that it is affordable and easy to do.

### Incentives: a summary

CSOs need to have incentives to measure their impact—incentives that can be driven by external factors or by factors within their own organisation.

On the external side, CSOs are held back because:

- Many funders and commissioners do not seek clear evidence of impact when selecting CSOs to fund. When they do seek evidence, the emphasis can be too much on simply demonstrating results, so there are few incentives for CSOs to learn from their findings or share them with their sector.
- Different funders ask for impact to be reported in different ways, and many do not accept 'off the shelf' impact reports, creating excessive reporting burdens for CSOs.
- Funders and commissioners do not always ask the CSOs they fund to measure their impact, and they do not always fund them to measure their impact.

**We suggest that more funders, commissioners and investors should become impact-focused, while increasing their focus on learning and avoiding making unreasonable demands.**

On the internal side, cultural factors are holding back a greater focus on impact. We need more impact-focused chief executives who can see the benefits of impact measurement and can find a way to measure that is not too costly or difficult.

**We would like more organisations to build an impact-focused culture, with leaders who are convinced of the benefits of this approach.**

## Resources

'It is too expensive' is a comment we regularly hear from cash-strapped CSOs, funders, commissioners and investors. It is a phrase often used with reference to impact measurement.

The growing demand for evidence of impact is costing CSOs in staff time, external evaluations and IT systems, among other things. NPC has found that charities spend an average of 6% of their income from trusts and foundations on reporting (beyond what they would do for their own purposes).<sup>1</sup>

Unfortunately, the growth in interest in impact has not been matched by a growth in funding and support to help CSOs collect, use and share data effectively.<sup>2</sup> Few funders consistently provide monitoring and evaluation support, and one in three never do.<sup>3</sup> Many CSOs are reluctant to spend substantial sums of money on impact measurement—it is often seen as an optional extra that can be cut in tough times. Overall, not enough money, support or staff time are being allocated to impact measurement by funders, commissioners, investors or CSOs. We therefore need to work hard to build a business case for investing such resources in impact measurement, by demonstrating its benefits.

Even when money and other resources are available, they are not always used in the best way. For instance, money is often spent on a consultant writing a single report, at the expense of building in-house capacity to measure results. CSOs, funders, commissioners and investors therefore need better guidance to help them diagnose their needs and decide how to best to use limited budgets. Finally, for impact measurement to become widespread, we need to find more low-cost ways of measuring impact.

### Resources: a summary

There are four key issues when it comes to the resources invested in impact measurement:

- CSOs do not commit enough resources to measuring their results.
- Funders, commissioners and investors do not provide enough funding for CSOs to measure their impact, and they do not do enough to measure their own results.
- Many CSOs, funders and commissioners could use the resources they do put into impact measurement in a more intelligent way.
- More low-cost products and services are needed to help with measuring impact.

**We need more investment in impact measurement, and better ways of measuring.**

## Capacity and skills

As well as lacking funds for impact measurement, many CSOs also lack capacity and skills in this area. Poor quality impact measurement practice can lead to scepticism about findings. *'People don't believe our findings,'* might become a regular refrain if these issues are not addressed and if standards are not raised. So building the capacity and skills of CSOs is critical to making impact measurement work for them, but also critical to preventing impact measurement as a field from being discredited.

In order to collect, store, analyse and report impact data effectively, CSOs and funders need skills, tools and systems.

<sup>1</sup> Heady, L. and Keen, S. (2008) *Turning the tables in England: Putting English charities in control of reporting*. New Philanthropy Capital.

<sup>2</sup> Charities Evaluation Services (2008) *Accountability and learning*.

<sup>3</sup> Lofgren, G. (2007) *How are you getting on?* New Philanthropy Capital.

## Skills

Skilled people are critical to any good impact measurement work. Having an impact measurement lead (such as an evaluation manager) can help a CSO to design an impact measurement system, coordinate activities, analyse results and publish findings. Yet we believe there is a shortage of people with specialist impact measurement expertise in charities and social enterprises. A US study found that only one in five charities have someone responsible for evaluation, and only 13% have a dedicated evaluation manager.<sup>1</sup>

As well as benefitting from specialist staff, CSOs also need their other staff to develop impact measurement skills: frontline staff need skills to collect data; service managers need skills to use data to improve services delivery; and senior management need skills to use their findings strategically.

We have seen some progress here—for example, Charities Evaluation Services, New Economics Foundation, NPC and the SROI Network have all helped to build skills in the sector. However, more needs to be done. New initiatives, such as the Social Impact Analysts Association, will help.<sup>2</sup> But more targeted and practical programmes of training and support are needed.

## Tools and systems

As well as needing skilled staff, organisations need good measurement tools and systems:

- Measurement tools, such as questionnaires and interview guides, can be used to collect data about beneficiaries.
- Systems, such as databases and software, can be used to store data and analyse it.

Not enough CSOs have the right impact measurement tools and systems in place. When designing their impact measurement approach, they are often faced by too many options and need more guidance. Many organisations end up developing their own tools and systems from scratch, which is time-consuming and expensive.

There are hundreds of good data collection tools, such as surveys, that CSOs could be using. They just do not know how to find them or use them. We need to turn existing bespoke tools into 'off the shelf' measurement products, ideally available online and at low cost. Where good tools do not exist, we may also need to develop new ones. We also need more efficient, easy to use monitoring and IT systems.<sup>3</sup>

## Funders' capacity and skills issues

Funders, commissioners and investors also face capacity and skills issues, although their needs are different:

- Firstly, they need to support CSOs to measure impact—for instance, by providing funding, guidance or training. Some lack the skills and expertise to provide this support.
- Secondly, they need to collate their own data on impact to work out what difference their funding is making in people's lives. We suspect that there is huge progress to be made here. A recent US survey found that 60% of foundations believe that not enough funders understand their overall performance.<sup>4</sup>

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<sup>1</sup> Innovation Network (2010) *State of Evaluation 2010*.

<sup>2</sup> [www.siaassociation.org](http://www.siaassociation.org)

<sup>3</sup> Charities Evaluation Services (2008) *Accountability and learning*.

<sup>4</sup> Innovation Network (2010) *State of Evaluation 2010*.

- Thirdly, they need to compare the data they receive from the different organisations they support, in order to identify effective approaches in their portfolio. The UK Alliance for Useful Evidence should be able to help this agenda.<sup>1</sup>

### Capacity and skills: a summary

In order to collect, store, analyse and report impact data effectively, CSOs and funders need skills, tools and systems. However, many CSOs, funders and commissioners find it difficult to build skills among their staff and find useful and affordable impact measurement tools and systems.

**We need to make affordable, user-friendly tools and systems more widely available, and we need to train staff to use them.**

## Impact measurement support

As demand and interest in impact measurement has grown, more external support has been developed to help CSOs, funders, commissioners and investors measure their impact. Training, guidance, consulting services, online tools and more are available from think tanks, academics, consultancies, umbrella bodies, and local councils for voluntary service.

This support has been developed largely by individual organisations. There have been some efforts to coordinate support (such as the National Performance Programme, the Performance Hub, the BASIS Programme and the SROI Network), but the overall support landscape remains fragmented.

### A lack of consensus

The lack of coordination among providers of impact measurement support is creating confusion. This is a developing field, and there are some significant disagreements over what constitutes good impact measurement—for instance, which methods and metric are most appropriate.<sup>2</sup> What is more, there are over 1,000 different methods available. This makes it difficult for CSOs to identify which approaches are best for them.<sup>3,4</sup>

There is therefore significant variation in how data is collected, how it is analysed and what is published, which in turn raises questions about the robustness of methods and the validity of findings.<sup>5</sup> We should work towards consensus on these issues, without trying to condense all methods and approaches into one.

<sup>1</sup> [http://www.nesta.org.uk/home1/assets/events/building\\_the\\_uk\\_alliance\\_for\\_useful\\_evidence](http://www.nesta.org.uk/home1/assets/events/building_the_uk_alliance_for_useful_evidence)

<sup>2</sup> Lyon, F. and Arvidson, M. (2011) *Social impact measurement as an entrepreneurial process*. Third Sector Research Centre.; Community Evaluation Northern Ireland (2010). *Measuring Up.*; Schorr, L. & Farrow, F. (2011) *Expanding the evidence universe*.

<sup>3</sup> Lyon, F. and Arvidson, M. (2011) *Social impact measurement as an entrepreneurial process*. Third Sector Research Centre. Community Evaluation Northern Ireland (2010) *Measuring Up*.

Schorr, L. and Farrow, F. (2011) *Expanding the evidence universe*.

<sup>4</sup> Mulgan, G (2010) *Measuring Social Value*. Stanford Social Innovation Review, Summer 2010.

<sup>5</sup> Lyon, F. and Arvidson, M. (2011), *Social impact measurement as an entrepreneurial process*. Third Sector Research Centre.

## Gaps in support

The lack of coordination among providers of impact measurement support also means that there are gaps in support. At the Impact Summit, we identified two gaps in particular:

- There is a shortage of low-cost 'off the shelf' tools and systems (such as NPC's Well-being Measure, Triangle Consulting's Outcomes Star, and Views' systems for storing and managing data).
- Where support is available, CSOs, funders, commissioners and investors do not always know about it or they struggle to access it.

## A lack of standards

There are not enough sector-wide standards for data collection, analysis and reporting, and more guidance is needed to help organisations define what good impact measurement looks like. The Principles of Good Impact Reporting published this autumn should start to introduce more common standards, but more guidance is needed to help CSOs, funders, commissioners and investors put these standards into practice.<sup>1</sup>

We want to improve the impact measurement support that already exists by creating clearer standards and better coordination, and stimulating certain types of activity, such as the development of cheaper tools. We are therefore standing on the shoulders of previous work, not starting from scratch.

### Impact measurement support: a summary

Impact measurement support is not serving CSOs, funders or commissioners as well as it could, for three reasons:

- Support is largely uncoordinated, which creates confusion.
- There are gaps in support, most notably in finding ways to access support or suitable off the shelf tools.
- There is also a lack of sector-wide standards for data collection, analysis and reporting.

**We need more effective support to cultivate better impact measurement practice. We need to set clear standards, improve coordination and stimulate certain types of activity.**

## Use of data and findings

Many CSOs, funders, commissioners and investors struggle to use impact data effectively. This goes to the heart of why so many people are sceptical about impact measurement—they cannot see the point. They see it as a hoop to be jumped through, with no benefits or influence on the way that CSOs deliver services.

## Learning from data

CSOs need to do more to learn from the data they collect. For this to happen, their impact measurement needs to be embedded in service delivery and decision-making, and leaders need to be focussed on impact.

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<sup>1</sup> [http://newphilanthropycapital.files.wordpress.com/2011/10/principles-of-good-impact-reporting\\_consultation.pdf](http://newphilanthropycapital.files.wordpress.com/2011/10/principles-of-good-impact-reporting_consultation.pdf)

## Sharing findings

More organisations also need to share their findings with others in the sector. The lack of consensus on measurement methods, along with a lack of common reporting frameworks, means that the majority of impact data and reports cannot be compared. This makes it difficult to synthesise data and identify clear findings or conclusions. The most effective solution to this is a shared measurement approach, where a shortlist of methods and indicators is used for a specific field (such as mental health) or intervention (such as counselling).

Funders, commissioners, investors, policy-makers and academics could work together more systematically to build an evidence base for 'what works', and to improve programmes or interventions.<sup>1</sup> They need to be open to CSOs sharing evidence of poor results as well as good results, as this can offer a good opportunity to learn and improve. Yet most CSOs are understandably wary of sharing evidence of poor results, seeing it as a risk to future funding.

## Generating debate

By learning from data and sharing our findings, we can start to collect standardised, high quality impact measurement data, which can fuel debates about what works. We need more forums to discuss findings and to identify effective interventions, while creating safe spaces to discuss interventions that have not worked. The Alliance for Useful Evidence will play a critical role in developing these forums by supporting organisations to use evidence and standards.

### Use of data and findings: a summary

Many CSOs, funders, commissioners and investors need help to do more with the data they collect:

- CSOs need to be able to learn from the data they collect in order to improve their services.
- CSOs need to be able to share their findings and compare them, to help us identify successful approaches.
- By learning from data and sharing our findings, we can fuel debate about what works.

**We need to do more to learn from our impact measurement, and shared measurement approaches are key.**

## Challenges

This section has shown that there are plenty of barriers to good impact measurement, but these barriers are not insurmountable, as Table 1 sets out.

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<sup>1</sup> Schorr, L. and Farrow, F. (2011) *Expanding the evidence universe*.

**Table 1: Overcoming the challenges to impact measurement**

| Challenge  | Recommendation   |
|--|--|
| <p>Many funders, commissioners and investors do not plan, assess or review their impact. Those that do often place burdensome reporting requirements on CSOs, mainly focused on accounting for use of funds.</p>         | <p>More funders, commissioners and investors could focus on impact, making sure that their requests are suited to the CEOs in question. Reporting should focus more on learning.</p>                                   |
| <p>For many social organisations, impact measurement is considered to be a peripheral activity and is not embedded across the organisation.</p>  | <p>More organisations should develop an impact-focused culture, making sure that their leaders are convinced of the benefits of this approach.</p>   |
| <p>Many organisations do not measure their impact to a high standard. This is because of a combination of limited resources, limited capacity and skills, and technical problems.</p>                                    | <p>We would like to see more leaders committed to impact and investing in impact measurement. We need affordable, user-friendly tools and systems to make impact measurement more accessible.</p>                      |
| <p>There is huge variation in the quality of impact measurement and in the how impact is measured and reported, so data cannot be compared across different CSOs to identify which interventions are most effective.</p> | <p>We should develop more sector-wide standards. We should find ways to share measurement in particular fields or with particular interventions.</p>   |
| <p>Data on impact is not used enough to improve services within organisations, to inform funding and investment decisions, or to identify successful approaches.</p>   | <p>CSOs, funders, commissioners and investors should use impact measurement findings more to increase their impact. We also would like to see more opportunities to learn from the findings of impact measurement.</p> |

## 4. The decade of high impact

Together, the participants at the Impact Summit believe we can do more to accelerate the improvement of high quality impact measurement. In the process, we could help thousands more social organisations to adopt good impact measurement practices.

To create change on this scale is not just about capacity building: we need a cultural shift. We need to provide incentives to create change from the top down, as well as provide support to encourage change from the bottom up. This kind of shift will not happen overnight. We propose making the 2010s the decade of high impact for charities, social enterprises, funders, commissioners and social investors.

This is may be a bold idea, but we must aim high. And if our efforts are truly collaborative, there is a good chance we will succeed. The precise plan will change, as it is shaped by partners, but we expect the goals to stay broadly the same.

Table 2 sets out our themes for the decade of high impact. The first four of these emerged from the Impact Summit, and the fifth was added later, as we consider it essential to delivering the others. We also added a deadline—2022—to help us focus our efforts.

**Table 2: Themes for the decade of high impact**

| Theme                                       | Goal   |
|---|--|
| <b>Leadership and culture</b>               | The impact cycle is embedded in the culture of thousands of charities and social enterprises. They consistently plan, manage, measure and communicate the impact of their services.  |
| <b>Shared measurement</b>                   | Shared measurement approaches are adopted across most fields (such as mental health) and some key interventions (such as counselling). Standard methods and indicators are used and findings are shared to identify successful approaches. |
| <b>Data, tools and systems</b>              | There are appropriate, affordable, and accessible data, tools and systems. They meet standards for quality and comparability, and support good impact measurement practice.  |
| <b>Funders, commissioners and investors</b> | Most funders, commissioners and investors have adopted an impact approach. The impact cycle is embedded in their cultures and they incentivise and support an impact approach in CSOs  |
| <b>Impact measurement support</b>           | There is an effective network of support, linked to shared measurement approaches and following best practice. Most organisations know of and use support where needed.  |

### The programme for change

#### A ten-year route map

Appendix A sets out the key initiatives that we will need to undertake to achieve our goals. This is our first attempt at a plan. It will have flaws and will almost certainly be changed along the way, as this is a collaborative enterprise. However, we think it is a good starting point for a discussion about how we achieve our goals. It helps us to think collectively about where we want to go and what we need to do to get there. This route map has a handful of key projects in three phases:

- **2012: Stimulate demand.** This phase will focus on making the case for impact measurement to convince organisations in the sector it is worth doing well; setting standards, principles and guidance so it is clear what good impact measurement looks like and how to get there; and reviewing and piloting approaches so that we are sure which work before we roll them out.
- **2013–2015: Fulfill demand.** This phase will focus on developing the data, tools, systems and support needed by the sector; extending high quality impact measurement practice (for instance, by promoting impact leadership, common impact reporting and shared measurement); and getting the sector to ‘own’ the impact measurement agenda.
- **2016–2022: Build momentum.** This phase will focus on extending high quality impact measurement practice by creating more incentives for organisations to measure, and embedding impact measurement in organisations and fields that have started to adopt the process.

## The first year

From our discussions at the Impact Summit and interviews held after it, we agree that a number of projects are needed to start this ambitious programme of action. These projects are set out in Table 3, with more detail in Appendix B.

More work is still needed to work out the detail of these initiatives. This will be the job of a core group of organisations, the Inspiring Impact Group, in early 2012.

Table 3: A 12 month plan of action

| Objectives  | Core activities  |
|---|--|
| <b>Leadership and culture (led by ACEVO and NCVO)</b>   |  |
| <b>Campaign for the benefits of impact measurement</b> , because leaders in the sector need to be convinced of its benefits before they will invest more time and resources in it.  | <ol style="list-style-type: none"> <li>1. Build evidence on impact measurement practice.</li> <li>2. Make the case for an impact approach.</li> </ol>  |
| <b>Clarify what good impact measurement looks like</b> , because a lack of clear best practice means that organisations are unclear about which approach to adopt.  | <ol style="list-style-type: none"> <li>3. Create a clearer definition of the full spectrum of measurement, from evaluation to performance management.</li> <li>4. Develop principles of good impact practice.</li> </ol> |
| <b>Shared measurement (led by NPC)</b>  |  |
| <b>Test and review the benefits of shared measurement approaches</b> , because they are relatively new and we have little evidence of how they work in practice and their benefits.   | <ol style="list-style-type: none"> <li>5. Test shared measurement approaches.</li> <li>6. Review the benefits and challenges of a shared measurement approach.</li> </ol>  |
| <b>Provide guidance to extend shared measurement approaches</b> , because a lack of clarity on the main features of shared measurement and how it can be developed is holding it back.  | <ol style="list-style-type: none"> <li>7. Agree principles of shared measurement.</li> <li>8. Agree a blueprint for developing shared measurement approaches.</li> </ol>   |
| <b>Data, tools and systems (led by Substance)</b>   |  |
| <b>Make impact measurement tools more accessible</b> , because lack of accessibility is a big barrier to progress.  | <ol style="list-style-type: none"> <li>9. Produce common diagnosis/ guidance on tools.</li> <li>10. Create an online resource to review tools.</li> </ol>  |
| <b>Increase understanding of the benefits of different tools</b> , because there are dozens of off the shelf tools out there, but few organisations understand how they work in practice.   | <ol style="list-style-type: none"> <li>11. Review the benefits and challenges of tools.</li> </ol>   |
| <b>Funders, commissioners and investors (lead organisation tbc)</b>   |  |
| <b>Convince a small group of funders to demonstrate their commitment to impact</b> , because there are a growing number of funders who we would like to encourage and support to lead the way, demonstrating what it means to be focused on impact and championing this way of working. | <ol style="list-style-type: none"> <li>12. Form a community of impact funders.</li> <li>13. Convince 20 funders to sign an evaluation declaration.</li> </ol>  |
| <b>Encourage a wider group of funders to become more focused on impact</b> , because we need to start spreading the impact focus beyond a small group of leading organisations.   | <ol style="list-style-type: none"> <li>14. Create principles and guidance for impact measurement support to grantees.</li> <li>15. Convince many large funders to adopt new impact reporting principles.</li> </ol>      |
| <b>Impact Measurement Support (led by CES)</b>  |  |
| <b>Make more guidance available</b> , because too often, organisations do not understand their own needs, and they do not know what steps to take to become focused on impact.  | <ol style="list-style-type: none"> <li>16. Make diagnosis and self-evaluation available.</li> <li>17. Make simple guidance on designing an impact measurement approach available.</li> </ol>                             |

## Collective leadership

To achieve our goals for social impact measurement, we need a collaborative process to create change, with a handful of organisations owning and leading the process and contributing their expertise, networks and resources.

We are bringing together 12 organisations in the Inspiring Impact Group: the Association of Charitable Foundations, the Association of Chief Executives of Voluntary Organisations (ACEVO), Big Lottery Fund, Big Society Capital, Charities Evaluation Services (CES), Dartington Social Research Unit, National Council for Voluntary Organisations (NCVO), NPC, the Office for Civil Society, SROI Network, Substance, and the Third Sector Research Centre. This group will take responsibility for driving forward the process of change, and each member will commit to delivering specific activities to reach our goals.

From these 12 organisations, we propose that there are lead organisations for each of the five themes. Each lead will be responsible for catalysing and coordinating work in that theme, and they will be responsible for delivering and funding some work themselves. The following organisations have signed up to lead a theme:

- Leadership and culture: NCVO and ACEVO
- Shared measurement: NPC
- Data, tools and systems: Substance
- Funders, commissioners and investors: lead to be confirmed
- Impact measurement support: CES

The group as a whole and the lead organisations will need support to coordinate activity and communication, and to find funding. We believe that there should be one support organisation that will seek funding for the whole process of change as well as individual projects, and act as a funnel through which funding is channelled to projects delivered by a range of organisations, including other members of the group. We propose that NPC takes this role, with a review at the end of the first year to ensure it is working satisfactorily.

## Distributed action

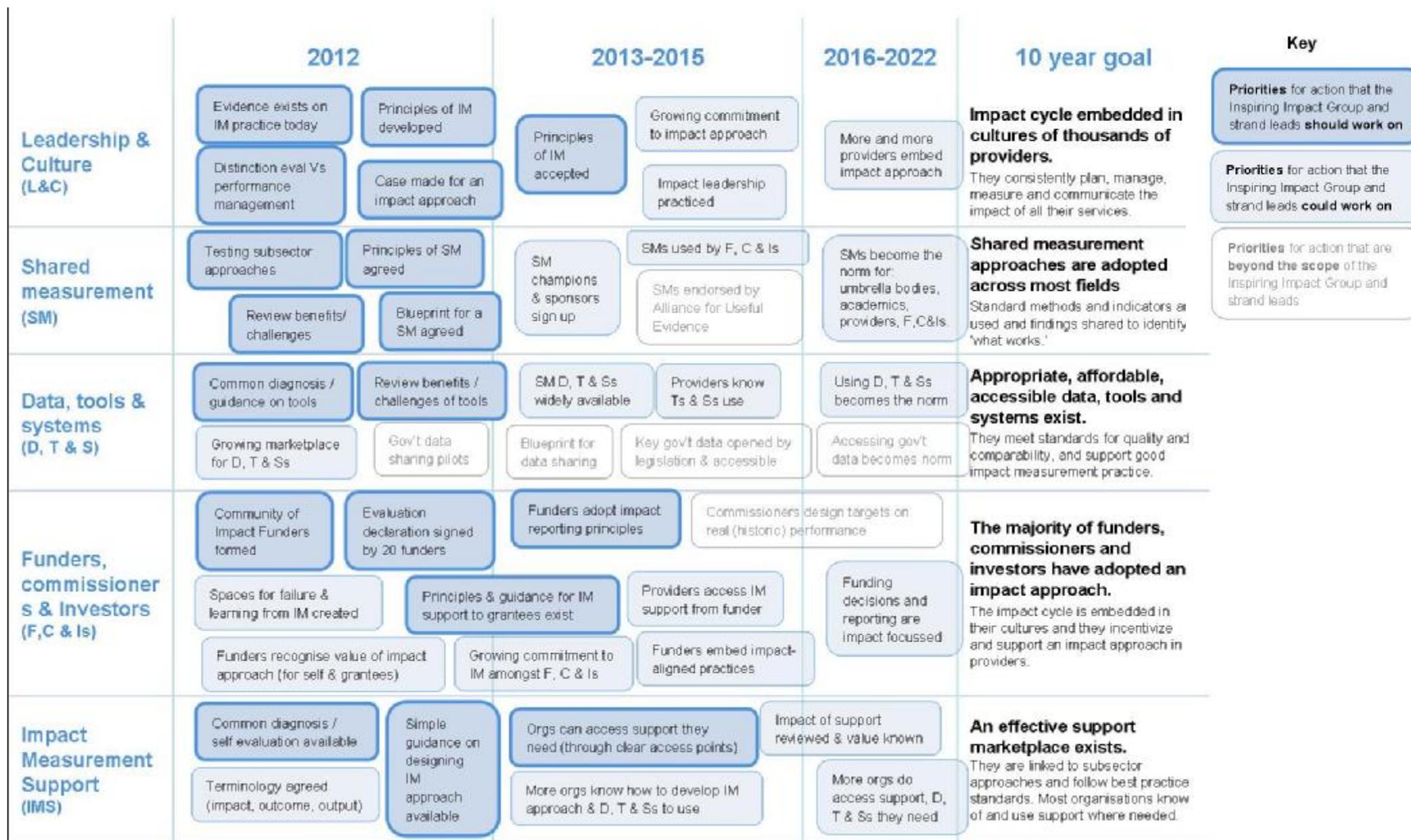
This programme of change cannot be delivered by a small group of organisations working in isolation. We need to reach out to dozens, even hundreds, more. It must be a collaborative effort, and each part of the social sector can play a role:

- **Umbrella bodies will drive and convene** by leading their members on impact measurement; convening their members to discuss how to improve impact measurement; and cascading new standards, principles, guidance, tools and methods down to their members. This is not just the role of large umbrella bodies, like ACEVO, ACF and NCVO, but also the role of smaller umbrella bodies for specific fields, like homelessness.
- **Think tanks, academics and consultancies will make measuring easier** by agreeing what good impact measurement looks like; providing a more coherent support offer to the sector through collaborative working; and developing affordable, useful tools and systems.
- **The Office for Civil Society will facilitate and mobilise these efforts** by gaining the support of other government departments and (where possible) commissioners; and providing small amounts of funding to support key initiatives.
- **Funders, commissioners and investors align funding with impact** by funding organisations that have evidence of impact; supporting the organisations they fund to adopt high quality impact measurement practices; and adopting approaches proposed in this paper (such as shared measurement).
- **Charities and social enterprises will improve their impact measurement** by developing and piloting new measurement approaches; adopting shared measurement approaches; and working to recognised standards for measuring and reporting their impact.

## Appendix A: A route map for change

We have identified five themes and a number of key initiatives that we believe will help to achieve our goals. Figure 2 illustrates how these initiatives contribute to the five themes, and gives a sense of the order in which we think they need to happen.

Figure 2: A route map for change



## Appendix B: Year 1 projects

The following table describes the projects proposed for 2012. This list is neither final nor definitive, we expect partners to shape the projects and add new ones.

| What  | Who  | When        |
|---|--|-------------|
| <b>Leadership and culture (led by ACEVO and NCVO)</b>   |  |             |
| <b>Campaign for the benefits of impact measurement</b>  |  |             |
| <p><b>Project 1: Build evidence on impact measurement practice:</b> Before we can make a case for the benefits of impact measurement, we need to know how it is being done at present, and how to improve on that. To build a clear picture of this, NPC is leading on a large-scale survey of impact measurement practice among charities.</p>   | NPC working with NCVO and CFDG.  | Spring 2012 |
| <p><b>Project 2: Make the case for an impact approach:</b> Not enough organisations are aware of the benefits of following an impact cycle. These benefits include improving services, motivating frontline staff and reducing monitoring burdens. The first step is to provide more evidence to demonstrate the benefits an impact cycle can have, through case studies and empirical research. Then umbrella bodies, intermediaries and others should promote these benefits to providers and funders.</p>  | <p>NPC will promote its report <i>A journey to impact</i>. TSRC has expressed interest in researching the benefits of an impact cycle.</p> <p>ACEVO, NCVO, New Economy and the Social Impact Analysts Association (SIAA) have also expressed interest.</p> | tbc         |
| <b>Clarify what good impact measurement looks like</b>  |  |             |
| <p><b>Project 3: Create a clearer definition of the full spectrum of measurement, from evaluation to performance management:</b> There is a lot of confusion about when different types of measurement are appropriate. Dartington have agreed to produce a short document summarising when and how to use different approaches.</p>  | Dartington with input from NPC and others.   | tbc         |
| <p><b>Project 4: Develop principles of good impact practice:</b> There is no consensus among impact measurement experts, let alone charities and social enterprises, on what constitutes good impact practice in terms of how and what to measure, and how to analyse and use results. A first step to build this consensus would be to prepare a high-level Code of Good Impact Practices. This would be modelled on the Code of Good Governance both in the style of the report (high level and focused on principles) and the process for developing it (led by sector bodies and endorsed by the Charity Commission).</p> | NCVO with input from ACEVO, CES, NPC, SROI Network, Corporate Citizenship and others.  | tbc         |

| What   | Who   | When                |
|--|---|---------------------|
| <b>Shared measurement (led by NPC)</b>   |   |                     |
| <b>Test and review the benefits of shared measurement approaches</b>   |   |                     |
| <p><b>Project 5: Test shared measurement approaches:</b> Shared measurement approaches are relatively new, so we have few examples of how they work for different fields, interventions and organisations. We need more piloting and testing of these approaches, assessing their success as they are developed. In particular, this testing should consider what appears to work best for whom, and what the barriers are to them working well.</p>   | <p>NPC, working with NCVO, ACEVO, Cabinet Office, NESTA and SROI Network.</p>   | <p>Spring 2012+</p> |
| <p><b>Project 6: Review the benefits and challenges of a shared measurement approach:</b> There have been a number of individual attempts to develop shared approaches to impact measurement. They include the Outcomes Star for the homelessness sector and NPC's Well-being Measure. However, these have had varying degrees of success in terms of uptake, and we know very little about how they work in practice. How are they used by providers, funders and commissioners? For what purpose—case management, internal monitoring, accountability to funders? What are the benefits and challenges of these approaches? These questions would probably best be explored by an in-depth qualitative research project.</p> | <p>TSRC, NPC, BIG Lottery Fund, Triangle Consulting, Young Foundation, SROI Network and SIAA have all expressed interest in this.</p> | <p>tbc</p>          |
| <b>Provide guidance to extend shared measurement approaches</b>  |   |                     |
| <p><b>Project 7: Agree principles of shared measurement:</b> Shared measurement approaches have been developed in many different ways for different purposes and with different audiences in mind. It may not be possible (or desirable) for them all to look the same. However, we could do with more clarity on what different types of shared measurement approaches are appropriate for different purposes. A high level set of principles for shared measurement would provide this clarity.</p>  | <p>NPC, Cabinet Office, NESTA NCVO, ACEVO, and SROI Network.</p>  | <p>tbc</p>          |
| <p><b>Project 8: Agree a blueprint for developing shared measurement approaches:</b> Too few organisations are getting involved in developing shared measurement work. This is partly because they do not know where to start. Writing a standard format and process for shared measurement might encourage more organisations to adopt this approach.</p>   | <p>NPC, Cabinet Office, NESTA NCVO, ACEVO, and SROI Network.</p>  | <p>tbc</p>          |

| What   | Who   | When       |
|--|---|------------|
| <b>Data, tools and systems (led by Substance)</b>  |   |            |
| <b>There are appropriate, affordable, and accessible data, tools and systems.</b>  |   |            |
| <p><b>Project 9: Provide guidance on tools:</b> Too often organisations do not access the right impact measurement tools because they do not understand their own impact measurement needs. Getting a consultant or academic to provide this assessment is costly, which will put off many organisations. We therefore recommend developing a diagnostic system to advise organisations on which measurement tools best suit their needs.</p>  | <p>TSRC, SIAA, New Economy, Corporate Citizenship, New Economics Foundation, CES, Triangle Consulting and Substance.</p>  | <p>tbc</p> |
| <p><b>Project 10: Create an online resource to gather together the widest possible number of impact measurement tools.</b> These tools could be evidence-gathering tools (such as survey questionnaires) and impact reporting tools (such as data visualisation). The website will allow users to review how tools are best used, the contexts in which these tools are best used (for example, metrics, styles of service delivery, sub sectors), and the relative benefits and possible limitations on each tool, drawn from independent review where possible, as well as from user feedback and price (if any). The user will then be able to download or purchase the tool.</p> | <p>Triangle Consulting, Big Lottery Fund, NESTA, TSRC, SIAA, New Economy, Corporate Citizenship, New Economics Foundation, CES, SROI Network and Substance.</p> | <p>tbc</p> |
| <b>Increase understanding of the benefits of different tools</b>   |   |            |
| <p><b>Project 11: Review the benefits and challenges of tools:</b> There are dozens of 'off the shelf' tools, but little is understood about how they work in practice. How are they used by providers, funders and commissioners? For what purpose—case management, internal monitoring, accountability to funders? What are the benefits and challenges of these approaches? This could be explored by in-depth qualitative research project. Another way of building up our knowledge of benefits and challenges would be a website for reviews of tools by users.</p>  | <p>Triangle Consulting, Big Lottery Fund, NESTA, TSRC, SIAA, New Economy, New Economics Foundation, CES and Substance.</p>                                      | <p>tbc</p> |

| What  | Who   | When |
|---|---|------|
| <b>Funders, commissioners and investors (lead organisation to be confirmed)</b>   |   |      |
| <b>Convince a small group of funders to demonstrate their commitment to impact</b>  |   |      |
| <p><b>Project 12: Form a community of impact funders:</b><br/>There are a growing number of funders focused on impact. We propose convening them to discuss and work on high impact practice. This could include looking at their 'total impact' (including grants, social investment, research and campaigning); committing to common reporting standards; mentoring funders who want to become more impact focused; and raising awareness among other funders of the benefits of being focused on impact.</p> | ACF, Calouste Gilbenkian Foundation, Rayne Foundation, Esmée Fairbairn Foundation, Impetus Trust, Corporate Citizenship and Pears Foundation. | tbc  |
| <p><b>Project 13: Convince 20 funders to sign an evaluation declaration:</b> A group of trusts and foundations with a firm commitment to measuring their impact could develop and sign an Evaluation Declaration. This could be modelled on the Scottish Funders' Forum Evaluation Declaration 2006, which included five high level statements that set out how and why funders and the organisations they fund evaluate their work.<sup>34</sup></p>   | ACF, Calouste Gilbenkian Foundation, Rayne Foundation, Esmée Fairbairn Foundation, Impetus Trust and Pears Foundation.                        | tbc  |
| <b>Encourage a wider group of funders encouraged to become more focused on impact</b>   |   |      |
| <p><b>Project 14: Create principles and guidance for impact measurement support to grantees:</b> This would set out the principles and best practice for impact measurement support to grantees, covering appropriate levels of support, type of support, and best methods for delivery of measurement support.</p>   | ACF, Calouste Gilbenkian Foundation, Rayne Foundation, Esmée Fairbairn Foundation, Impetus Trust and Pears Foundation.                        | tbc  |
| <p><b>Project 15: Convince many large funders to adopt new impact reporting principles:</b> Foundations sign up to the Principles of Good Impact Reporting currently out for consultation. The standards are written primarily for operating charities, so may need to be tailored to funders.</p>  | ACF, NPC, NCVO and CFDG.  | tbc  |

<sup>34</sup> Scottish Funders' Forum (2006) *The Evaluation Declaration 2006*

| What  | Who  | When       |
|---|--|------------|
| <b>Impact Measurement Support (led by CES)</b>  |  |            |
| <b>Make more guidance available</b>   |  |            |
| <p><b>Project 16: Make diagnosis and self-evaluation available:</b><br/>                     Too often organisations do not access the right impact measurement support because they do not understand their own impact measurement needs. Getting a consultant or academic to provide this assessment is costly, which will put off many organisations. We therefore recommend developing a diagnostic system to advise organisations on which measurement support best suits their needs.</p>   | <p>CES, with input from other consultants and think tanks.</p> | <p>tbc</p> |
| <p><b>Project 17: Make simple guidance on designing impact measurement approach available:</b> Not enough charities and social enterprises know what steps to take to become an impact-focused organisation, with high quality impact measurement practice. Umbrella bodies and intermediaries should produce more practical guidance to help these organisations in their journey towards being more impact-focused. As far as possible, guidance should be a 'measurement industry' view of what is good practice, rather than the views of one organisation.</p> | <p>CES, ACEVO; NPC, NCVO and SROI Network.</p>                 | <p>tbc</p> |



## New Philanthropy Capital

New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For **charities**, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For **funders**, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.



Views is a new service for impact measurement for providers, funders and investors; co-funded by NESTA and launched by research group Substance in 2011. Our mission is to make impact measurement part of daily habits of learning and improving.

Views offers on-line training, a simple, flexible and cost-effective impact reporting system and ongoing technical support in partnership with BT, ACEVO, Social Enterprise UK and many other key networks.

A new market place bringing together the world's best impact reporting tools will be launched in 2012.

### Supported by:



NESTA is the UK's foremost independent expert on how innovation can solve some of the country's major economic and social challenges. Its work is enabled by an endowment, funded by the National Lottery, and it operates at no cost to the government or taxpayer.

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