

IMPACT REPORTING: WHAT TRUSTEES NEED TO KNOW



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On 30 January 2017, [NPC](#) and [The Clothworkers' Company](#) held a seminar exploring the role of trustees in supporting their charity's impact reporting. This report outlines the issues discussed and summarises advice from our speakers. It also draws on numerous resources published by NPC related to impact reporting.

The seminar was chaired by **Philip Keown**, Partner at [Grant Thornton UK LLP](#). The panellists and topics of discussion were:

- **Sarah Handley**, Senior Consultant at [NPC](#), spoke about principles of good impact reporting
- **Paul Stuart**, Chief Executive of [Send a Cow](#), shared Send a Cow's experience of developing and utilising a theory of change to improve its impact practice
- **Hannah Payne**, Director of London Operations, and **Sarah Havens**, Trustee, [IntoUniversity](#), focused on the different ways [IntoUniversity](#) reports its impact and the value for trustees of robust impact reporting

The panellists' comments were followed by a question and answer session where the speakers offered advice and tips on how trustees can support and learn from good impact reporting. There was then roundtable discussions where delegates discussed common issues they face as charity trustees.

Why should trustees care about impact reporting?

A charity's impact should be of central concern to its trustees

'Achieving the charity's mission should be the board's primary consideration and should trump all other concerns. A charity's board of trustees is responsible for putting mission and impact first.'

Sarah Handley, Senior Consultant, NPC

Trustees are guardians of a charity's mission. They are responsible for being clear on what their charity is there to achieve and ensuring they are on track to achieving it. Doing their job successfully requires trustees to learn and improve, embrace change and work effectively with others in order to secure improvements for the people or causes they serve. As Sarah Havens, Trustee at [IntoUniversity](#) put it: *'impact affects so many of the activities trustees are responsible for'*. So this means trustees should be supporting their charities to report on impact. More importantly, trustees should be using the findings to help guide decisions.

...so impact reporting is a vital tool in a board's arsenal

Impact reporting means communicating the difference you made to the people you are trying to help, or to the issue you are trying to improve.¹ While charities are expected by the Charity Commission to report on their impact, requirements are somewhat broader than financial regulation. So for trustees, impact may feel like only one important concern among many. But good impact reporting will help trustees do their jobs better. As well as being a celebration of a charity's achievements, good impact reporting can:

- galvanise volunteers and staff, helping them to focus on results as well as adapt and improve services;
- inform and inspire beneficiaries, to whom charities have an obligation to show their results;
- engage individual donors and other funders, helping the charity raise valuable income;
- help charities develop more effective strategy by understanding and communicating what an organisation is achieving, and what it is not; and
- ensure lessons are shared with other organisations in the sector.

It can help the board focus the charity's activities and drive it towards its mission

Impact reporting is often done in a charity's annual report, or is viewed as a shiny document to send to donors. But it can have a major function in a charity's day to day work. Good *internal* reporting—such as board reports, management information, and organisational reviews; internal communications with staff and volunteers—enable charities and their trustees increase their self-understanding, improve programmes, manage performance, identify best practice, and stay accountable to the charity's mission and charitable objects. It is a brilliant tool for boards, as illustrated by the presentation given by Hannah and Sarah from **IntoUniversity**.

How reporting can help the board understand impact and guide decisions

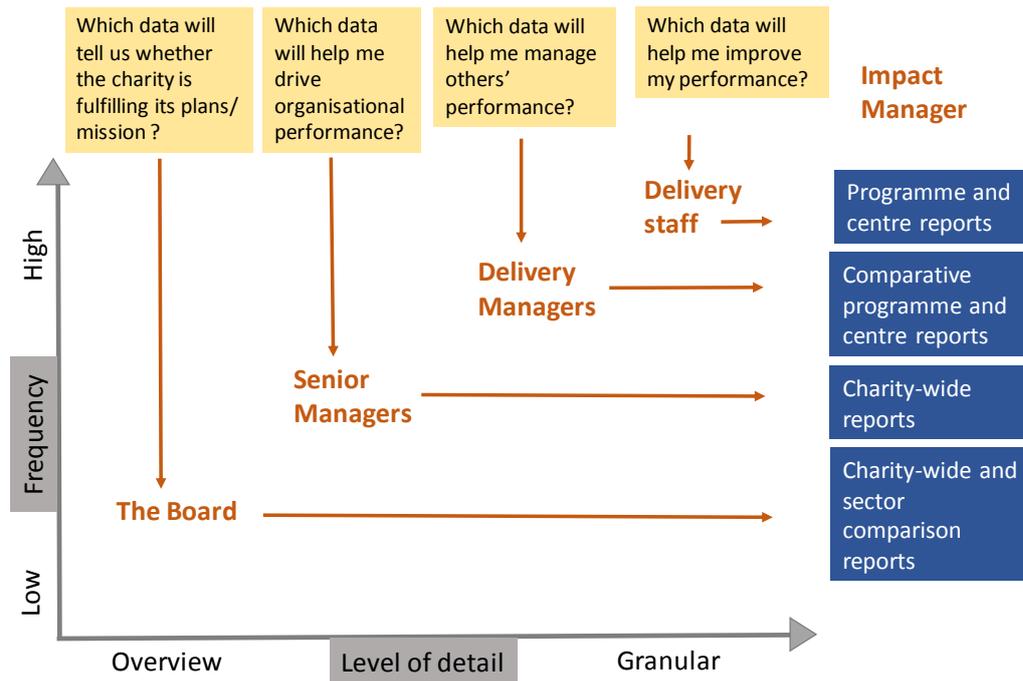
IntoUniversity offers an innovative programme that supports young people from disadvantaged backgrounds to attain either a university place or another chosen aspiration. Its impact model aims to engage staff at all stages of the measurement and reporting process, and the charity tailors its internal reporting to meet the needs of different audiences, such as the board, senior managers, delivery managers and delivery staff (see Figure 2).

The flexibility of impact reporting allows **IntoUniversity** to be responsive to information requests from board or staff, and to make more informed decisions. For example, **IntoUniversity's** board asked the team to map the charity's delivery centres against areas of greatest need, drawing on government data. This meant the board could check it is still delivering in the areas where need is greatest.

Data is collected by staff using easy-to-administer systems and is uploaded quickly to a database for analysis. The charity uses Salesforce to record data, and a dedicated data and measurement staff member has developed various digital solutions to make the process of collecting, recording and analysing data as quick and straightforward as possible. Staff can then access reports that enable them to respond to the data and improve the way they work. In this way, staff use the data to improve the quality of their programmes. Meanwhile, the board will review impact reports at a limited number of key points throughout the year, and including high-level data illustrating whether the charity is fulfilling its mission.

¹ Boswell, K. and Handley, S. (2016) *Result! What good impact reporting looks like*. New Philanthropy Capital.

Figure 1: IntoUniversity's approach to robust internal reporting

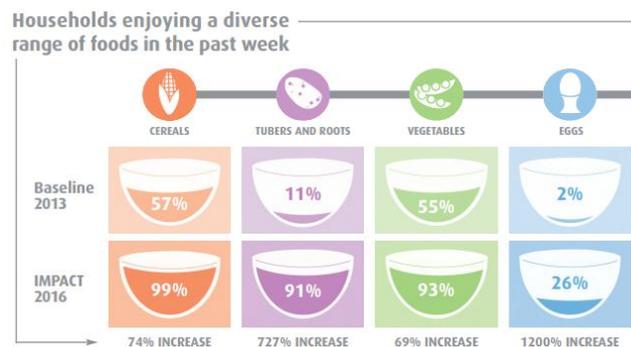


It also boosts accountability and can attract vital funding and support

Good *external* reporting—feeding back to beneficiaries about successes and learning, or reporting to funders, supporters, investors, and commissioners—can help a charity be accountable to its donors, attract and encourage new income, promote the charity, engage stakeholders, and contribute to knowledge and development within the sector.

For impact reporting to be useful, charities need to make sure they understand what its audience needs so they can tailor their reporting effectively. Where messages are difficult to communicate, it can be helpful for charities to consider being creative in the way impact data is presented. Paul Stuart explained that Send a Cow finds using infographics an effective way of clearly explaining the charity's impact. For example, Figure 2 (taken from Send a Cow's most recent impact report) shows the difference the charity made to the range of foods farmers who are able to provide for their families in Kenya.

Figure 2: Infographic showing the difference Send a Cow made to the diversity and balance of families' diets in Kenya (Send a Cow impact report 2016)



How good impact measurement can transform your reporting

Send a Cow was set up by a group of Christian dairy farmers from the West Country who had a desire to help families in post-conflict Uganda. The charity was founded with the ambitious idea of sending dairy cows from the UK to Uganda. Some 25 years on, Send a Cow works hand in hand with poor families teaching them the skills they need to build new lives free from poverty and hunger.

‘Why can’t I get people to understand how good our impact is?’

This was the key question that motivated Send a Cow to have a closer look at its impact practice. The team realised that even though they could see positive results on the ground, they struggled to articulate the impact of the charity’s work to others.

Through a process driven by the CEO, the trustees supported the senior team by deciding to invest some of the charity’s funds to improve impact reporting. Send a Cow decided to develop a theory of change and measurement framework to better understand the impact it was having.

A theory of change describes what a charity wants to achieve and how it plans to get there. Send a Cow commissioned NPC as an external consultant to help think through this process and to critically evaluate the charity’s impact practice. This process—which consulted across the organisation—allowed Send a Cow to focus on the important questions such as ‘what does success look like?’ and ‘what do we really need to measure to tell our story?’. Send a Cow found that although the charity was collecting plenty of data—such as the milk production by its dairy farmers—this data didn’t enable the charity to tell the story of its real impact—the hope it inspires in the farmers it supports. So the charity took the bold step of changing its mission statement to reflect this.

Send a Cow then identified the most important outcomes for achieving this mission and developed a measurement framework. Paul Stuart described the transformative effect this has had on the charity—helping them report more effectively to the charity’s trustees so the board can make more informed decisions. It also enabled the charity to develop benchmarks for driving successful delivery, and communicate its impact better to internal and external stakeholders.

Hannah Payne of **Into**University also highlighted various visual tools they used for different reporting—ranging from a visual representation that mapped **Into**University’s students and centres against areas of greatest need, to dashboards and charts outlining key impact data. She explained that these various formats helped to highlight the information that is most important to the audience in question.

With external reporting there can sometimes be a conflict between the impact information a stakeholder wants to see, and the data a charity collects. For example, funders may want charities to measure things that the charity views as less useful or even irrelevant to its mission. Paul Stuart emphasised the need to keep vision and mission at the forefront of decision making around impact reporting. He advised trustees to encourage their charities to talk openly with donors when conflicts arise, and to think carefully before agreeing to report on outcomes that do not contribute to what the charity wants to achieve.

‘If a project requires new indicators, there is a need to question whether the project fits into the organisation’s mission.’

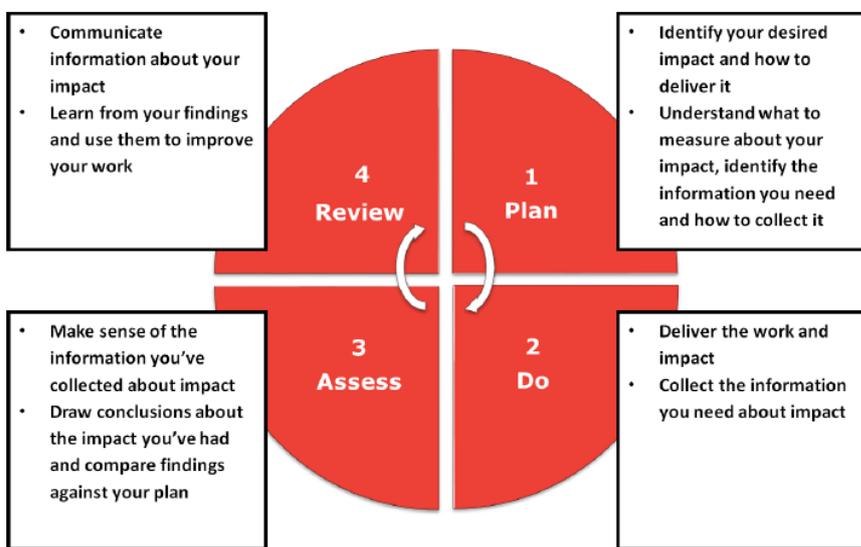
Paul Stuart, Send a Cow

How can trustees support good impact reporting in their charities?

Decide what you already know, and what you need to know about your charity's impact

Good impact *reporting* is not possible without good impact *measurement*. So before you begin to think about how you can support your charity to develop impact reports, it is important to understand how the organisation is currently measuring the results of its activities. Inspiring Impact's Cycle of good impact practice (Figure 1) sets out a process for measuring a charity's impact—from identifying the desired outcomes, collecting and analysing data, and through to reporting on and learning from your impact data.

Figure 3: Inspiring Impact's Cycle of good impact practice



Encourage an impact culture throughout the organisation

Trustees have an important role to play in encouraging good impact practice in their organisations. If a charity is to be able to report effectively, trustees must ensure that the charity is clear on its aims, collects relevant data with the right tools and analyses it correctly. To improve impact practice in an organisation requires buy-in and culture change at all levels: from the board to the frontline staff. Trustees are a powerful agent in this change process.²

'Instil a culture of impact measurement at all levels of the organisation from board to frontline staff.'

Sarah Havens, Trustee, IntoUniversity

The panel advised trustees to ensure their charity's impact practice focuses on *outcomes* rather than just outputs, and that reporting is always used to inform the charity's vision and mission. Trustees can encourage the right impact practice and ensure that mission and vision are at the forefront of decision making.

'Good impact reporting needs support from the top. Support your staff to do it well.'

Paul Stuart, Chief Executive, Send a Cow

² Joy, I., Murray, P. (2016) *It starts from the top*. New Philanthropy Capital.

Ensure any data collection is proportionate and useful

Impact reporting should aid, not hinder, progress towards your charity's goal. It is important to make sure staff do not feel overburdened by the tasks of data collection and analysis. Trustees can help this by ensuring enough resource is committed to impact measurement and performance management.

It is also vital that data collection and analysis is proportionate.³ While of central importance, it should not overtake frontline delivery. It is important that charities prioritise the most important outcomes to measure—they do not need to measure everything.

What should a good impact report cover?

'A charity's accounts focus on its financial position and financial performance. In isolation this information does not give the user a rounded overview of what has been achieved from the charity's activities and the resources used in their delivery. The report and accounts taken together should provide a picture of what the charity has done (its outputs) or achieved (its outcomes), or what difference it has made (its impact).'

Charity SORP

In order for boards to support their staff in these activities it is important to know what good impact reporting looks like.

There are five key areas an impact report should address including: **need, activities, outcomes, evidence** and **lessons learned**.⁴ These five areas are relevant for a formal impact report as well as for board papers, internal staff updates or even funding grant applications. The kind of information trustees should be looking to see in their charity's impact reports are:

Need: What is the problem that you, as a charity, are trying to address?

Trustees must look for clarity on *who* the issue affects, *how many* people it affects, and *what impact* it has on those affected. As well as giving a sense of the scale of need, it can also be useful to find out the *level of demand* for the charity's services. For instance, does the charity have to turn people away? It is important to revisit this information to check it remains up to date.

Activities: What are you doing to address this issue or need?

Charities should be able to explain what each of its activities aims to achieve, how many people the charity supports, and how these activities fit together to achieve the charity's mission. This would include information on your charity's outputs—such as numbers of people receiving advice or hours of counselling provided.

Outcomes: What are the results of these activities?

Information on outcomes is crucial to understanding the change that a charity's work brings about in people's lives and should be central to its reporting.

Charities we speak to often say they find it difficult to attribute impact to its activities especially when outcomes are complex—like improvements in people's mental health, for example. This is why they often report on outputs instead of outcomes. If charities are struggling to measure impact, trustees should encourage their charities to

³ For more on how to take a proportionate approach to impact measurement, see Harrison-Evans, P., Kazimirski, A., McLeod, R. (2016) *Balancing act: A guide to proportionate evaluation*. New Philanthropy Capital.

⁴ These are also covered in New Philanthropy Capital et al. (2012) *The principles of good impact reporting*.

invest in impact measurement tools. This will improve impact reporting and, in turn, enable the board to discern if the charity is delivering on its mission.

‘Ensure there is enough resource committed to impact measurement and performance management.’

Sarah Havens, Trustee, IntoUniversity

Evidence: How do you know you’ve made a difference?

It is valuable for trustees to know how a charity measures its achievements to ensure their impact reporting is robust and credible. This includes quantitative data, for example from surveys, and also qualitative data for example from interviews or focus groups.⁵ It is important that trustees ask tough questions to ensure there is a depth of analysis behind the reported figures. Sarah Havens, IntoUniversity Trustee, emphasises the need to ‘ask specific questions and drill down to the detail’.

‘You need the stories, you need the anecdotes, but you need the numbers to back it up.’

Sarah Havens, Trustee, IntoUniversity

Lessons learnt: How will you change your work for the better?

After impact data is collected and analysed, the question that is often forgotten is ‘what have we learnt and how can we improve?’. This is one of the most important things for trustees to think about as they set the strategic direction of the charity. Understanding the changing needs the charity is addressing goes hand in hand with this. To improve support for your beneficiaries—and to justify spending time and money on measurement and reporting—it is essential to analyse and use that data.

‘The impact report isn’t the end point. Learn from it.’

Sarah Handley, Senior Consultant, NPC

Principles of good impact reporting

The principles of good impact reporting also sets out six general principles for charities, social enterprises and community organisations to communicate their impact. These should be guiding principles for trustees when reading or encouraging the development of good impact reports.

Clarity: The reader can quickly and easily understand the organisation through a coherent narrative that connects charitable aims, plans, activities and results.

Accessibility: Relevant information can be found by anyone who looks for it, in a range of formats suitable for different stakeholders.

Transparency: Reporting is full, open and honest.

Accountability: Reporting connects with stakeholders, partners and beneficiaries to tell them what they need to know, and provide reassurance.

Verifiability: Claims about impact are backed up appropriately with evidence, allowing others to review. This can range from informal stakeholder feedback to external audit.

Proportionality: The level and detail of reporting reflects the size and complexity of the organisation, and the complexity of the changes they’re trying to bring about.

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From one trustee to another: Tips on making it work

Participants at the seminar agreed that often the focus of trustees is on the financial reports and accounts rather than on impact and that trustees need to give impact greater priority. During discussions, delegates discussed their experience and shared advice and top tips for how charities can improve their impact reporting:

Focus on honesty, openness and dialogue

Focusing on impact measurement can often bring about big changes and associated learning opportunities within an organisation. It is important that trustees encourage transparency when reporting on impact and also encourage organisations to openly share results, whether good or bad.

'Being open and honest about what didn't go so well can help build trust with your audience.'

Sarah Handley, Senior Consultant, NPC

Test and learn

Trustees' broad view across organisations gives them a good insight into the different ways impact data is used, from reviewing strategy to hearing updates on fundraising and marketing campaigns. Use this perspective to encourage more internal buy-in, and to encourage your charity to keep adjusting reporting so that it is as accurate, engaging and inspiring as possible.

'Don't get stuck at the analysis stage. Ensure it feeds back into programme improvement.'

Sarah Havens, Trustee, IntoUniversity

Ask for help

Impact reporting can be a confusing and bewildering process. Trustees should not be reluctant to ask for help in order to better understand how to approach it within your organisation. Read other charities' impact reports to see what works well and get ideas.

Don't be afraid to take risks

Developing projects based on evidence gives a clearer picture of the rationale and risks of possible new activities, so you can make more informed decisions about their charity's strategy and approach. This can give the board the confidence to try something new, and to measure and report on results.

Final thoughts

If trustees want to ensure they are creating the greatest possible impact for their service users, good impact reporting and practice is essential. Impact reports are a key learning tool, not just for the charity themselves but for others in the sector, and its lessons and evidence can drive change.

Further reading

Impact report, IntoUniversity (2015) <http://intouniversity.org/content/our-impact>

Impact report, Send a Cow (2013) <https://www.sendacow.org/impact-reports>

Boswell, K. and Handley, S. (2016) *Result! What good impact reporting looks like*. New Philanthropy Capital.

Thorne, M. and Noble, J. (2016) *Stories and Numbers: Collecting the right impact data*. New Philanthropy Capital.

Boswell, K. and Kazimirski, A. (2016) *Keeping it in proportion: Impact measurement for small charities*. New Philanthropy Capital.

Kazimirski, A. and Pritchard, D. (2014) *NPC's four pillar approach*. New Philanthropy Capital.

Inspiring Impact (2013) *The Code of Good Impact Practice*.

CFG, Institute of Fundraising, ACEVO, NPC, Small Charities Coalition, Social Enterprise UK, the SROI Network (2012) *The principles of good impact reporting*.

ACEVO, CFG, NPC (2012) *Principles into practice*.

Ni Ogain, E. et al. (2010) *Talking about results*. New Philanthropy Capital.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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