

MAKING AN IMPACT

Impact measurement among charities and social enterprises
in the UK

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Acknowledgements

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FOREWORD

Having charities and their funders understand what difference they make in meeting social need is crucial if we are to improve what we all do. In all times, getting ever better at helping those people we care about and are in the sector to help must be a goal: at a time when extra financial resources to achieve more outcomes are unlikely to be forthcoming, making the resources we have work harder and more effectively is a must.

It is not easy for many. While almost everyone in the not-for-profit sector wants to do good, they rarely came into the business driven by a passion for measurement and evaluation. So they need help and they need a degree of prodding. That is what NPC does in many ways, both as a consultant to funders and charities and as a think tank, addressing these issues in all their forms.

This NPC impact survey is about trying to understand what is actually happening and what charities find are the pros and cons of measuring impact. By understanding better the constraints and impediments to assessing impact, as well as the rewards that those who are measuring their impact feel they obtain, we can move more charities and funders along the road to better impact and introduce it to those that have not yet got to first base. It is very pleasing that a variety of funders share this belief and we are very grateful to them for their support in this research.

The survey reveals a whole wealth of information that brings insights and new thinking and we hope we will provoke new research as well as new action. One of the most intriguing conclusions is that while charities come to impact measurement mainly because of funder reasons—their funders ask for it or they think it might get them more money—the real benefit they believe it offers is that they can improve their services. Like so many of us, in so many aspects of our lives, it's as if they have to be cajoled into doing something that in the end they find is good for them in any case.

This finding that those who undertake impact measurement feel they provide a better service as a consequence is very, very encouraging. Charities and funders want to do their best. They try to do their best and they sometimes think that that means putting to the side classic management tools for improvement. If this survey begins the road to convincing them that this should in fact be core to their very being, it may be a landmark moment.

Dan Corry

Chief Executive, New Philanthropy Capital

EXECUTIVE SUMMARY

The charity sector has changed immensely over the last decade. It has experienced huge growth in income and in its role delivering public services. It has seen its funding mix shift away from grants and towards contracts. The requirements and expectations placed on it have also grown, across aspects as diverse as governance, financial management and reporting. Today, the charity sector faces huge challenges to deal with an economic climate that puts its income under pressure, and increasing demands to deliver results to vulnerable people. The role that impact measurement plays in charities cannot be separated from these pressures—doing more with less.

This report provides the first representative picture of the charity sector's response to the challenge of impact measurement, building on the insights of previous research. We surveyed charities with incomes over £10,000, asking them whether they measured their impact, how this had changed and why, what they were actually doing to measure impact, and what the barriers were to making progress in future.

What we have found is in many ways heartening to those who believe measuring impact is essential for charities to be effective and achieve their true potential.

- 75% of charities say they measure some or all of their work, and nearly three quarters have invested more in measuring results over the last five years.
- 52% of charities that have increased their measurement efforts say they did so to meet funders' requirements, and 22% because their board or leaders prioritised measuring impact.
- Although most charities have been driven to invest in measuring impact by funding requirements, they say the main benefit has actually been improving services.

There are also challenges:

- 25% of charities say they do not measure their work at all. Small charities are less likely to measure impact than their larger counterparts—nearly half of charities below £100,000 income do not measure at all.
- Funding is seen to be the greatest barrier—nearly two thirds of funders are not perceived to build in evaluation support into their funding.

Funders are critical

Charities report that changing funding requirements have been the primary driver of increased investment in impact measurement over the last five years. There are other drivers—in particular, charities' boards and senior management prioritising impact—but funders play a critical role in shaping behaviour. With this power comes responsibility. Charities say that a lack of funding for impact measurement is the main barrier to making progress. They are also concerned that funders generally have different reporting requirements, which are not aligned with the charities' own needs.

Different types of funders seem to drive different types of behaviour and practice among charities. Government funders are seen to have stringent requirements around measuring impact, but also to

provide funding for evaluation. Trusts and foundations are viewed as having less strict requirements, but being supportive and encouraging in their approach to funding evaluation.

Size matters

There are big differences between small and large charities when it comes to measuring impact. Very small charities are less likely to have embedded impact measurement in their work—almost half of all charities below £100,000 in income do not measure impact at all, compared with a quarter across the whole sector. They are also more likely to feel there is too much pressure to measure results, and to struggle against the financial and technical barriers they face.

Even though impact practices are more embedded and more advanced in larger charities, there are still those for whom impact measurement has not become routine—one in ten charities with income over £10m does not measure impact at all. But most large charities are very positive about impact measurement. They say it has helped improve strategy as well as services, and believe impact measurement makes charities more effective.

Barriers still exist

Although great strides have been made by the charity sector on impact measurement over the last five years, many barriers remain. Most charities believe the main barrier is a lack of funding to measure results, though a lack of staff skills and knowledge of how and what to measure feature prominently. When asked what would help to make progress, charities say funding, advice, analytical resources and to work with others in their field.

The way forward

For the charity sector to achieve its true potential to change lives and society, there is work to do to put impact at the heart of its work. While this report is a picture of the state of impact measurement practices across the UK, it also suggests the steps that can be taken by charities, funders and government to make progress. For all three groups, these recommendations concern two aspects of their work—the leadership that they show on impact measurement, and the practices they adopt.

Charities need to show leadership—both senior managers and boards leading their organisations to embed a focus on impact, and charities showing leadership in setting the agenda with funders, commissioners and investors. Charities can also improve practice—they should make the most of the data they already have, report negative as well as positive findings, and share their learning and practices with others who can benefit.

Funders need to show leadership—they should reinforce the influential role they play with clear messages about why measuring impact is important, by funding impact measurement itself, and by helping charities to use data and be transparent. Funders can improve practice—ensuring their requirements help charities learn and improve, are proportionate, and align with other funders. They can also ensure they use the data charities generate to inform their decision-making.

Government needs to show leadership—advancing policy and supporting infrastructure for impact measurement, and facilitating but not imposing shared outcome frameworks. Government should also back up its open data policies with open approaches to outcomes and evidence, and share the skills and expertise within government with the sector. Government can improve practice—focusing on the critical role that commissioning plays in today's charity sector, and building an enlightened approach to impact into the forthcoming Commissioning Academy. It can also live up to the standards it sets for others by ensuring its programmes are evaluated and those evaluations are published.

CONTENTS

Introduction	6
About this report	7
1. Background	9
Previous research.....	9
Further research	11
2. Who is measuring impact?	12
How widespread and comprehensive is measurement?.....	12
Are charities measuring more than they used to?	13
Which charities do not measure their impact?	14
3. Why do charities measure impact?.....	18
Why have charities increased measurement efforts?	18
What are charities' attitudes to measuring impact?	21
What benefits does impact measurement bring?	23
Do the benefits match the drivers?	26
4. Measurement practices.....	29
How much do charities invest in impact measurement?	29
What practices do charities use?.....	32
Funder practices	42
5. Barriers to progress	46
What barriers do charities see?	46
What would help to overcome barriers?	47
6. Recommendations and conclusions.....	50
Recommendations for charities	50
Recommendations for funders	52
Recommendations for government	53
Conclusions	55
Appendix A: Methodology	56
Method.....	56
Regression analysis	57
Appendix B: Data tables	62

INTRODUCTION

It goes without saying that impact* lies at the heart of the charity sector; after all, the sector's fundamental purpose is to create public benefit, improve people's lives, strengthen communities, and change society for the better. But this self-evident truth belies a challenge that has faced the sector for years. If it exists to create impact, then surely it would be beneficial to measure that impact. Yet only a decade ago, many of NPC's critics said that impact measurement should not be embraced by the charity sector—that it was too difficult, misleading, or simply not important.

For the past ten years, NPC has spearheaded an effort to overcome this challenge. Alongside encouraging funders to seek the best opportunities to create impact, we have encouraged charities to better understand their impact. Not to prove they are the best, but to allow them to understand their work more holistically, to fulfil their potential, and to deliver on their missions with increased success.

Today, through this research, we show how the charity sector has changed. Charities now acknowledge that measuring their impact is of vital importance if they are to understand and develop their work, and communicate its results to those they need to reach.

Despite previous research, the sector debate on impact has, historically, been dominated by assertion, anecdote, and assumption. At NPC, we wanted to carry out this landmark research study to build a representative evidence base showing just what has changed in charities' impact measurement practice across the whole of the UK charity sector. Are charities putting more effort into measuring their impact than five years ago? What drives charities to measure impact—themselves or their funders? What do they think are the real benefits and challenges? Is the effort charities put into measuring results producing benefits that justify their investment? What does measurement look like across the sector?

These are key questions, magnified by the times in which we live. The UK faces challenging economic conditions, and the charity sector is being asked to respond as never before. Within that context, funders are looking even closer at the impact of the charities they might fund. And charities are asking increasingly difficult questions of their own work as they struggle to deliver ever more with less resource.

Our research builds on studies that have come before it; we have not been alone in championing impact. Our partner Charities Evaluation Services (CES) has been a pioneer in this field since the 1990s, and the Big Lottery Fund has been a leading driver of change since it explicitly set out to be an outcomes funder. A small number of research studies have contributed to our knowledge here, the most important of which is CES's 2008 report, which was the first national study based on surveys and interviews.¹ Many others have also played a role. We are grateful to our partners—CES, the National Council for Voluntary Organisations and the Third Sector Research Centre—as well as our funders, for collaborating with us to shape this research and add to the findings of earlier work.

We hope that this study is a turning point in the charity sector's understanding of how best to measure the impact of its work. And we hope that together, by repeating the survey in years to come, we can keep learning how to transform the charity sector so that it reaches its full potential to change lives and society.

* This is a contested term—see Key Definitions Box 1 in this section for our working definition in this report

ABOUT THIS REPORT

In this research, we answer some key questions about what is driving charities to measure impact, what measurement they are doing, the barriers they face, and the benefits they realise by overcoming these barriers.

This report is divided into six sections:

- **Section 1** lays out the background to this research, looking at earlier research studies.
- **Section 2** looks at how widespread impact measurement has become, and whether certain groups of charities are more or less likely to be measuring their results.
- **Section 3** looks at the drivers for impact measurement—why charities measure their results, and what drives them to invest in this as an important activity. It also examines whether those drivers match the benefits they feel they obtain by measuring impact.
- **Section 4** looks at impact measurement practice itself—what charities are doing to measure their results, and how this varies across the sector. The section also looks at funders' practices, and how they relate to what charities are doing.
- **Section 5** explores the barriers that charities face in their efforts to capture their impact and to use the data they generate. It also looks at what they think can help to overcome barriers.
- **Section 6** presents recommendations to charities, funders and policymakers.

Box 1: Key definitions in impact measurement

Impact: The overall difference an organisation, programme or intervention makes. We use the terms 'impact' and 'results' interchangeably throughout this report.

Outcomes: The results of a programme or intervention.

Impact measurement: The set of practices through which an organisation establishes what difference its work makes. We use the term to define a broad set of practices that includes measuring both outputs and outcomes. This does not mean we equate measuring outputs with measuring impact—it is just part of the overall process.

Monitoring: A systematic way of collecting and recording information to check progress against plans and enable evaluation.

Evaluation: The use of information from monitoring and elsewhere to judge and understand the performance of an organisation or project.

For further definitions and discussion of contested terms, see www.jargonbusters.org.uk.

Methodology

Our research is based on a sample of UK charities, drawn from the Charity Commission's Register of Charities, the Office of the Scottish Charity Regulator's (OSCR) Scottish Charity Register, and information on Northern Irish charities drawn from the Northern Ireland Council for Voluntary Action's database of pre-registration charities.

In order to maximise the value of our research, we have worked in partnership with CES, the Third Sector Research Centre (TSRC) and the National Council for Voluntary Organisations (NCVO) to develop our research approach. We have built on previous research studies, particularly those carried out by CES, TSRC and Cass Business School. (See Section 1 for details of previous research.) Our survey questions were developed out of this research and based on our experience of working with charities to develop impact measurement. The questionnaire was tested with charities to ensure questions were sensitive and robust.

The survey itself was carried out by Ipsos MORI through telephone interviews with 1,000 charities. The survey included only charities with an income over £10,000, and over-represents the number of charities with an income over £100,000. This is in order to reflect charitable activity more closely, as this is concentrated in the largest charities. Analysis on a fully representative sample would underestimate impact measurement practice. We note in the report where the results should be interpreted cautiously given the skew in the sample. We also encourage further analysis of the data to explore what can be said when weighting back to the national profile of charities.

In order to support further research in this field, we will make the anonymised raw data available to researchers who contact us.

For further details of the methodology used in this research and for a copy of the survey questions, please see Appendix A.

1. BACKGROUND

Previous research

Charities spend a great deal of time and effort trying to demonstrate their impact. There is a wealth of guidance and an industry of consultants available to advise on practice and approaches. But the level of research on charities' impact measurement practices—which charities measure their impact, how and why—does not match the level of activity that takes place. In particular, there is very little research on practices across the sector as a whole. This study starts to address that imbalance.

Historical context of measurement

As Emily Barman points out in her historical review of the subject, measurement in the charity sector is not new.² Charities have been engaged in measurement since the late 19th century, but the focus of what is measured has changed. The initial focus was on measuring need, such as how many people live in poverty. But after the introduction of the welfare state, the role of the voluntary sector became more geared towards providing innovation and personal attention in contrast to the bureaucracy and inflexibility of the public sector. This, in the eyes of some, made a degree of inefficiency legitimate. Noting that the focus of measurement in the charity sector *'waxes and wanes,'* Barman argues that the use of measurement is not neutral or objective. *'Instead, measurement emerges in moments of uncertainty and change as social actors ... attempt to pursue their own goals and agendas and, in so doing, impose particular standards of quantification onto voluntary organizations.'*

This report provides some empirical evidence to support the idea that impact measurement has been imposed by funders and others onto a reluctant sector. But we also show that most charities believe that measuring impact is a good thing. Charities appear, in the main, to have bought into the 'imposition' of the standards.

Charities Evaluation Services

In the most extensive study prior to this, CES conducted field research of measurement (specifically monitoring and evaluation) practices between 2006 and 2008. The field research involved 682 responses to an online survey of third sector organisations; 89 responses to an online survey of funders; interviews with 88 third sector organisations and charities; and interviews with providers of monitoring and evaluation software systems and their users.

CES's research explored the nature of measurement practices among those conducting monitoring and evaluation, and how they had changed since 1990 when CES was founded. Some of the key trends it identified in the report, such as increasing use of the language of performance, the general acceptance of measuring outcomes and impact, and the increase in funder requirements, continue today—as explored further in this research. We have included in relevant sections references to some of the findings from this CES research.

CES published two reports based on this research—a report on the findings of the main survey of charities,³ and a broader report building on all the surveys and qualitative research.⁴

Third Sector Research Centre

The Third Sector Research Centre, established in 2008, has the economic and social impact of the third sector as one of its core research streams. Here we highlight two relevant research papers, which focus specifically on impact measurement practices.

Lyon and Arvidson's 2011 paper, based on a largely qualitative study of 32 organisations that were measuring impact, reveals that charities' measurement efforts were driven largely by funders rather than by internal motivations to learn and improve.⁵

Arvidson's 2009 paper, based on a review of the existing literature, highlighted three main groups of challenges to charities trying to measure impact: managerial challenges (for example organisational capacity), methodological challenges (such as appropriateness and limitations of different measurement frameworks) and relational challenges (such as the differing perspectives between funders and funded organisations).⁶

Cass Business School and Charity Finance Directors Group

In 2010, the Charity Finance Directors Group (CFDG) and Cass Business School initiated research on the state of UK charity impact reporting.⁷ Research by Robert and Harrison included a survey of CFDG members, focus groups with survey respondents, and a review of the external reporting of 75 charities. While the survey is less extensive than the one set out in the present report, and CFDG members are likely to be more interested in measuring impact than most of their counterparts, some of the same issues arise.

In particular, here we highlight a focus in charities' reporting on short-term outputs rather than long-term and broader measures of impact, the variable quality in methods, and the mixed demand for reporting from funders. Robert and Harrison also address the lack of transparency when it comes to publishing negative results.

Key findings

Several important findings emerge from previous studies, forming a starting point for this research. Although the scope and scale of these studies varied, and none provided a representative picture of the UK charity sector, together they provide an informative picture of practice over the last five years or more. Key findings include:

- Funders' requirements were seen to be key drivers of charities' monitoring, evaluation and impact measurement practices. Internal motivations, such as learning and improvement, were seen as less important.
- Charities were seen to be increasing their impact measurement efforts from year to year, as funders were seen to be increasing their own requirements.
- Many barriers seemed to be preventing charities and their funders from getting the most out of impact measurement. A key barrier emerging from these studies was a lack of alignment between different funders' requirements and what would be of most use to those they fund.

In this research study, we explore these and related areas in the context of the UK charity sector in 2012, and are able to see how trends that started to become visible in earlier studies have continued, and in many cases intensified, since then.

Further research

This research study focuses on a representative survey of the UK charity sector, and does not include a full literature review on the subject of impact measurement practices. For readers seeking further research on the subject, there are references throughout the report, and the following publications may be particularly relevant:

- NPC's study of impact reporting—*Talking about results*.⁸
- NPC's research into charities' reporting to funders—*Turning the tables (Scotland)*⁹ and *Turning the tables (England)*.¹⁰
- Grant monitoring by charities, by Ashford and Clarke.¹¹
- Early research into *Evaluation in the voluntary sector*, by Ball.¹²

2. WHO IS MEASURING IMPACT?

We began this research with the aim of both understanding charities' practice across the sector and exploring variations between different types of organisation. We need a sector level analysis and a more nuanced analysis for two reasons: first, a sector level analysis may disguise important differences that disappear when aggregated; and second, we may find that different actions are required to help different types of charity to make progress.

There are a number of important questions to explore beneath the overall sector level. Do small charities feel under greater pressure to measure impact than large charities? Are impact measurement practices, and funders' requirements, proportionate to the size of an organisation? Are there different drivers for charities funded by different primary funding sources?

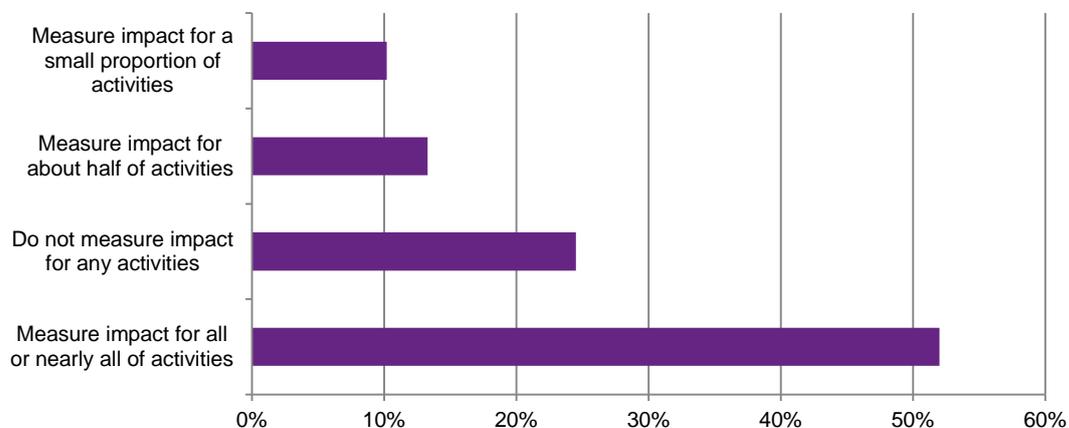
In this section we explore a number of aspects of the scale, scope and changes in impact measurement across the charity sector, breaking down key analyses in terms of size (income), primary funding type, and location. In particular, we ask:

- How widespread and comprehensive is measurement?
- Are charities measuring more than they used to?
- Which charities do not measure their impact?

How widespread and comprehensive is measurement?

Impact measurement appears to be widespread across the charity sector—as Figure 1 shows, three quarters of charities say they measure impact for some or all of their work, and just over half say they measure impact for all or nearly all of their activities. However, it is worth noting that we define impact measurement broadly here, so these figures do not give a sense of the depth or quality of what respondents are counting as impact measurement.

Figure 1: Engagement with impact measurement across the sector



Question: how would you describe your organisation's current approach to measuring its impact?
N=1,000

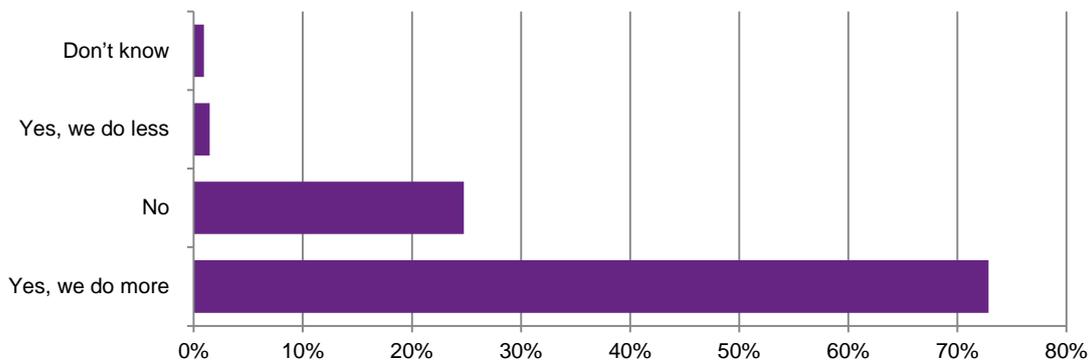
This reflects the growing acceptance of measurement noted in CES’s 2008 report, which observes that *‘Funders and evaluation consultants ... pointed to a growing, more widespread acceptance or understanding of monitoring and evaluation in the third sector.’*¹³

Whether or not this acceptance is driven by demands from funders or the leadership of charities, for most charities the debate has shifted from whether to measure impact to how.

Are charities measuring more than they used to?

The trend towards increasing acceptance of, and activity around, impact measurement is further evidenced by charities’ reflections on their own experience. We asked charities whether their impact measurement practices had changed in the past five years. Figure 2 shows that three quarters (74%) of charities said they invest more effort in impact measurement today.

Figure 2: Changes in impact measurement efforts over the past five years



Question: Has the amount of effort your organisation puts into measuring its impact changed during the last five years? N=755

Our findings echo previous studies showing that the trend towards greater impact measurement efforts continues. In 2008, CES looked at whether funders’ monitoring and evaluation requirements had changed in the past five years. Nearly three quarters (72%) of charities reported that funders’ requirements had become more demanding. Our survey appears to validate the expectations from this earlier study, that funders would continue to grow more demanding, and charities would continue to invest more in impact measurement.

In many ways these findings are encouraging for those who believe that impact measurement is important. The majority of charities say they are measuring impact to some extent, and have increased their efforts to measure impact over the past five years. More than half of all charities say they have made impact measurement a routine part of their work, embedded across all their activities or services. Given the benefits that charities believe they obtain from impact measurement—described in the next section of this report—this is a good thing for the charity sector and the people whose lives it is working to improve. It means that charities’ beneficiaries should have seen better outcomes, delivered through improved services by better charities.

Definitions of size

Throughout this report we use the following categorisations for charity size:

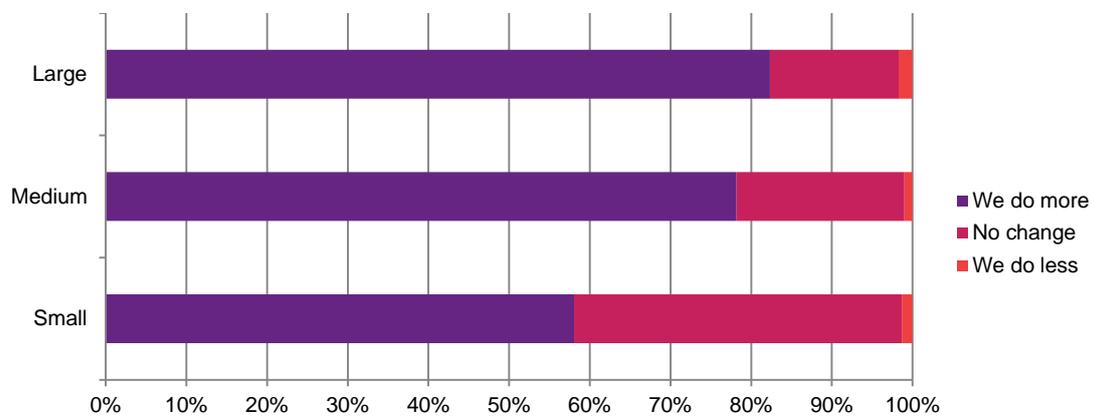
Small = up to £250,000 income

Medium = between £250,000 and £1m income

Large = over £1m income

Our survey also shows clearly that larger charities have increased their impact measurement efforts more than smaller charities. Figure 3 shows that more than four fifths of large charities have increased their efforts, compared to less than three fifths of small charities.

Figure 3: Changes in impact measurement effort against charity size



Question: Has the amount of effort your organisation puts into measuring its impact changed during the last five years? What was your organisation's total income in the last year? N=715

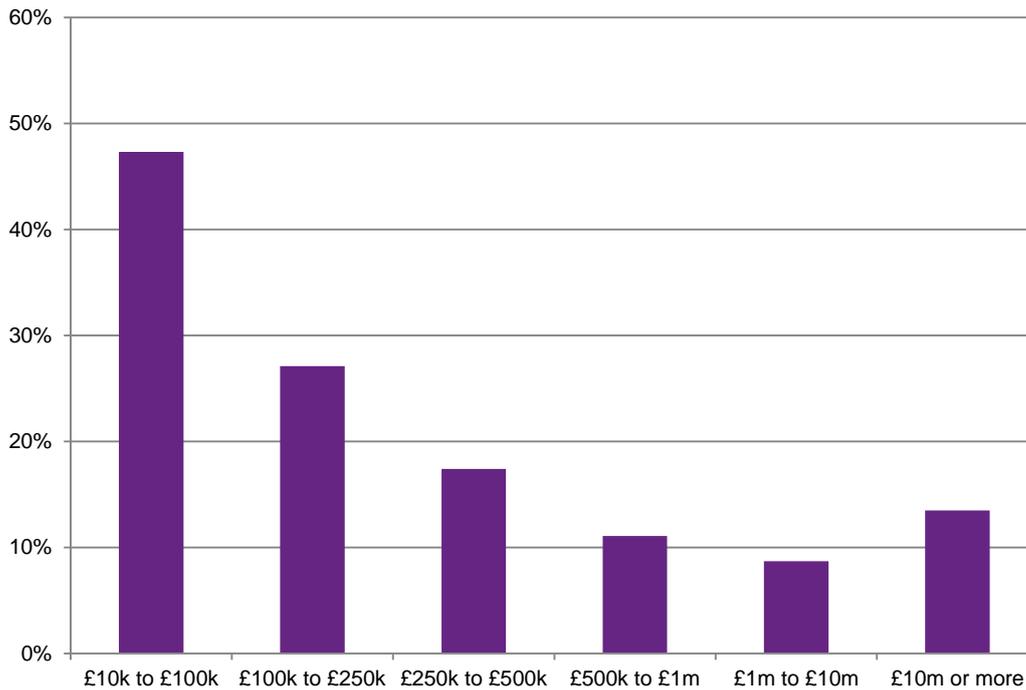
Which charities do not measure their impact?

However, the NPC impact survey shows that a quarter of charities still do not measure impact at all. In other words, a significant minority of charities are either not able to measure their impact, or not convinced that they need to. Of those who said they do not measure impact at all, 11% cited a lack of resources, whereas 14% said it was not a priority.

Given the huge challenges facing charities—a reduction in funding, an increase in need—these figures possibly represent a missed opportunity to make charities fitter, more effective, and more attractive to funders. They suggest that there is still much work to be done to help the charity sector to achieve its full potential.

Exploring the data further, we found that small charities that were not primarily funded by government or foundations were least likely to measure their impact.

Figure 4: Proportion of charities not measuring impact against charity size



Response: We do not measure impact for any of our activities N=223

Figure 4 shows that almost half (47%) of all very small charities (below £100,000 in income) say they do not measure impact for any of their activities. This proportion drops rapidly as income increases—just over a quarter of charities (27%) with £100,000 to £250,000 income do not measure at all.

The proportion of very large charities (>£10m or more) who do not measure the impact of any of their activities (14%) is larger than the proportion of charities with income between £1m and £10m (9%). This seems to buck the general trend. We do not know whether this is a sampling issue or an unusual feature of very large charities, perhaps because of their purpose or their funding source. For example, very large charities are more likely to be funded substantially by individual donors,¹ and as we show in the next section, charities funded by individual donors may not see impact measurement as a key requirement of those donors.

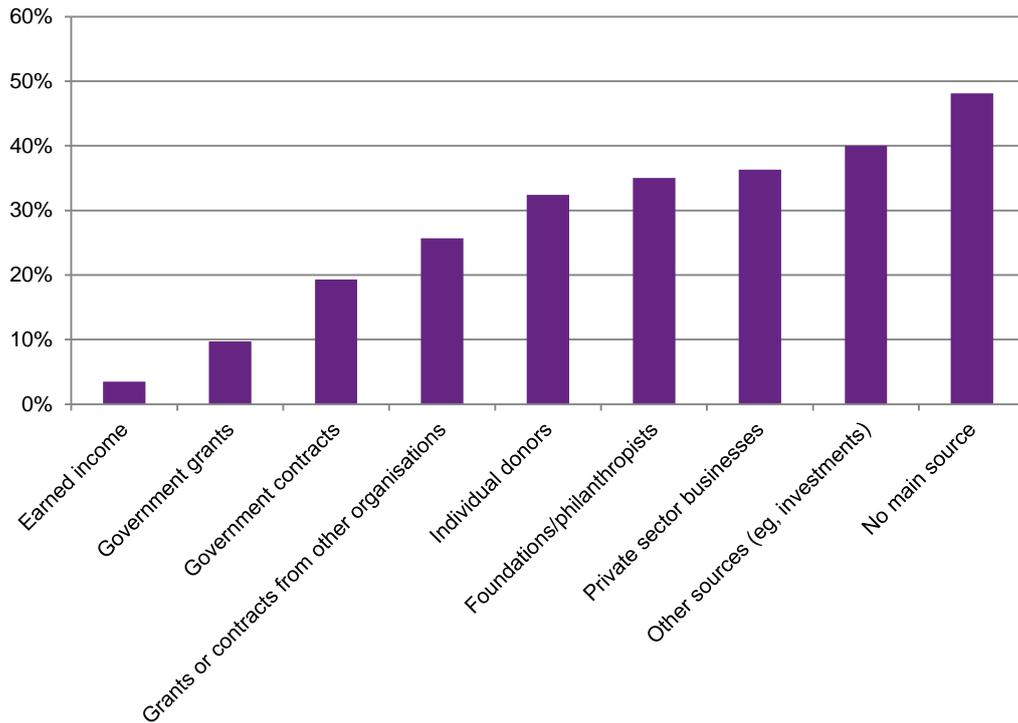
There is a strong relationship between a charity’s primary funding type and impact measurement.

Figure 5 looks at charities not measuring impact for any activities by primary funding type. This shows that nearly half of charities do not measure impact if their main funding is from ‘other sources’ (such as investment income), whereas only 4% of charities funded primarily by government contracts do not measure their impact.

This suggests that the charities least likely to measure impact believe their main funders are not interested in, or influenced by, the results of impact measurement. In other words, funders make a difference.

¹ See Appendix B: Population characteristics for sample distribution of size (income) against primary funding type

Figure 5: Proportion of charities not measuring impact against funding type



Response: We do not measure impact for any of our activities N=993

Box 2: Explanation of primary funding type

Throughout this report we use the following categorisations for ‘primary funding type’ (the organisation’s main funding source):

- Earned income (fees and other direct charges)
- Government grants (from local or central government)
- Government contracts (from local or central government)
- Grants or contracts from other organisations
- Individual donors (the general public)
- Foundations/philanthropists
- Corporate donors (private sector businesses)
- Other sources (such as investments)
- No main source (ie, no single source of funding, or equal funding from a number of sources)
- None of these or cannot say

Summary of key findings

Impact measurement continues to gather momentum across the charity sector. Three quarters of charities say they measure impact to some extent, and more than half say they measure all or nearly all of their work. Three quarters of charities say they have invested more in impact measurement over the past five years.

- There are marked differences between large and small charities. Large charities have increased their measurement efforts more than small charities, and their measurement is more comprehensive.
- There is still a significant proportion (one quarter) of charities that say they do not measure impact at all. They say either that they do not have the money required, or that it is not a priority.
- Almost half of all charities with an income under £100,000 do not measure impact at all, compared with a quarter across the whole sector.
- One in ten charities with income over £10m does not measure impact at all.

3. WHY DO CHARITIES MEASURE IMPACT?

When we set out on this research, we wanted to generate an evidence base of what is really happening in charities and what they think about impact measurement. This dual focus on practice and attitudes is critical if we are to understand what is happening and why. Knowing why charities measure (or do not measure) their impact is a vital part of exploring how the sector as a whole can move towards having a greater focus on what it achieves.

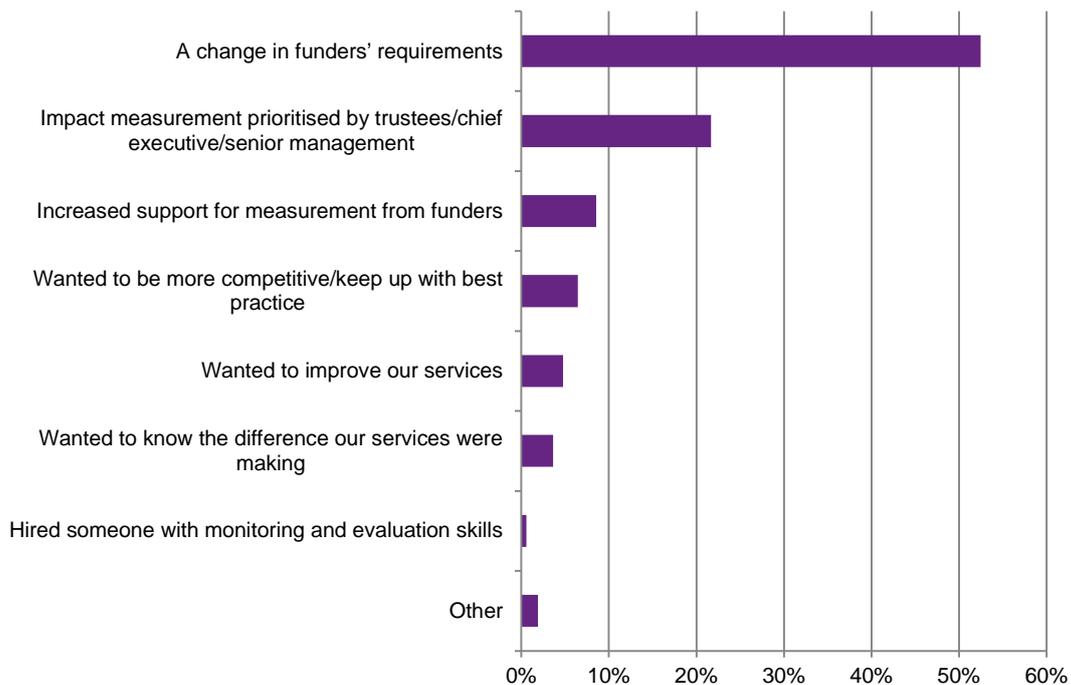
In this section, we answer the following questions:

- Why have charities increased measurement efforts?
- What are charities' attitudes to measuring impact?
- What benefits does impact measurement bring?
- Do the benefits match the drivers?

Why have charities increased measurement efforts?

We asked charities about their reasons for increasing impact measurement efforts over the past five years. Figure 6 shows that of the three quarters of charities that report having increased their efforts to measure impact, the most important reason given is a change in funders' requirements. The second biggest reason is that impact measurement is prioritised by the charities' board or senior management. All other factors are seen to be much less important.

Figure 6: Drivers for increasing impact measurement efforts



Question: What were the main reasons for this increase [in impact measurement efforts?] N=550

The primary driver for charities to invest in impact measurement is funding requirements, and this chimes with our experience as consultants and evaluators. This is what we hear time after time from charities we work with, from conference and training participants, and from others working with charities. Fundamentally, charities have invested in impact measurement over the past five years because they believe that this is what funders require.

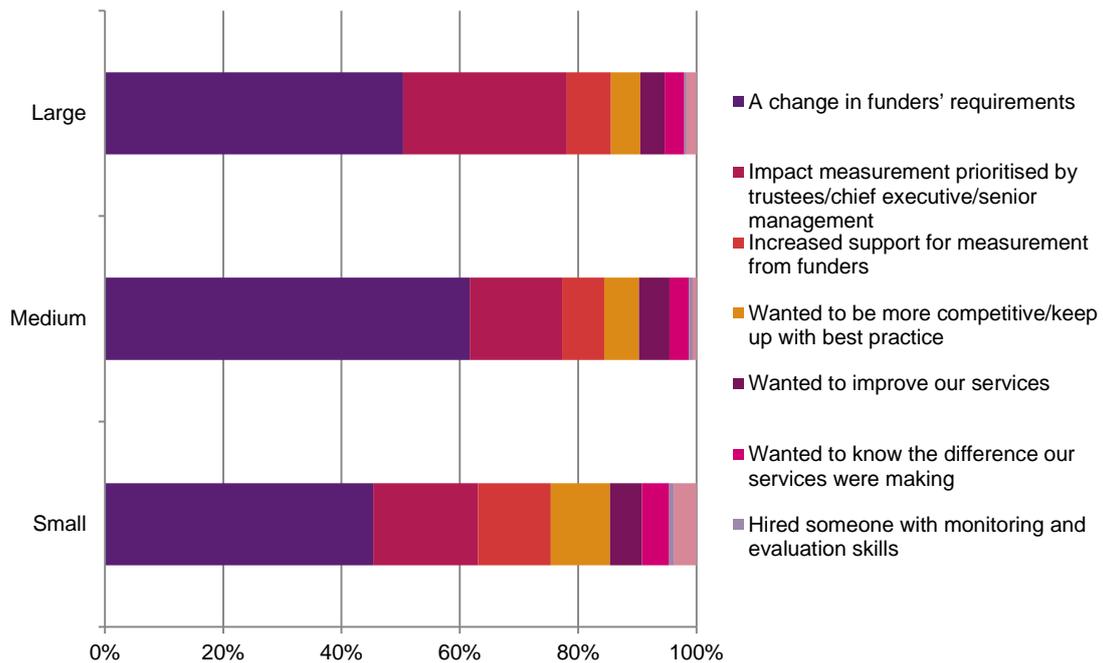
Nevertheless, it is surprising to find that some of the other reasons for measuring impact feature so much less prominently in the survey responses. Only 5% of charities say that wanting to improve services is a primary driver for increasing their impact measurement efforts, and only 4% say that wanting to know the difference the organisation is making is a primary driver.

Is this a uniform picture across the sector? Are there different drivers for impact measurement depending on the size of charity, its main funding sources or its location? While funding remains the primary driver regardless of these variables, there are interesting differences to explore.

Do drivers vary with different types of charity?

Figure 7 looks at reasons for increasing impact measurement by different charity sizes. Across almost all types of charity, changing funder requirements are cited as the main driver for increasing impact measurement efforts. This is true for large and small charities, and charities with almost all types of primary funding source, with the exception of charities funded mainly by individual donors. Prioritisation by senior management is the second most important driver cited by nearly all types of charity.

Figure 7: Drivers for increasing impact measurement efforts against size



Question: What were the main reasons for this increase [in impact measurement efforts]? N=526

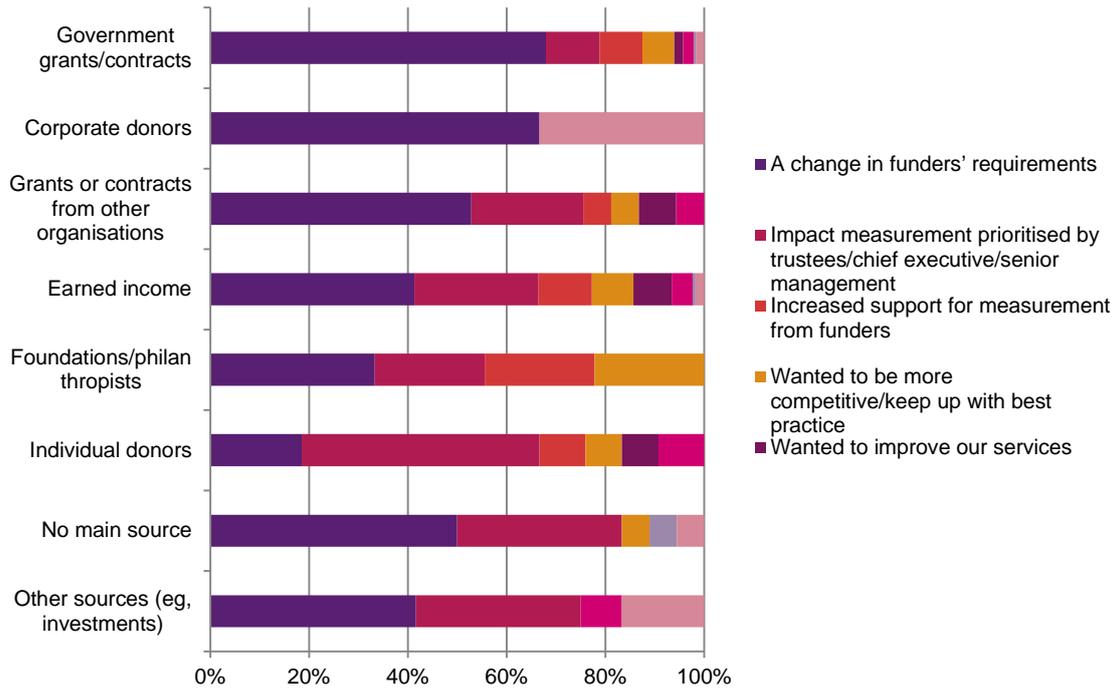
While funder requirements dominate across the board, there are marked differences between large and small organisations, though these may be a result of who was sampled.

- For large organisations, leadership is a stronger driver (28% for large charities compared with 16% for medium and 18% for small charities).

- More small charities identify increased support for measurement from funders as an important driver than medium and large charities (12% for small compared with 7% for medium and large charities).
- Medium-sized charities are more driven by funder requirements than either large or small charities (62% for medium charities compared with 50% for large and 45% for small charities).

Figure 8 looks at whether reasons for increasing impact measurement vary according to the charities' main funder.

Figure 8: Drivers for increasing measurement efforts against funding type



Question: What were the main reasons for this increase [in impact measurement efforts]? N=547

Figure 8 shows that there is significant variation in drivers of impact measurement across different primary funding types. This is to be expected given the primary role that funding requirements play at the aggregate level.

- Charities that are primarily funded by government grants and contracts, or by corporate donations, are most driven by funder requirements (68% government, 67% corporate). This reflects other evidence that government funding typically requires more extensive monitoring and evaluation than any other funding type.¹⁴
- Charities that are primarily funded by individual donors (excluding philanthropists) are overwhelmingly driven by their leadership to measure impact (48% leadership, 19% funder requirements). This suggests that charities fundraising from the general public feel little pressure or demand to measure and communicate impact in order to raise funds.
- Compared with other types of funding, charities funded primarily by foundations or philanthropists are less driven by funding requirements (33% driven by funding requirements), but they do feel more supported by their funders to measure impact (22% driven by funder support).

What are charities' attitudes to measuring impact?

It is also important to understand what charities think about impact measurement. In our survey, we asked respondents to indicate their level of agreement with a number of attitudinal statements about impact measurement, to flesh out what they told us about what they were doing and why they were doing it. Figure 9 shows charities' level of agreement with a number of different statements.

Figure 9: Attitudes towards impact measurement



Question: To what extent do you agree with these statements? N=1,000

Figure 9 shows that charities' attitudes are generally very positive towards impact measurement:

- 78% say it makes organisations more effective, while only 30% believe a charity can know its approach works without impact measurement.
- 72% believe charities should report failures and negative results, suggesting strong backing for greater transparency.
- 26% of charities believe impact measurement takes resources away from being better spent elsewhere, but more than twice as many (47%) disagree.
- Only 17% of charities believe that funders ignore impact measurement in their decision-making.

However, there are some more negative attitudes and challenging findings:

- 60% believe there is not enough funding for impact measurement.
- 21% believe that data collection interferes with their relationships with clients (and therefore has the potential to reduce the effectiveness of their work).

Moreover, a sizeable minority is not quite convinced of the value of measuring impact:

- Roughly equal proportions of charities believe that there is too much pressure on charities to measure impact (38%), there is not too much pressure (34%), or are undecided (28%).
- Nearly one-third of respondents (27%) do not know or if resources spent on measurement could be better used elsewhere.
- 34% of charities believe that the main reason for measuring impact is to attract funding, but a similar proportion (37%) disagree.

This final finding is puzzling when compared with our earlier finding about the primary importance of funding requirements as a driver of impact measurement, and requires further unpicking.

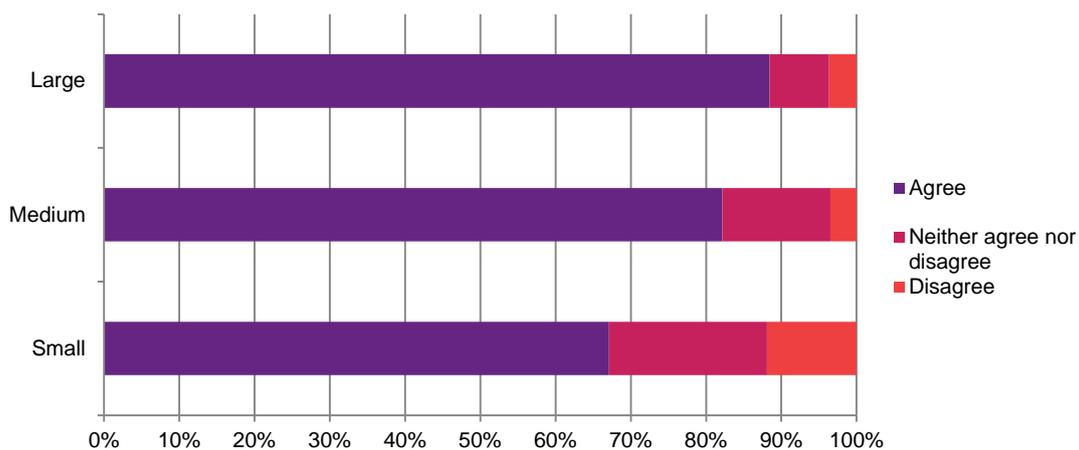
It appears that although charities generally feel they have to invest in impact measurement to meet changing funding requirements, they do not necessarily believe that they do this to attract funding. There are at least two ways of interpreting this data.

- The first is that charities are saying they have had to increase their impact measurement efforts to meet the requirements of existing funders, but would not necessarily expect to attract further funding as a result. In other words, impact measurement is required to report to current funders.
- The second is that the attitudes of charities towards measuring impact does not match what they perceive drives their behaviour. Some of those surveyed may have said that they increased measurement efforts to meet funders' requirements, but when confronted with attitudinal statements, they gravitated away from the importance of funding towards other motivations.

Do attitudes vary with different types of charity?

Again, we looked at these responses in greater depth, analysing some key attitudinal statements against charities' size, primary funding type, and location. Figure 10 shows clear trends related to charity size, but no notable findings against other variables.

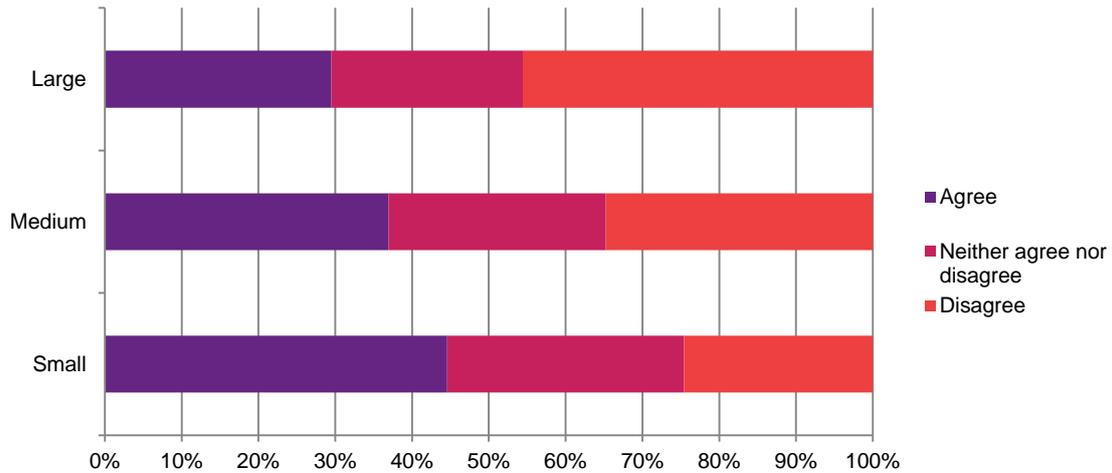
Figure 10: Attitudes towards impact measurement (effectiveness) against size



Question: To what extent do you agree that measuring impact makes organisations more effective?
N=945

Figure 10 shows that while all three groups of charities tend to agree that impact measurement helps organisations to become more effective, small charities are markedly less positive (67% of small charities agree or strongly agree, compared with 88% of large charities).

Figure 11: Attitudes towards impact measurement (pressure) against size



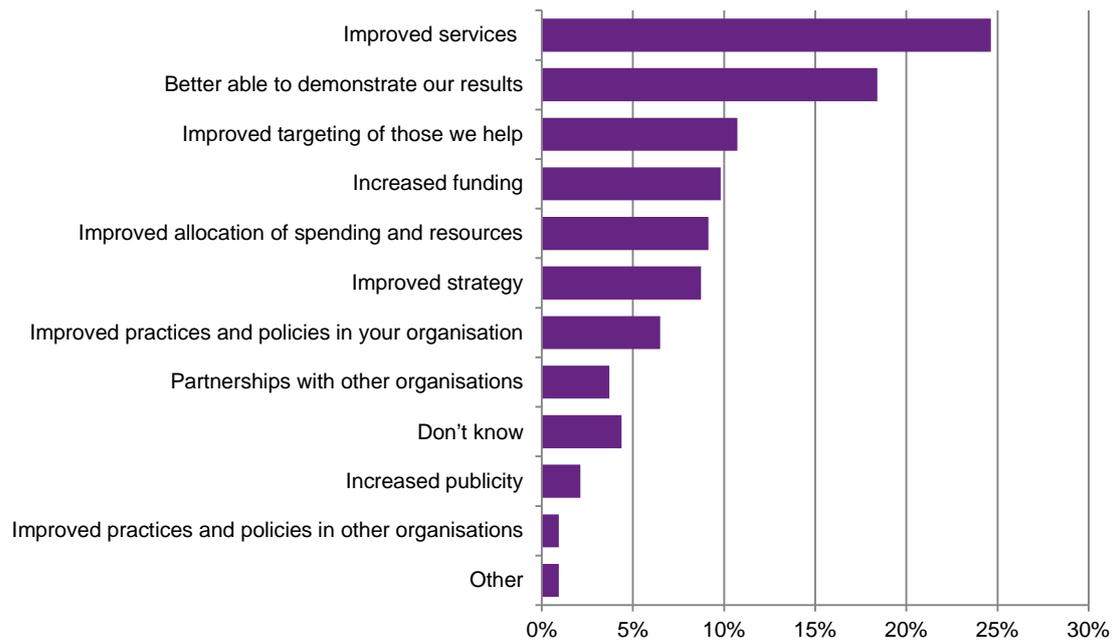
Question: To what extent do you agree there is too much pressure for charities to measure impact?
N=945

Figure 11 shows that while no group of charities believes overall that there is too much pressure on charities to measure their results, smaller charities are more likely to say there is too much pressure (45%) than larger ones (29%).

What benefits does impact measurement bring?

Figure 12 shows that once charities have invested in impact measurement, they say that improved services (25%) and the ability to demonstrate impact (18%) are the main benefits they see. Only 10% of respondents say that increased funding is a benefit.

Figure 12: Perceived benefits of measuring impact



Question: In the last year, has measuring your impact led to any of the following benefits? N=755

In fact, when benefits are classified as internal (relating to improved strategy, operations, etc) or external (improved communications, increased funding, publicity, partnerships, etc), the overall picture is even clearer: charities say that two thirds of the benefits of impact measurement are realised within the organisation, rather than in its relationships with others (60% internal, 35% external).

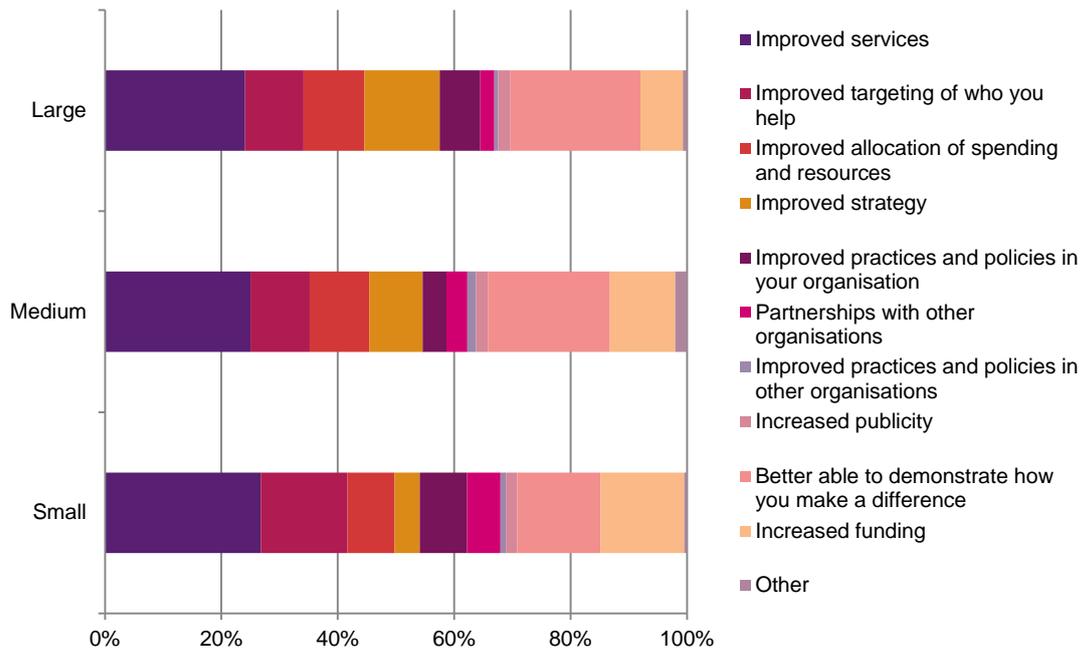
We have therefore found a curious paradox at the heart of our research. What drives charities to measure their impact does not match with the benefits they reap as a result of impact measurement, and the greatest benefits hardly figure in what they report as their motivations to invest in measuring impact.

A conflict between drivers and benefits appears to exist at the overall level of the charity sector, but is this just the result of aggregating a number of different pictures at the level of different sizes and types of charity?

Do perceived benefits vary with different types of charity?

Overall, charities of all sizes report improved services and the ability to demonstrate impact as the main benefits of measuring impact. However, there are some interesting variations between large, medium and small charities in the proportions reporting these benefits and in the other types of reported benefits. Figure 13 looks at the variations between types of benefits and charities' sizes.

Figure 13: Perceived benefits of measuring impact against size



Question: In the last year, has measuring your impact led to any of the following benefits? N=692

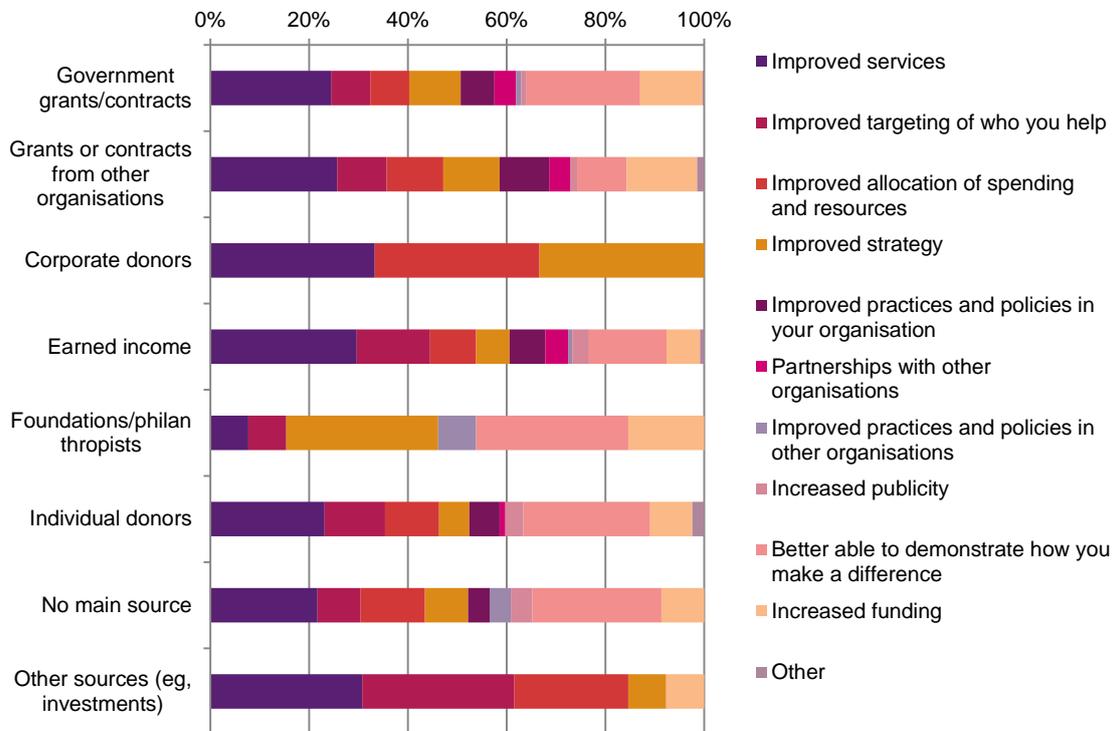
There are a number of interesting differences between the benefits that large, medium and small charities say they obtain:

- Smaller charities say they are more likely to benefit from generating increased funding as a result of impact measurement (14% of small charities compared to 11% medium and 7% large).
- Larger charities say they are more likely to benefit from having an improved strategy (13% of large charities compared to 9% medium and 4% small).

- Medium and large charities say they are more likely to benefit from being able to demonstrate impact (22% large and 21% medium compared to 14% small).

There are also some differences between reported benefits and funding type. Figure 14 shows the different types of benefits reported by charities' primary funder.

Figure 14: Perceived benefits of measuring impact against funding type



Question: In the last year, has measuring your impact led to any of the following benefits? N=718

Figure 14 shows a mixed picture looking at benefits against primary funding types:

- Improved services is the most commonly cited benefit, particularly across charities primarily funded by government, corporates, earned income and other grants and contracts.
- Ability to demonstrate impact is cited as the greatest benefit by charities primarily funded by foundations, philanthropists, individual donors and those without a primary funding type.
- Improved strategy is a leading benefit for charities funded by corporate donors, foundations and philanthropists.
- Increased funding is a subsidiary benefit in all cases, although grant and contract-funded charities are more likely to specify it as a benefit.

While the data tells us a lot about the benefits of impact measurement relating to a charity's main funding types, we are left with questions that require further research. For instance, why would service improvement be seen as a greater benefit by government-funded charities? Why would improved strategy be seen as a benefit by those funded by trusts and foundations? Is it perhaps that these types of funders value certain changes in the organisations they fund, and it is this that shapes what charities gain from impact measurement?

Case Study 1: Macmillan

Macmillan provides practical, medical and financial support to people affected by cancer, and campaigns for better cancer care. The charity has been on an impact journey over the last few years, developing the ways it measures impact. Laura Jenkins, the charity's Evaluation Officer, told us: *'we were at a point a few years ago where it wasn't clear what impact evidence we had for a lot of our programmes.'* Like many, Macmillan had commissioned evaluations of different programmes, but not consistently—evaluations didn't fit together to explain the overall impact of the charity.

Interest in impact measurement at the charity grew as senior management began to recognise the importance of evidence—partly in response to the increasing emphasis on impact throughout the charity sector in the difficult economic climate. Macmillan decided to conduct an 'impact review', looking at each of its services to understand what kind of evidence it had, and where it needed to invest in measurement. Building on the review, the charity developed an evaluation strategy which it is currently implementing. This is part of a wider Evidence Plan that Macmillan is developing, to identify and prioritise key evidence gaps and drive the organisation to be more knowledge and evidence based.

'We have made a lot of progress but we still have a lot of work to do', says Laura. *'We want to get evaluation embedded in the organisation, so we need to tackle a number of things: culture and ways of working as well as improving standards and embedding data collection.'* One of the first steps Macmillan took was to build staff capacity in how to approach external evaluations. *'We worked with teams to help them become more familiar with commissioning them, including thinking through what they really want from an evaluation'* says Laura. This has led to a better quality of evaluation being conducted and better use of that evidence. For example, Macmillan has already used results from an external evaluation to change a volunteering strategy for one of its programmes.

The charity is now working on embedding monitoring into its day-to-day running. After developing logic models to identify outcomes for different programmes, the charity is now piloting self-evaluation tools for its information and support services. It will then start spreading the approach to other services. An important part of this process will be training staff in evaluation and recruiting evaluation champions. According to Laura, *'these champions will be trained to a slightly more skilled level so that they can provide light touch advice and support which will help reduce the burden on the monitoring and evaluation team. They will also champion evaluation and encourage their teams and the people they work with to think about evaluation and a focus on outcomes.'*

Macmillan is also developing a logic model for its work as a whole and will start tying in programme level outcomes to its strategic aims. As Laura says, *'we're aligning our work with the strategy and performance team, changing indicators to be more outcome-based and tying it all into a corporate logic model for the entire organisation.'*

The charity has made progress around impact measurement but still needs to tackle challenges—including how to evaluate indirect services and change staff thinking around measurement. As Laura puts it, *'we need to change people's beliefs around evaluation. Showing them that it is not just about "proving" but learning and improving.'*

In just a few years, Macmillan's approach to measuring impact has changed a lot. The charity is committed to measurement and convinced of the benefits it will bring. *'There is growing enthusiasm and momentum, and people are seeing the improved quality of external evaluation,'* says Laura, who is confident that as measurement becomes more routine and embedded, *'it will be used to help shape our services and strategy.'*

Do the benefits match the drivers?

Based on this analysis of drivers, attitudes and benefits, what can we say about whether the benefits charities see in impact measurement match the reasons they invest in it? Table 1 below compares the main reasons that large, medium and small charities give for increasing their impact measurement efforts, and how these tally with the benefits they say they realise as a result.

	Main reasons for investing in impact measurement N=526	Key benefits of impact measurement N=692
Large charities	<ul style="list-style-type: none"> Funders' requirements (50%) Prioritised by leadership (28%) 	<ul style="list-style-type: none"> Improved services (24%) Demonstrating impact (22%) Improved strategy (13%) Improved targeting (10%) Improved resource allocation (10%)
Medium charities	<ul style="list-style-type: none"> Funders' requirements (62%) Prioritised by leadership (16%) 	<ul style="list-style-type: none"> Improved services (25%) Demonstrating impact (21%) Increased funding (11%) Improved targeting (10%) Improved resource allocation (10%)
Small charities	<ul style="list-style-type: none"> Funders' requirements (45%) Prioritised by leadership (18%) Support from funders (12%) Competing/best practice (10%) 	<ul style="list-style-type: none"> Improved services (27%) Improved targeting (15%) Increased funding (14%) Demonstrating impact (14%)

Table 1: Reasons for doing more impact measurement and the benefits it brings

Regardless of the variation between different-sized charities, it appears that there are disconnects between why charities invest in impact measurement and the benefits they accrue once they have.

Ultimately, charities seem to be driven to measure impact primarily because they think they have to in order to satisfy funders. Whether they believe this will lead to further or new funding is not clear. It may be that charities view impact measurement as something they have to do to satisfy existing funders rather than attract new ones.

Yet when charities do invest in impact measurement, they find that although they may not attract additional funding, they do realise other valuable benefits—most significant being improving their services.

It seems that impact measurement is something that charities feel they have to do, and when they do, they find they like its results.

This is a crucial finding—particularly in a time when charities are under heavy pressure to deliver services and outcomes to people in need, and seek both the funding they need to do more, and ways to improve what they do so they achieve more with less.

Summary of key findings

Charities are driven to measure impact by funders' requirements, although the benefits they recoup are more about internal improvements than increased funding. There are variations between smaller and larger charities, and variations between charities with different primary funding types, but not between charities working in different parts of the UK.

- Smaller charities are driven to measure impact by funding requirements, and they are more likely than larger charities to measure impact because of support from funders to measure. They see service improvements as a primary benefit, but are also more likely than others to receive increased funding as a result of their impact measurement. Small charities are more likely to believe there is too much pressure to measure impact than others, and less likely than others to believe impact measurement makes charities more effective.
- Larger charities are driven to measure impact by funding requirements, and they are more likely than smaller charities to measure impact because their boards and senior management make it a priority. They see service improvements as a primary benefit, but are more likely than others to see improved strategy as a benefit of measuring impact. Large charities believe most strongly that impact measurement makes charities more effective, and disagree most strongly that there is too much pressure on charities to measure.
- Charities funded primarily by government grants or contracts are mostly driven by funding requirements to measure impact, and are among the most likely to say they receive increased funding as a result of measuring impact.
- Charities funded primarily by foundations and philanthropists are driven to measure impact by funding requirements, but are more likely than others to say that support from funders encouraged them to measure. They are also more likely to say they receive increased funding as a result of measuring impact than others.

4. MEASUREMENT PRACTICES

This section explores impact measurement practices among charities in the UK, both at an overall sector level, and by looking in detail at specific characteristics. We look at:

- how much charities spend on impact measurement;
- charities' impact measurement practices; and
- funders' impact measurement practices.

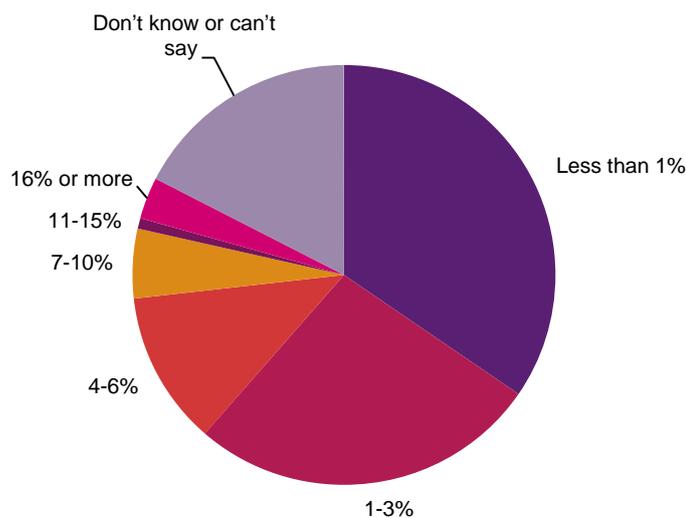
How much do charities invest in impact measurement?

This question is often raised, but there is very little evidence to answer it.

NPC has established some evidence on a related subject: how much charities spend on reporting to funders. Such reporting is not the same as impact measurement, as charities may measure impact for purposes other than reporting to funders, and reporting may include aspects not relating to impact measurement. Nevertheless, there seems to be a reasonably strong relationship between the two, given that charities say that funders' requirements are the main reason for measuring results.

Our research on the subject of reporting to funders in 2008 found wide variation in reporting costs, corresponding to different types of funding and funder. Government funding carries the greatest reporting cost (around 9% of a charity's total budget, rising to over 20% for European funding). Charities that receive funding from individual donors and independent funders have much lower average reporting costs (around 3% on average).¹⁵ We might expect to see similar figures, therefore, in our research into charities' spending on impact measurement (see Figure 15).

Figure 15: Spending on impact measurement as percentage of total budget



Question: Approximately what proportion of your budget did you spend on impact measurement last year? N=755

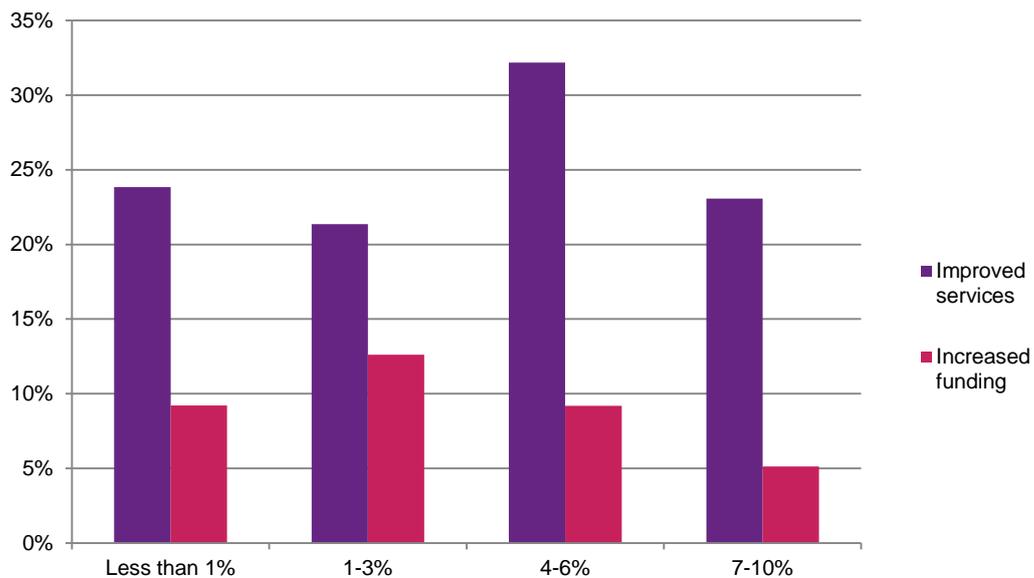
Figure 15 shows that most charities (62%) spend less than 3% of their total budget on impact measurement, and approximately one third (34%) spend less than 1%.^{*} A small proportion of charities report very high spending on impact measurement, with 3% of respondents spending 11% or more of their budget.

We also explored whether there is a relationship between how much charities spend on impact measurement and the benefits they say they obtain as a result. We found:

- There is not a clear relationship between spending and perceived benefits—it does not appear that the more you spend, the greater the benefits you realise.
- There are some indications that there may be a diminishing returns model—that perceived benefits may actually fall off with increased spending beyond a certain point.

As Figure 16 shows, there is no clear correlation between benefits and spending, either for charities saying they had improved services as a result of measuring impact, or for those saying they had attracted increased funding.

Figure 16: Perceived benefits of impact measurement against spending as percentage of total budget



Question: Approximately what proportion of your budget did you spend on impact measurement last year? N=601

The variation that we see in this chart may be affected by the smaller sample sizes in this analysis, so any analysis cannot be conclusive. Nevertheless, the chart appears to show a peak in perceived benefits at a certain level of spending (4–6% for improved services, 1–3% for increased funding).

Further research is required to draw conclusions. But there is at least a suggestion that there is an optimal level of investment in impact measurement that would reap the greatest rewards, and that

^{*} Some caution is required in reading these figures, as estimates of spending on any area are typically very subjective.

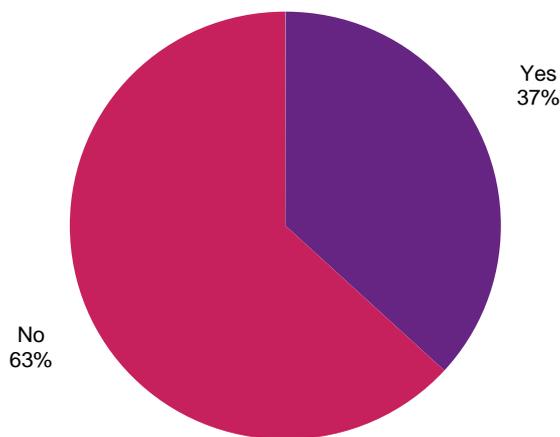
spending beyond this is likely to produce diminishing returns in terms of improving services or increasing funding.

Ultimately, the benefits a charity obtains by measuring its results are unlikely to be driven simply by how much it spends on measurement, but rather by employing measurement practices that are appropriate, helpful, and lead to use of the findings.

Does organisation structure make a difference?

There are a range of ways in which charities invest in impact measurement. They might employ an evaluation manager or a social impact team, or include responsibility for impact measurement within another management role, such as a head of programmes. Figure 17 shows the proportion of charities that have a single person or team responsible for impact measurement.

Figure 17: Single person or team responsible for impact measurement

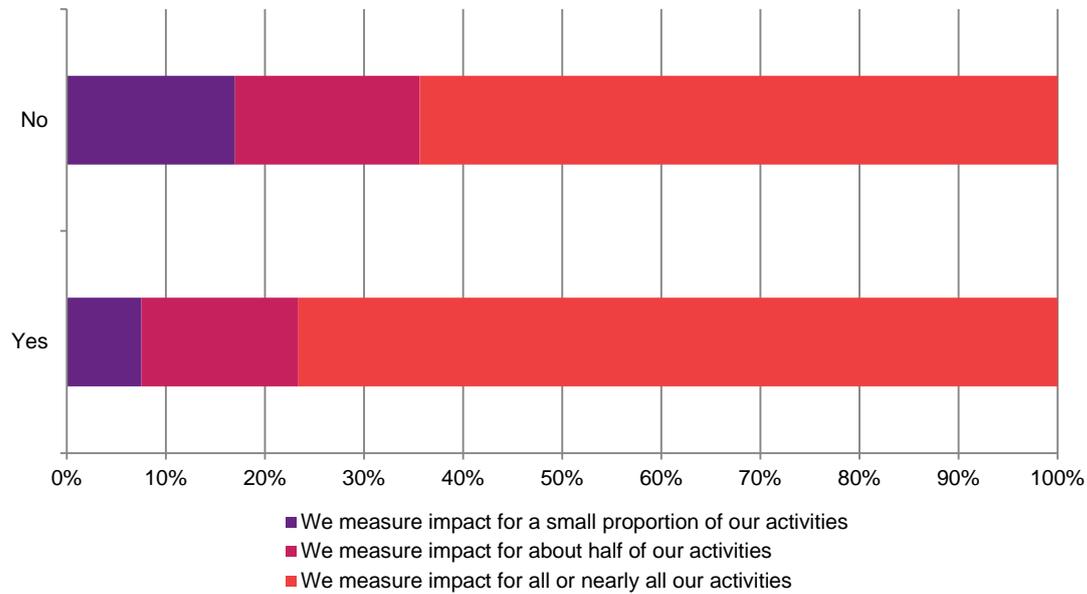


Question: Do you have one person or team in your organisation whose primary role it is to oversee or implement impact measurement? N=755

Just over a third of charities have one person or team responsible for impact measurement. Received wisdom suggests that concentrating responsibility for a key area or set of activities increases an organisation’s effectiveness in that area, but what does the data tell us? We analysed whether charities that have one person or one team responsible for impact measurement are more likely to engage in more measurement.

As Figure 18 shows, charities that have a person or team responsible for impact measurement are more engaged in impact measurement than those that do not. They are more likely (77%) to measure all or nearly all of their activities than those without focused responsibility for impact measurement (64%). And charities without focused responsibility are twice as likely (17%) as those with focused responsibility (8%) for impact measurement to measure only a small proportion of their activities.

Figure 18: Engagement with impact measurement against person/team responsible



Question: Do you have one person or team in your organisation whose primary role it is to oversee or implement impact measurement? N=755

What practices do charities use?

In order to explore what charities are actually doing to measure their results, we asked them a series of questions:

- First, we asked how they collect data, from output measurements to standardised scales and tools.
- Second, we asked whether they use specific planning models, as we believe these play a significant role in setting the context within an organisation for how it focuses and uses impact measurement.
- Third, we asked about ‘advanced evaluation practices’, from the use of academic research to randomised controlled trials. See Box 5 for further information.
- Finally, in order to see whether certain types of charities were using more advanced practices than others, we conducted a regression analysis, based on an index of advanced evaluation practices that we developed.

How do charities collect data?

We asked charities to identify how they collect data on their activities, selecting from a broad spectrum of different approaches (see Figure 19).

As a reminder, we define impact measurement as the set of practices through which an organisation establishes what difference its work makes. This broad set of practices includes the measurement of outputs and outcomes.

Each of the data collection methods covered here is used in impact measurement. But a charity conducting one of these data collection approaches may not necessarily be measuring impact.

As measuring outcomes is one prerequisite for measuring impact, we could say that if 59% of charities say they are measuring outcomes, then no more than 59% of charities are measuring impact. This does not chime with the figure in the previous section: that three quarters of charities are measuring impact. However, because impact measurement means different things to different people, it might be wrong to extrapolate in this way. We therefore use the broad definition and take charities' responses about whether they are measuring impact for none, some, half or all of their activities at face value (see Figure 1).

Box 3: Types of data and different collection methods

Outputs: The products of an activity—for example, number of people attending a workshop.

Outcomes: The results of an activity—for example, improved confidence resulting from a workshop.

Case studies: Participants' stories about their experiences of an activity.

Customer satisfaction forms: Forms asking participants how happy they were with an activity.

Questionnaires designed by your organisation: Questionnaires tailored to your activities.

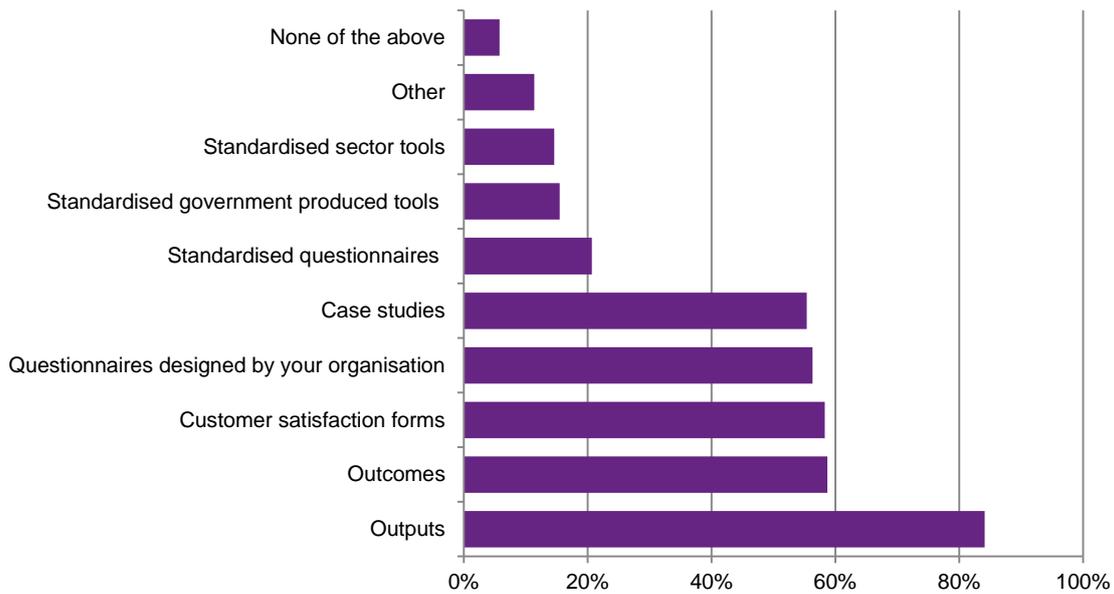
Standardised questionnaires: Published questionnaires, usually tested and validated.

Standardised sector tools: Common frameworks in use by multiple organisations.

Standardised government-produced tools: Common frameworks developed by government.

Figure 19 shows that collecting output data is by far the most common measurement practice reported by charities (84%). The next most common reported practices are measuring outcomes and using case studies, customer satisfaction forms and bespoke questionnaires—each reported by just under 60% of charities. The use of standardised questionnaires, scales and tools fall some way behind, with 15-20% reporting their use.

Figure 19: Types of data and different collection methods



Question: How did your organisation collect information about its activities in the last year? N=1,000

These findings echo those of earlier research, though direct comparisons are not possible as previous surveys were not based on representative samples. CES’s 2007 survey found that more charities measured outputs (90%) than outcomes (83%).¹⁶ Similarly, in their 2010 study, Robert and Harrison noted that almost half of those surveyed said they collected information on outputs and outcomes.¹⁷

By repeating this survey in the years to come, we hope to be able to identify trends in impact measurement.

For now, we can still draw out some key findings. Charities are much less likely to measure outcomes than outputs, so the sector still has some way to go if it is to understand and increase its impact. Charities are also much less likely to use standardised tools than their own home grown approaches. This is not necessarily a problem for each organisation, but does show that there is much work to be done if we are to compare the impact of different organisations in order to learn and to improve approaches across the charity sector.

Do charities use planning models?

Planning models can help charities to map how their activities lead to their intended outcomes and aims (see Box 4).

Box 4: Planning models

Theory of change: Causal model of how inputs and activities lead to outputs to outcomes to impact, including assumptions and evidence.

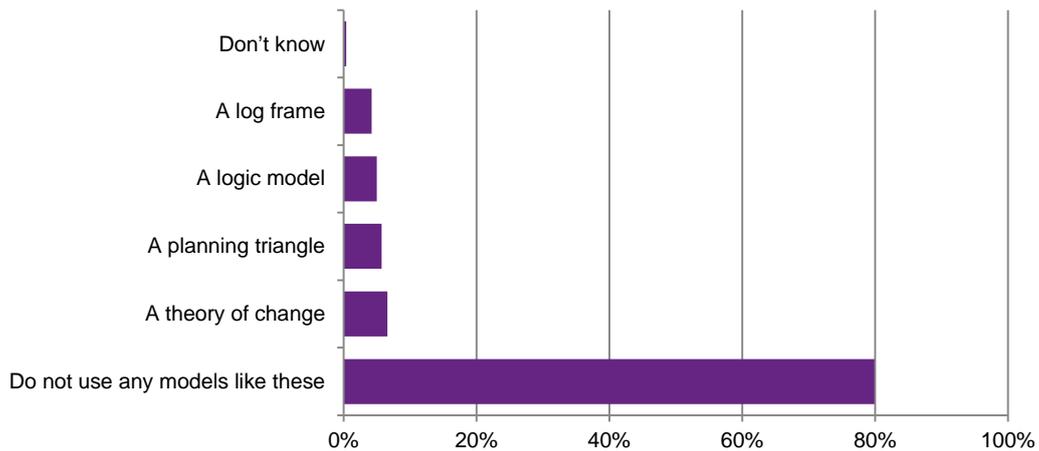
Planning triangle: Model linking objectives to outputs, aims to outcomes, towards overall aim.

Logic model: Map of logical relationships between inputs, outputs and outcomes.

Log frame: A particular type of logic model, often seen in international development.

Planning models are crucial to helping charities establish a framework for purposeful impact measurement, as well as helping them develop robust strategies and place their work within a broader context.¹⁸ In NPC's experience, it is difficult for a charity that does not have a theory of change or other planning model to develop an impact measurement approach that is both effective and efficient. Without such a model, there is a danger of collecting data without knowing how to analyse it and work out what it means, and without knowing what action to take as a result.

Figure 20: Use of planning models

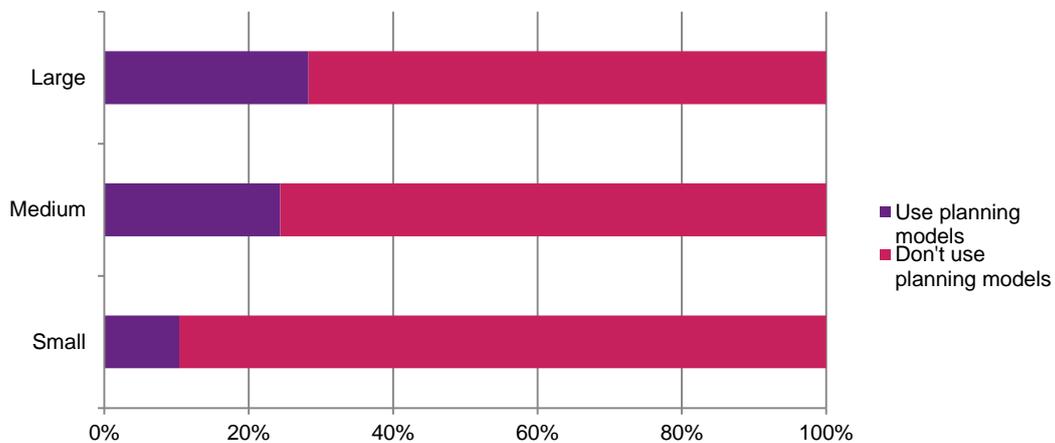


Question: Which of these models has your organisation used? N=1,000

Figure 20 shows that the vast majority (80%) of charities do not use any planning models. Only 7% use a theory of change, 6% use a planning triangle, and 5% use a logic model. This finding echoes NPC's experience and prior research—CES's 2007 research found similarly low levels of use of planning models.¹⁹ While it is not surprising, it means that there is a strong possibility that even when charities are measuring their impact, they are not extracting the maximum value and are less likely to improve what they do as a result.

Figure 21 shows that practice varies between charities of different sizes—large charities are almost three times more likely than small charities to use planning models. This suggests that small charities are at greater risk of not getting the most out of impact measurement.

Figure 21: Use of planning models against size



Question: Which of these [planning] models has your organisation used? N=945

What advanced practices do charities use?

We asked charities about their use of what we call advanced evaluation practices (see Box 5 for definitions).

Box 5: explanation of advanced evaluation practices

Before and after measures: Measuring the same indicators before and after an intervention to assess what has changed.

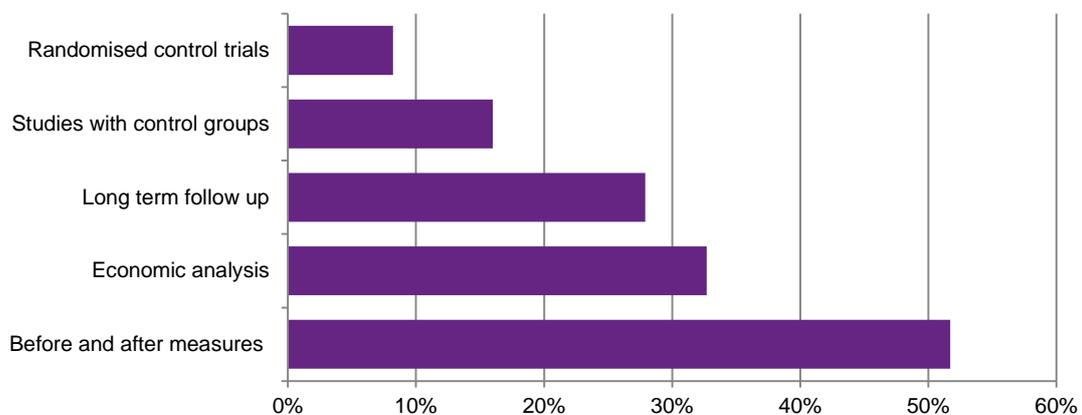
Economic analysis: Assessing the financial value of an intervention through methods including cost-effectiveness analysis, cost-benefit analysis or Social Return on Investment.

Long-term follow up: Measuring the same indicators over a longer period to assess what changes have been sustained.

Studies with control groups: Comparing results between those who have received an intervention and those who have not.

Randomised control trials: Providing an intervention to part of a group that is randomly selected, and measuring changes across the whole group.

Figure 22: Use of advanced practices



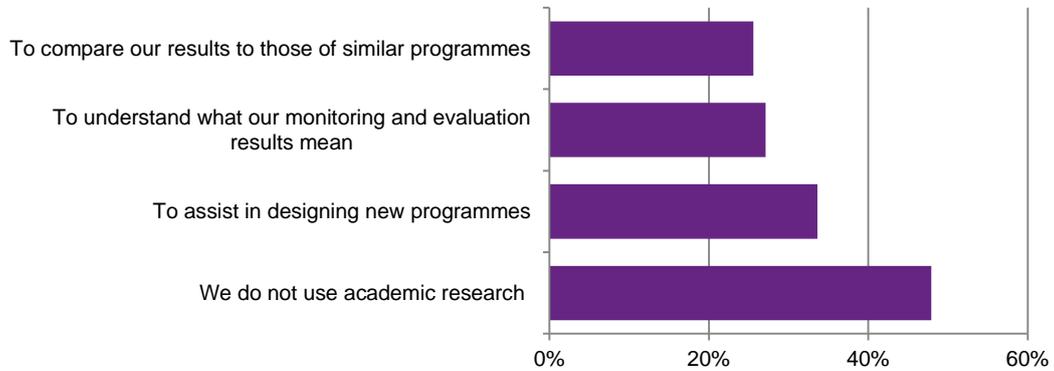
Question: Has your organisation used any of these evaluation practices? N=1,000

Figure 22 shows that just over half of charities report using before and after measures—the least complex of the evaluation approaches within this set of practices. One third also report using economic analysis, which we define to include approaches such as Social Return on Investment. Just over a quarter report using long-term follow up to understand their impact, 16% say they have used a control group study, and 8% say they have used a randomised control trial.*

* The reported use of randomised control trials appears strikingly high in comparison to NPC's experience and previous research. This may suggest survey respondents interpreted this response option differently from our expectations and the cognitive testing we carried out on the survey.

We also asked charities about their use of academic evidence and research. Figure 23 shows that just over half of charities (52%) say they use academic research, most commonly for help to design new programmes, although interpreting evaluation results and comparing results to other programmes are also common uses.

Figure 23: Use of academic research



Question: In which, if any, of the following ways does your organisation use research published in academic journals? N=1,000

Variations in advanced practices

Figure 24: Use of planning models and academic research against size

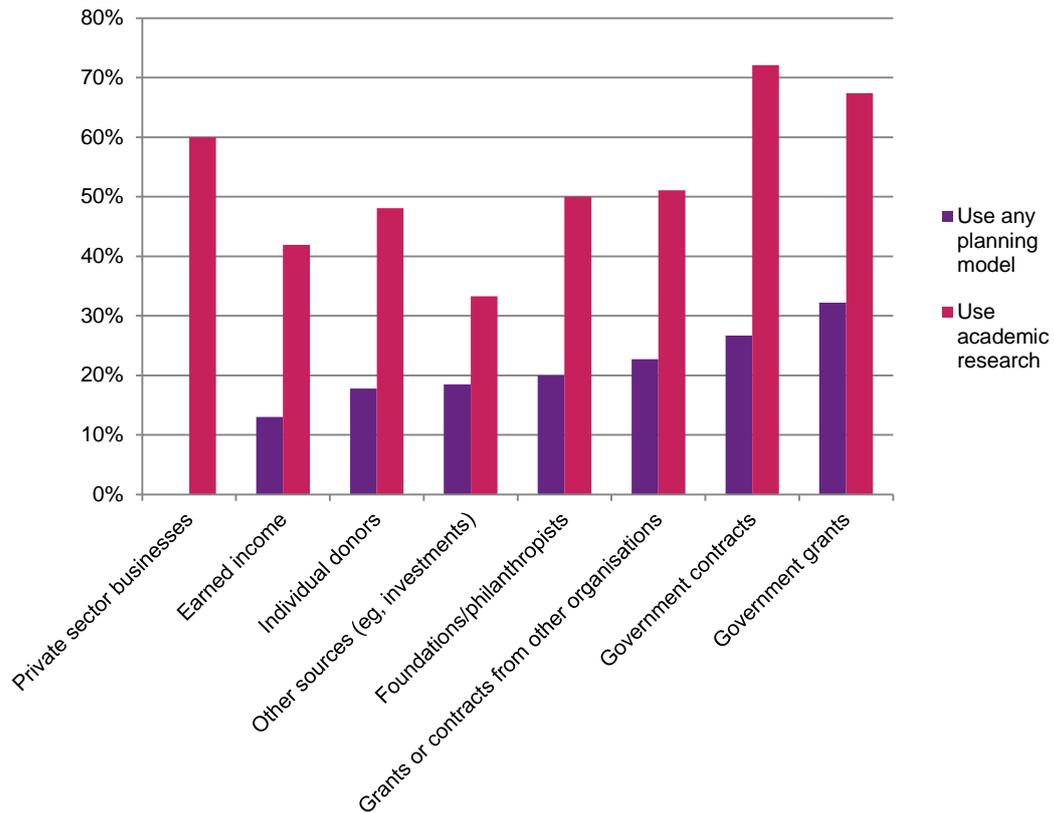


Questions: Which of these [planning] models has your organisation used? In which, if any, of the following ways does your organisation use research published in academic journals? N=945

As Figure 24 shows, there is a clear relationship between size of charity and use of both planning models and academic research. As noted earlier, this finding is compounded by the finding that small charities are much more likely than others not to measure impact for any of their activities.

Figure 25 shows that there is also a clear relationship between primary funding type and use of academic research, and variation between use of planning models between charities with different primary funding sources. Charities funded mainly by government grants or contracts are most likely to use planning models and academic research.

Figure 25: Use of planning models and academic research against funding type



Questions: Which of these [planning] models has your organisation used? In which, if any, of the following ways does your organisation use research published in academic journals? N=993

Case Study 2: IntoUniversity

IntoUniversity provides local learning centres to support young people from disadvantaged backgrounds to achieve their aspirations, often by attaining a university place.

IntoUniversity has always emphasised a focus on impact, seeing it as a way to set itself apart from other charities in its field. But, says Director of Development Hugh Rayment-Pickard, the charity became more serious about measuring its impact when it began to scale up its model and replicate its approach in other areas. The trustees had always been interested in accountability and understanding their success, but as the charity got larger, they were keen to ask questions about long term impact. As the charity grew, it was also possible to devote greater resources to data collection and analysis.

IntoUniversity's first major evaluation was carried out by the National Foundation for Education Research (NFER) who conducted a qualitative evaluation and used existing data to understand how well the charity's approach was working. But it was a relationship with a particular funder (The Impetus Trust) that cemented the charity's ongoing commitment to monitoring impact. As Hugh told us, *'that relationship enlightened us—they started asking probing questions, like whether we could we use exam results to measure success.'* This questioning encouraged IntoUniversity to start thinking about the change they really wanted to bring about and how best to measure that. As Hugh puts it, thinking about their impact led them to realise that *'we weren't simply about academic attainment, so we didn't want to use solely academic measures.'*

In response, the charity developed self-reported measures. *'We asked our students to tell us about the kind of change that was happening for them. Then we boiled it down to particular changes we were interested in and surveyed all our students about that. This allowed us to build up thousands of responses.'* Along with a Social Return on Investment analysis, this enabled them to understand a lot more about what Hugh calls *'the impact in the middle'*—change that was happening to young people before they went on to university. The result is that IntoUniversity *'can now build up an actual journey of change for our students.'*

It wasn't an entirely straightforward process. Hugh is candid about the time and costs involved in developing IntoUniversity's impact measurement system: *'it is time consuming, and not easy to delegate to junior staff, so takes up lots of senior management time.'* Investing in the right software and systems helps. IntoUniversity now use optical readers to automatically convert their questionnaires into excel files. The charity has also ensured that measurement is built into all staff roles—as Hugh says, *'it is in people's job descriptions and all staff are trained in impact measurement as part of their induction.'*

Today, the charity has a database of over 10,000 records that it has used to understand what types of programmes work best for the young people it works with. Staff now know that students who take part in more than one of the charity's programmes do better, and more intense programmes with fewer students attending more frequently have higher success rates. They are using this data to look at how best to retain students over longer periods of time.

Hugh thinks IntoUniversity's commitment to measuring its impact has *'encouraged staff to innovate,'* helping the charity think through new approaches and keep its competitive edge. And just as importantly, it has boosted the sense of self-worth amongst those involved with the charity: as Hugh concludes, *'we now feel better about what we do.'*

What drives advanced measurement practice?

While the analysis of advanced practices against size and primary funding type is informative, we were interested in exploring whether there were particular organisational characteristics that were predictive of advanced measurement practice in general. We therefore carried out a regression analysis, based on an advanced measurement practice index that we created. Regression analysis allows us to control for variables within the survey, so that we can attempt to disaggregate different factors that may be contributing to advanced measurement practice (see Appendix A).

Box 6: Regression analysis

Logistic regression is used to understand if a set of variables, for example, level of income, location, or other organisational characteristics can predict responses on another variable, for example, behaviour or practices or in this case impact measurement practices. Regression is quite useful as it allows us to understand the relative effect of different variables—for example if income has a very strong relationship with impact measurement, we can also assess whether there are other variables that also have an effect over and above income.

Further details on the regression analysis we have conducted, and the advanced measurement practice index we developed, are included in Appendix A: Methodology.

The following characteristics emerged as significant predictors of advanced practices:

- higher income;
- increased impact measurement over last five years, and measurement of all activities;
- more positive attitudes towards impact measurement and not seeing funding as a barrier;
- generalist organisations, working in many different areas; and
- location (specifically charities in Northern Ireland).

Higher income

We have already established that income is a significant determinant of many aspects of a charity's approach to impact measurement, including drivers, benefits and practices. It is no surprise therefore that income emerges from the regression analysis as a predictor of advanced practice.

However, the other predictors are unrelated to income, which is controlled for in the regression analysis.

Increased impact measurement

Charities that have increased their impact measurement activity over the last five years and now measure all their activities are more likely to engage in advanced practice. This cluster of charities is best understood in contrast to organisations that say they measure all their activities but have not increased their impact measurement efforts over recent years. The data does not give us a clear understanding of why this is. Our interpretation is that some organisations that consider themselves to be mature in their impact measurement practices may not be innovating or keeping up with best practice. In contrast, those that have increased efforts recently are innovating and adapting and as a result are significantly more likely to be using advanced practices.

More positive attitude

Charities with more positive attitudes towards impact measurement are significantly more likely to be using advanced practices. These attitudes include believing that impact measurement makes charities more effective, that measurement is necessary to know whether you are doing a good job, and that there is not too much pressure to measure. We need to be careful of inferring a causal relationship between positive attitudes and advanced practices—there is a significant correlation, but nothing that tells us about causal links or which way they might operate. It could be that more positive attitudes to impact measurement are a cultural feature of organisations that lead them to invest in advanced practices. It could also be that the use of advanced practices leads to more meaningful results from impact measurement, which makes charities' attitudes more positive.

An earlier qualitative study of six charities carried out by NPC echoes this finding, showing that there is a relationship between attitudes to impact measurement and advanced practices.²⁰ Charities that had developed advanced practices appeared to have done so partly because they believed it was important to have a really strong understanding of their impact. And conversely, charities that invested in their impact measurement efforts developed even more positive attitudes to impact measurement when they saw the benefits it delivered.

Generalist organisations

Organisations that are more generalist, serving many different areas, in general use more advanced practices than those that serve a niche.

Location

Charities in Northern Ireland appear more likely to engage in advanced practices than those in England. We did not find any other such significant variation in Scotland or Wales. Our analysis does not give us enough insight to unpick why this is. Further analysis of the data set may reveal potential reasons for this difference in practice, but additional research might be required.

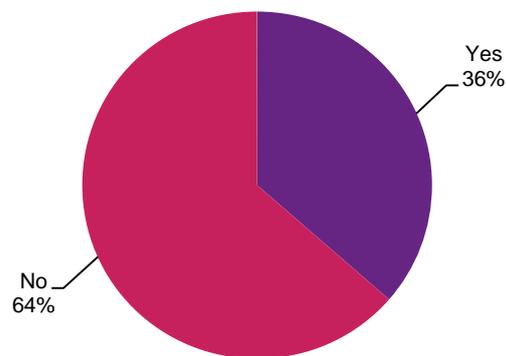
Funder practices

Funders are hugely influential in defining and driving charities' approaches to impact measurement. But what do their own practices look like? And what can we learn that may help charities and funders make progress in future?

Do funders support impact measurement?

Although funders play a critical role in driving impact measurement practice, they do not play an equally supportive role in funding it. Figure 26 shows the proportion of funders who build in support for impact measurement.

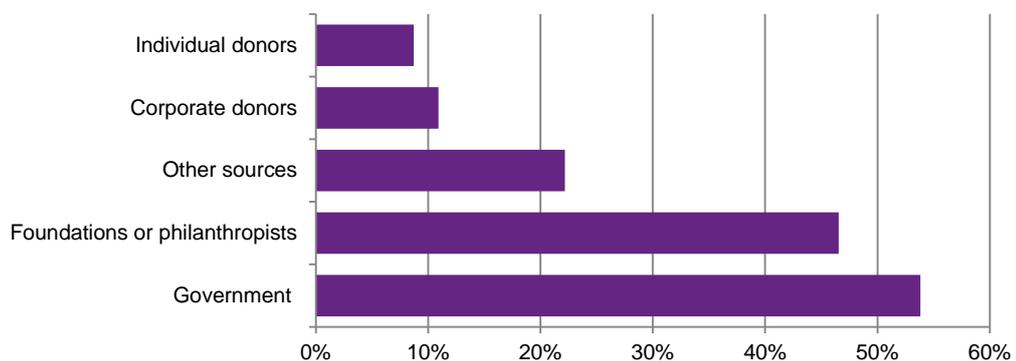
Figure 26: Funders building in support for impact measurement



Question: Do any of your funders build in funding specifically for monitoring and evaluation? N=755

Figure 26 shows that only a minority (36%) of charities say that their funders build in funding for impact measurement in their programmes and guidelines. Of those that do, we asked what sort of funder they were. Figure 27 below shows the funders that charities say support their impact measurement.

Figure 27: Types of funders building in support for impact measurement



Question: If your funders build in support for monitoring and evaluation, who are they? N=275

Figure 27 shows that the major groups of funders specifically building in funding for impact measurement are government, foundations and philanthropists. Charities are much less likely to say that corporate donors and individual donors provide this type of funding.

Are funders' requirements supportive of impact measurement?

We also explored whether the funders that were most supportive of impact measurement (in terms of building in funding for it) were also those whose funding requirements were the most significant drivers of impact measurement efforts.

We analysed how the reasons given for increasing measurement efforts differed by charities' largest source of funding. We then compared these findings to whether each funder type was seen to build in support for monitoring and evaluation. Table 2 shows these comparisons, indicating positive/supportive orientation to impact measurement in orange, and negative/unsupportive orientation in pink.

Largest source of funding	Main reasons given for doing more impact measurement	Do funders build in support specifically for impact measurement?
Government	Charities funded mainly by government are most driven by funding requirements (68%)	Government funders are considered the most supportive (54% of those funding impact measurement)
Corporate donors	Charities funded mainly by corporate donors are among the most driven by funding requirements (67%)	Corporate donors are considered among the least supportive (11%)
Foundations or philanthropists	Charities funded mainly by foundations or philanthropists are among the least driven by funding requirements (33%)	Foundations and philanthropists are considered among the most supportive (47%)
Individual donors	Charities funded mainly by individual donors are the least driven by funding requirements (19%)	Individual donors are considered among the least supportive (9%)

Table 2: Comparing drivers of increased measurement efforts to funder support

Questions: What were the main reasons for this increase [in impact measurement efforts?] N=550

If your funders build in support for monitoring and evaluation, who are they? N=275

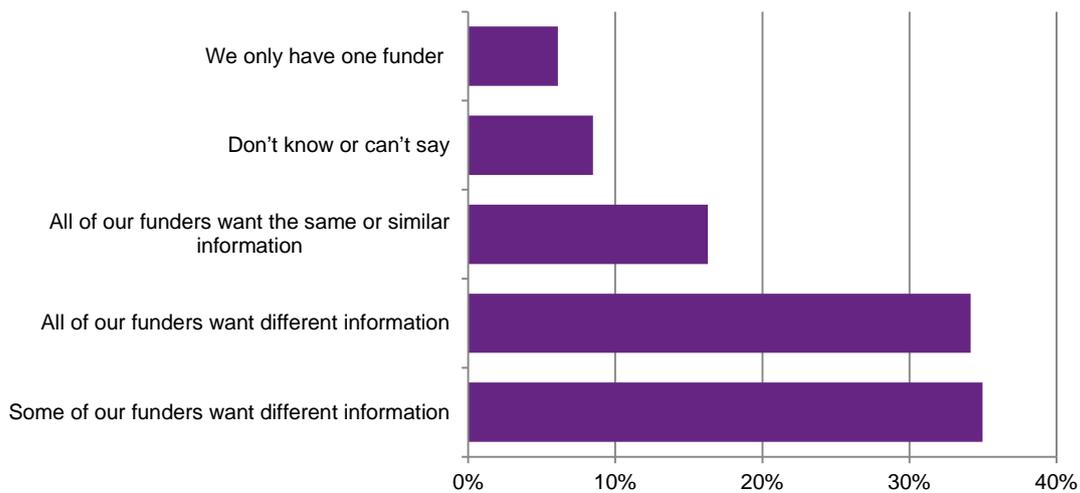
This table shows:

- Government funders' changing funding requirements are the most active drivers of increasing impact measurement, and they are the most supportive funders of impact measurement. This suggests that their funding processes explicitly focus on impact and support evaluation.
- Corporate donors' changing funding requirements demand impact measurement, yet corporate donors are very unlikely to fund impact measurement. This suggests a major gap between donors' expectations and their approach to giving.
- Foundations and philanthropists are among the least focused on impact measurement, and yet the most supportive. While it is dangerous to generalise across what is a diverse range of funders, we interpret this to mean that foundations and philanthropists are among the most flexible funders, with some of the least impact-focused funding requirements.
- Individual donors are the least active drivers of impact measurement, and the least supportive funders. That they do not build in funding is no surprise—their funding is generally in the form of donations rather than grants, so they would not explicitly build in support for impact measurement. However, if donations are unrestricted, they are free to be used for impact measurement. This finding does, perhaps, indicate that charities feel less of a sense of accountability to individual donors than other funders.

Are different funders' reporting requirements the same?

Finally, we asked charities whether different funders asked them for similar or different information (see Figure 28 below). There was no surprise here—only 16% of charities with different funders said their funders wanted the same or similar information. This finding echoes a number of previous studies. CES's 2007 research found that more than three quarters of charities reported that different funders had different reporting requirements.²¹ NPC's 2008 research into reporting by charities in Scotland and England found that the vast majority of charities reported different funding requirements for different funders.^{22, 23}

Figure 28: Different funders' reporting requirements



Question: Thinking about the monitoring and evaluation requirements of your organisation's funders, donors or commissioners, which of the following statements best applies? N=755

This is an important issue for the charity sector, and a defining aspect of the relationship between charities and their funders. It reinforces the need for further work on the reporting relationship between the two.

At NPC, we began working in this area in 2008 through our *Turning the tables* pilots, which aimed to put charities in control of their own reporting. Since then, we have made work on shared impact frameworks a strategic priority—developing frameworks that charities and funders within a sector or outcome area can collectively adopt. This has also been one of the key aims in the development of the Inspiring Impact programme—to build shared impact frameworks that can bring coherence to charities' impact measurement efforts and their reporting to multiple funders (see Section 5).

Summary of key findings

Charities' impact measurement practices vary widely. Large charities are more likely than others to have developed advanced practices and embedded them in their work, and small charities are more likely to use more basic techniques.

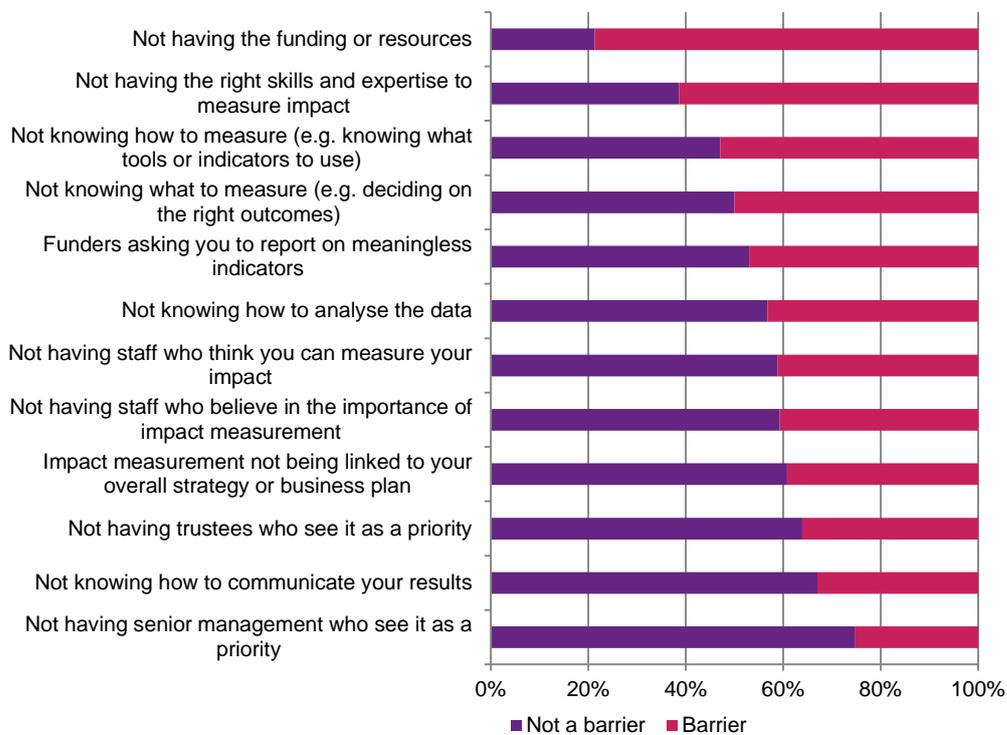
- The majority of charities spend less than 3% of their total budget on impact measurement. There is no clear relationship between how much they spend and the benefits they say they realise, but they may see diminishing returns as they spend much larger proportions of their budgets.
- Charities vary widely in what they measure. The vast majority of charities measure outputs (84%) while far fewer measure outcomes (59%).
- Planning models, such as theories of change, are still rare in charities' practice, with only one in five charities and only one in ten small charities using them.
- Advanced evaluation practices are most likely to be used by large charities, organisations that have invested significantly in impact measurement over the last five years, and organisations that have very positive attitudes to impact measurement.
- While funding requirements are a key driver of charities investing in impact measurement, funders have work to do to match their requirements with funding for impact measurement itself. In particular, corporate donors appear to demand impact measurement in their funding requirements, but are seen to be less likely to provide funding for measurement.
- Multiple funding requirements from different funders are still a problem for most charities, with only 16% saying their funders want the same or similar information.

5. BARRIERS TO PROGRESS

What barriers do charities see?

We asked respondents to rank what they believe to be the biggest barriers to developing their impact measurement. Charities indicated whether something was not a barrier, was a small barrier, or was a big barrier—Figure 29 shows which issues charities consider to be either a small or big barrier (aggregated together) or not a barrier.

Figure 29: Perceived barriers to developing impact measurement



Question: For each statement, please say whether it is not a barrier, or is a [small or big] barrier to developing your organisation's impact measurement. N=1,000

A lack of funding or resources is seen by charities as the greatest barrier (cited by 79% of respondents). There are three more major barriers cited by a majority of respondents:

- not having the right skills and expertise (61% of respondents);
- not knowing how to measure (53% of respondents); and
- not knowing what to measure (50% of respondents).

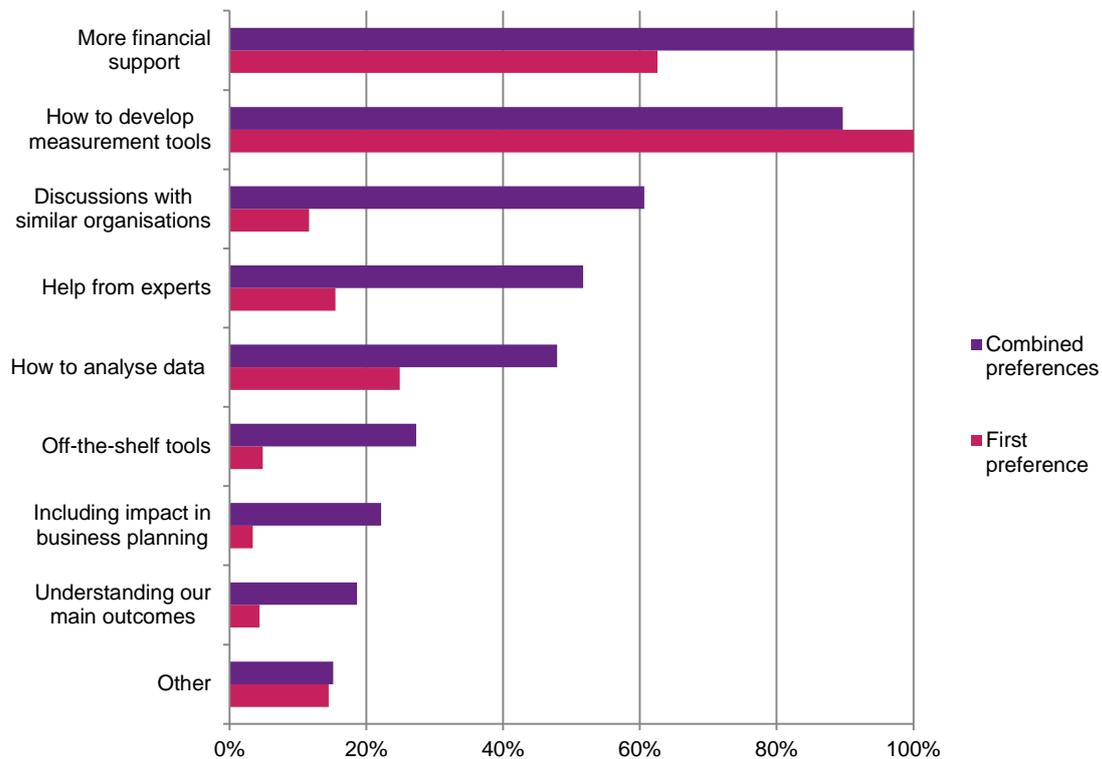
These three barriers can be categorised as technical barriers, essentially requiring knowledge, skills and expertise to address them. These findings echo previous research into the barriers faced by charities—CES's 2007 research found the main barriers to be time, money and skills.²⁴

Many of the organisations and individuals (including NPC) working with charities to help them develop their impact measurement approach focus on overcoming these barriers. Consultants, trainers and evaluators providing support on impact measurement predominantly focus on addressing these technical barriers, providing training, consultancy, external evaluation and support to develop self-evaluation capacity.

What would help to overcome barriers?

We asked charities to rate their first, second and third preference for what they would find most helpful in terms of making progress. These preferences are shown in Figure 30 below. The analysis that follows is based on weighting those responses, but we also show first preferences for comparison.*

Figure 30: What would help to develop impact measurement?



Question: What would you find most useful in developing your impact measurement practices? Please select your top three preferences. First pref. N=1,000, second pref. N=818, third pref. N=693

Echoing our earlier findings, charities say that what they need most is funding for impact measurement. But looking at combined preferences, there are a number of key demands from charities for help with impact measurement:

- First, they want help to develop measurement tools. These appear to be sought much more than off-the-shelf tools, suggesting that charities primarily want a tailored approach that meets their exact needs.
- Second, they want to talk to similar organisations. While this option did not rate significantly in first preferences, it was overwhelmingly the most popular third preference. This suggests that while

* x3 for first preference, x2 for second preference, x1 for third preference. Results normalised against top response.

organisations see other priorities in developing their impact measurement—money and help with developing tools—they believe that similar organisations can help them significantly to develop their approach.

- Third, they want help from experts. This might be in the form of external evaluations provided by experts, or help with developing their own impact measurement frameworks and capacity.
- Fourth, they want help with analysing data. This was the third strongest first preference, and echoes our experience—often, even when charities have developed an impact measurement approach, they find they are stuck when it comes to the capacity to analyse the data they are producing.

Summary of key findings

Charities highlight a small number of key barriers to developing their impact measurement practice, and a small number of things they believe would be most helpful to them.

The key barriers are:

- lack of funding or resources; and
- not having the right expertise or skills; not knowing what to measure, or how to measure it.

Charities believe the following would be most useful to them:

- funding for impact measurement;
- help with developing measurement tools;
- talking to similar organisations;
- help from experts; and
- help with analysing data.

Case Study 3: CAADA

Coordinated Action Against Domestic Abuse (CAADA) is a national charity that promotes a multi-agency response to domestic abuse, providing support to organisations and professionals working with domestic abuse victims.

CAADA's interest in impact measurement dates back to the very founding of the charity. In its earliest days CAADA worked closely with a small grant-maker, the Hestia Fund, to give out grants to domestic abuse charities. Evaluation was a large part of what they asked charities to do in return. However, they soon found that it was extremely difficult to find the data needed for good quality evaluation in the sector. As Diana Barran, the charity's Chief Executive, told us, *'never mind outcomes data, we didn't even have outputs data—numbers on how many victims the organisations were working with.'*

The discovery of this dearth of data led to *Safety in Numbers*, the largest study in the UK into high risk abuse victims (commissioned in 2009 by The Hestia Fund and funded by The Sigrid Rausing Trust and The Henry Smith Charity). This involved a quantitative evaluation of Independent Domestic Violence Advisors (IDVAs). Diana told us that after the study had been completed, many of the charities that took part wanted to continue collecting data as they had started to see benefits from its use. *'The charities involved started to ask us, what will we do now? Where will we get our data? Even though they were initially resistant, they now saw the benefit and the need for data.'*

At the beginning of the evaluation, many organisations were resistant. Diana told us how *'one organisation banged the table and told us "you are being so unreasonable, why do we need data".'*

With reason, organisations were afraid that monitoring and evaluation would take away from the already stretched time and resources dedicated to working with victims. At this point, says Diana, *'CAADA realised that unless it integrated data collection seamlessly into day-to-day practice, it wasn't going to work.'*

In response, CAADA set about developing a new monitoring tool for IDVAs. This new tool, called *Insights*, enables organisations to collect consistent, comparable and reliable information on the victims they work with. With this data they can start to understand trends in services, looking at patterns in risk factors of clients, and the different results across approaches and sites.

Most importantly, the monitoring forms are integrated with practitioners' existing case management. *'It doesn't feel like a data collection form, it feels like the questions should be there'*, says Diana. Having this standard form has started to plug some gaps—as Diana explains, *'practitioners would say they always asked about substance abuse, mental health and children at risk but often didn't.'* The lack of this information meant that domestic abuse services were sometimes unable to identify the most at risk victims, and target their support. Now, Diana tells us, *'the forms are systematically completed and we can identify needs and put in support for those victims.'*

CAADA sees a huge change in organisations that start to use the *Insights* tool. *'At the beginning, organisations can be reserved or cautious,'* says Diana. *'When we visit them six months later, they are taking an active interest and are beginning to see intake information. Twelve months on they start to see outcomes and after 18 months we see organisations using the information and adapting, making practical changes to services and seeing how it plays out in the numbers.'*

The availability of this new data has allowed CAADA to spot trends in the cases they see. For example, Diana told us how referrals from hospital tend to be those who have been abused over a shorter period of time. *'This kind of information can help us make decisions about where teams should be located and map what interventions lead to changes,'* says Diana.

Most importantly, this kind of evidence is crucial to contributing to policy and advocacy: *'It allows us to contribute to conversations in a different way, with an objective and independent voice.'*

6. RECOMMENDATIONS AND CONCLUSIONS

This is a study that has set out to ascertain the facts about impact measurement practices across the UK charity sector. However, we feel it useful to highlight a number of key recommendations that we believe require attention if we are to see impact measurement adopted more widely and used more effectively.

In this section we set out key recommendations to charities, funders, government, and the impact measurement sector itself. We also note NPC's response to these recommendations—what we are trying to do to address them through our own work; and how we are trying to address them in concert with partners through the Inspiring Impact programme.

Recommendations for charities

Because there is a variety of attitudes towards and practices of impact measurement, there is a risk of over-generalising in making recommendations. One size does not fit all. While we have tried here to focus on recommendations that hold for most charities, they may not be applicable to all organisations.

- **Trustees, chief executives, and senior managers should work to improve how they measure their impact.** Three quarters of charities claim they are measuring the impact of at least some of their activities. Charities that do not, or do it poorly, are at risk of getting left behind when it comes to making their case to funders and losing opportunities to improve their services—the most frequently cited benefit of measuring impact.

Leadership is the second most important reason behind charities improving their measurement of impact, though lack of leadership support is not reported to be a significant barrier. Leaders of charities that are already committed to impact measurement should promote advanced practices. Leaders of charities who may be concerned about the difficulties of measuring their impact, the risk of finding poor performance, and encountering resistance within the organisation, should take comfort from the finding that less than 30% of respondents believe that measuring impact takes away resources that would be better spent elsewhere.

- **Charities should make the most of measures they do collect.** Over 75% of all 1,000 respondents believe that measuring impact helps organisations become more effective, but only 25% of 755 respondents reported that in the last 12 months measuring their impact had helped them improve their services. This is analogous to stating that a quarter of private companies did not use financial data to increase their profitability. It appears that many charities could either do more with the impact data they collect, or should review what data they collect.

To help make better use of data charities already collect we recommend that:

- charities use planning models such as a theory of change, logic model or planning triangle. We suspect, though cannot prove, the low use of such tools is a factor in the underuse of impact data.
- charities adopt increasingly advanced practices. The use of advanced practices—such as using control groups and tracking long-term impacts—goes with having a positive attitude to measuring

impact, though we do not know which causes which. Again we suspect, though cannot prove, that they are mutually reinforcing.

- **Charities should share practices to improve how they measure their impact.** The four most cited barriers to measuring impact are a lack of resources, skills, and knowledge about what to measure and how. This may seem like good news to organisations like NPC that advise charities on how to measure their impact, but it also highlights the gains that could be made across the sector if learning and experiences are shared.
- **Charities should report negative as well as positive findings.** Over 70% of respondents believe that charities should be encouraged to report failures or negative results, but in practice this is rare. The benefit of doing so is that everyone can learn and ultimately the sector as a whole will be more effective. When reporting is opaque and only success is reported, ineffective practices will continue. The challenge is overcoming the fear of publicising weak or negative results in an environment of tight funding. It will take leaders to take up this challenge. If they are rewarded for undertaking thorough research and publishing poor results by enlightened funders—see below—this fear might subside.
- **Charities should lead the dialogue with funders about measuring impact.** Almost 80% of respondents claim that not having sufficient resources is a barrier to measuring impact; and just under 50% of respondents reported that funders asking for meaningless indicators is also a barrier. These suggest that charities should:
 - Engage in discussions with funders about their requirements, especially where different funders are asking for different information about a jointly funded programme;
 - Encourage funders, where appropriate, to explore opportunities to rationalise reporting among themselves; and
 - Seek funding for impact measurement proactively, from foundations, philanthropists and government and challenge those that do not explicitly fund it.

Recommendations for funders

Funders have an absolutely critical role to play in helping charities measure their impact. They provide the most important incentive to measure impact, either requiring it or rewarding it. They also provide the resources required, and can remove the greatest perceived barrier to developing impact measurement—lack of funding.

The following recommendations aim to help funders make the most of the influential roles they play, meet their responsibilities wisely and drive positive change.

Funders should lead on charities' practice

- **Funders should continue to lead on impact measurement.** Funders have power and influence, as our survey shows with great clarity—the majority of charities invest more in impact measurement principally because of funding requirements. Funders should continue to require those they fund to demonstrate their impact, while being sensitive to the challenges of doing so.
- **Funders should put out a clear message on why impact measurement is important.** Funders can build on our findings—that charities measure because they have to, but find it beneficial when they do—to clarify why they want those they fund to measure impact. NPC believes that funders can advance the development of useful impact measurement practice by collectively developing and adhering to principles and guidelines on the purpose and use of impact measurement. For example, funders' principles could state that the primary purpose of impact measurement is to help organisations learn and improve.
- **Funders should provide financial and other resources to help charities improve how they measure their impact.** Lack of resources is reported to be the biggest barrier to measuring impact. Funders should fund this activity and be explicit about this support.
- **Funders should help charities make the best of their data.** Our research shows that while many charities use impact measurement to learn and improve their services, too many still do not. To address the underuse of measurement data in improving services, funders could ask charities to report on how they use their impact measures to improve their services. Funders can help promote a culture of learning and improvement. They can also encourage sharing between charities, using their role to convene similar organisations—something that our survey respondents are directly asking for—and develop shared approaches to impact measurement.
- **Funders should encourage transparency in reporting.** In the short term funders may be tempted only to fund “what works”. But funders may be more influential in meeting their own missions by helping nourish a culture and practice of transparent reporting. As our research shows, there is widespread support among more than 70% of charities for greater transparency in reporting, but it is difficult for charities to implement on their own for fear of being punished for reporting weak results.

Funders should lead in their own practice

- **Funders should review their own practices to ensure they are useful to charities, not driven by funders' own needs.** Like charities, funders also need to assess and report their impact. But the research suggests that charities will get the greatest value from measuring impact if they shape their approach for their own learning, rather than a funder's requirements. The research shows that “meaningless indicators” appear to be a barrier to measurement, and 70% of charities report that some or all of their funders ask for different information. Moreover, while most charities believe that they can learn from measuring their impact, there is a sizeable minority that are ambivalent or

possibly even negative about measurement. In other words, measuring impact does not yet work for everyone. Specific actions that funders can take are:

- Making sure the indicators they ask for are meaningful to the organisations they support, by seeking dialogue around impact rather than enforcing fixed requirements
- Ensuring their requirements are proportional to the size of charity. Approximately 45% of respondents from small charities believe there is too much pressure on them to measure their impact.
- **Funders should work together on impact measurement, seeking opportunities to work with other funders for scale, efficiency and learning.** This could include working on shared measurement frameworks, sharing learning, and harmonising reporting to help reduce the costs of reporting and increase the meaningfulness of indicators—addressing two barriers to measuring impact.
- **Funders should use impact data they receive in their decision-making.** While not a recommendation that flows directly from the research, it makes sense that funders use impact measurement and evaluation in their decision-making, not necessarily by only funding charities that appear to be successful for reasons given above, and show those they fund how the data they report is being used.

Recommendations for government

Government has a dual role in the landscape of the charity sector and impact measurement practice—as a major funder, and as a policy-maker. Government funding is already clearly shown to be a major driver of impact measurement in charities, but with that key leading role comes responsibility to construct and shape incentives to drive better impact measurement, to encourage learning, service improvement, and better policy outcomes.

Government should lead on policy

- **Government should advance policy and infrastructure for impact measurement.** Charities in our research report that lack of funding and lack of skills are the two most significant barriers they face to measuring their impact. While they find it difficult to invest, there is a significant public benefit to charities measuring and reporting their impact. All charities, and the general public, would benefit if they could learn from each other's clearly reported successes and failures—public services, and the whole charity sector could be improved. There is a case for the government to help charities measure their impact across the board.

There are many ways in which policy could be shaped to support impact measurement—around reporting and the Red Tape Challenge, in procurement legislation supporting the Social Value Bill, and in the Charity Commission's regulation of public benefit. This is not the place to explore the full range of options that government could look to pursue, rather we call for a renewed commitment to helping the charity sector benefit from impact measurement. Steps it has already taken, such as supporting the Inspiring Impact programme and the development of the Social Return on Investment guide are helpful, but it can do more.

- **Government should facilitate the development of, but not impose, shared measures of outcomes.** Many of the barriers cited in our research by charities, and needs they say they experience, can be addressed by bringing them together and supporting them to develop shared outcome frameworks. If charities are to benefit most from these frameworks by learning and improving services, they need to be developed by the sector, for the sector, rather than imposed from without. Government has already made some commitments to the development of such

shared frameworks, and can make huge strides if it continues to do so, and ensures they are developed by the charity sector.

- **Government should push for open approaches to evidence and outcomes.** Just over 50% of charities in our research said they used academic evidence. This is not altogether surprising as the cost of accessing academic evidence is very high. There are some ways for charities to access high quality evaluations in some sectors, such as through the Campbell and Cochrane collaborations and the British Library's Social Welfare portal, but most academic research is not easily accessible by charities at a reasonable cost. The government can:
 - Support sector-wide initiatives and also put pressure on academic publishers to make academic evidence more available to charities at a low cost.
 - Require that any evaluations of publicly funded programmes or services be published to increase learning, and that any outcomes frameworks developed by government, for example in designing social impact bonds, be shared for the public benefit.
 - Make statutory data available to charities. One way for the government to help reduce the cost of measuring impact is to make statutory data, such as data on reoffending, education, employment and health, more readily available. Several departments are already considering this, and these efforts should be encouraged and supported.
- **Government should leverage its existing resources and investments.** Within government there is a great wealth of knowledge, skills and guidance on evaluation, social research and impact measurement. Charities in our research cite all of these as areas where they want most help, and government is well-placed to provide it through its existing resources. For example, it could make government social research skills more available to charities by seconding staff to charities and supporting sector-wide initiatives, such as the Social Impact Analysts Association. It could also encourage the Government Social Research Unit (GSRU), Government Economic Service (GES), and Government Operational Research Service (GORS) to support the charitable sector through training materials, guidance and pro bono support.

Government should lead in its funding practice

- **Government should use the forthcoming Commissioning Academy to build best practice among commissioners.** Our research tells us clearly that funding requirements drive charities' impact measurement practices, and that the greatest reported barrier to improving practice is a lack of funding. The central role of the commissioners of public services in shaping how charities respond should therefore not be overlooked. Almost half of charities say that tracking meaningless measures is a barrier to better impact measurement. It consumes resources and undermines impact measurement in general. If commissioners impose meaningless or unrealistic outcomes frameworks on charities, they will miss the opportunity of commissioning the best services from the organisations with the most potential.

As plans are developed for a Commissioning Academy to build the skills of senior commissioning teams, government should build in training around impact measurement, using sector-wide initiatives such as Inspiring Impact.

- **Government should promote good evaluation practices itself and publish transparent and accurate evaluations of its own policies and programmes.** Government departments can set both good and bad examples of practices. Bad practices, such as not evaluating programmes and policies, delaying or failing to publish results, and obscuring negative results, provide legitimacy to charities who adopt similar practices.

Conclusions

NPC set out in this research to assess the state of the charity sector on impact measurement. We wanted to find out who was measuring impact, and why they were doing it. We wanted to know what they thought about impact measurement, the challenges they faced, and what they thought would help. Ultimately, we wanted to work out what could be done to help bring the benefits of impact measurement to more charities, so that they could deliver even greater social impact to the people they aim to help.

We found that impact measurement is an increasingly important piece of the puzzle for charities working hard to change lives in challenging economic conditions, but that still there is a significant minority that does not measure impact. We heard that funders' requirements have been instrumental in increasing measurement efforts over the last five years, but that the main benefits cited by charities are about improving services, not about funders at all. We found that while charities are generally very positive about impact measurement, they still see significant barriers and issues in making it work for them.

We have set out recommendations for charities, for funders, and for government. We hope that these will be considered, and acted on, to help charities derive the full value that they can find in measuring their results.

But we also need to act on the findings of this research ourselves, as NPC and through our work with partners at a sector level. There are challenges here for us—for example, how can we help small charities to access the potential benefits of impact measurement, and help ensure they do not face disproportionate demands that outstrip their capacity? We can do so much as an individual organisation to take on board these findings, but we need to work collectively with partners to do so at a meaningful level.

NPC began to develop Inspiring Impact^{*}—a programme of collective action on impact measurement—before the results of this research were available. As such, we need to ensure that Inspiring Impact builds on this new evidence base to ensure it addresses the greatest needs, in ways most likely to achieve progress. We anticipated the results of the research to some extent—the barriers we found here, and the needs charities identified echo the qualitative research that shaped our programme. But what we have learned about the benefits, drivers, and details of practice will help to shape the programme and its activities over the coming years. And we will use the NPC impact survey as a baseline for Inspiring Impact today, and repeat it in future years to see what has changed.

Taking this research forward, we will focus on the role that funders play in shaping the agenda, that charities' leaders play in driving impact measurement, and on the benefits that it brings in improving services. We will work with charities, funders and government along with our partners to help tackle the barriers and realise the benefits that impact measurement promises. We believe that doing so will help to transform the charity sector, to achieve its true potential to change lives and society.

^{*} See www.inspiringimpact.org for more information

APPENDIX A: METHODOLOGY

Method

Survey questions

We drafted survey questions based on previous research we have carried out into impact measurement and based on our day-to-day work helping charities with their impact measurement. We then tested these questions widely with our survey partners, as well as with funders and charities. We also carried out cognitive testing on the survey questions to ensure their robustness and sensitivity. A full copy of the survey questions and headline results can be found in the data tables in Appendix B.

Sampling

The sample set for the survey was drawn from three sources:

- the Charity Commission register of charities in England and Wales;
- Office of the Scottish Charity Register's register of all charities in Scotland; and
- Northern Ireland Council for Voluntary Action's contact list of charities in Northern Ireland.

We then cleaned this dataset by removing organisations that did not meet the criteria of charities we wanted to survey for the purposes of this research. We removed all organisations that were classified as:

- schools or universities;
- leisure centres;
- grant-making trusts and foundations; and
- parent teacher associations.

We then selected a random sample of 4,941 charities from this dataset, with charities in Northern Ireland and Scotland being oversampled to ensure a sufficient sample size to allow comparisons between location. The sample included only charities with an income over £10,000, and over-represented the number of charities with an income over £100,000.

Deployment

We worked in partnership with Ipsos MORI, which carried out phone interviews on 1,000 charities from this sample. The phone interviews were completed during March and April 2012.

Responses

The final sample for the survey was 4,144 after duplicates and organisations with unusable contact information were removed. The completed number of telephone interviews was 1,000, which gave us a final response rate of 24%.

Analysis

We have removed 'Don't know', 'N/A', and 'Other' responses from many of the graphs presented in this report in order to enable clearer comparisons. Where we have done this, we have included 'n' numbers in the graphs.

Regression analysis

In a logistic regression, when 'predictor' variables have a number of different categories (for example, gender has two categories made up of male and female), we compare each category to a reference category—usually the largest category in the variable. For the control variables in the regression model below the following bases were used; for "income" (Question 4) the "between £10,001 and £100,000" category was used as the base, and for "where is your head office based" (Question 5) the category "England" was used as the base. The use of bases for other variables is made explicit in the individual model.

Advanced Practices Indicator Variable

The advanced practices indicator variable was constructed by summing nine binary variables relating to impact measurement practices. This scale was intended to give an indication of whether an organisation engaged in a broad range of more advanced evaluation and impact measurement practices. The binary variables include the following responses:

- Used standardised questionnaires or surveys to assess change in beneficiaries, developed and tested by researchers.
- Used an outcome model (including planning triangles, logic models, theories of change, or log frames).
- Used before and after measures.
- Conducted studies with control groups.
- Used randomised control trials.
- Conducted long-term follow-up of service users after they have stopped using the services provided by your organisation.
- Conducted economic evaluation, eg, cost-benefit analysis or SROI.
- Used academic research.

Had one person in your organisation whose primary role is to oversee or implement impact measurement.

This advanced practices variables was used in regression models to investigate how different organisational characteristics affected the number of advanced practices undertaken. In the table below, *p<05 and ** indicated p<.001. This highlights the variables which significantly predict use of advanced practices.

Variable	Category	Coef.	P>t
Income	Between £10,001 and £100,000	Ref	Ref
	Between £100,001 and £250,000	0.797	0.002*
	Between £250,001 and £500,000	1.230	0.000**
	Between £500,001 and £1,000,000	1.006	0.000**
	Between £1,000,001 and £10,000,000	1.368	0.000**
	£10,000,000 or more	1.955	0.000**
Location	England	Ref	Ref
	Scotland	0.094	0.672
	Wales	-0.306	0.398
	Northern Ireland	0.649	0.008*
Type of activity	Organisations dealing only with advocacy and services	Ref	Ref
	Generalist organisations	0.426	0.008*
	Organisations dealing with services only	-0.768	0.000*

Table A1: predictors of advanced practices

Table A1 shows that higher income is a predictor of advanced impact measurement, with higher income brackets more positively related to advanced practices. Northern Ireland also emerges as a significant predictor compared to England, Scotland and Wales. Generalist organisations who perform many activities engage in more advanced practices than those who dealt only with advocacy and services. Organisations that provide services only are less likely to engage in advanced practices compared to those dealing with advocacy and services. So in general it appears that the more types of activities that an organisation performs, the greater the number of advanced practices they undertake.

Variable	Category	Coef.	P>t
Income	Between £10,001 and £100,000	Ref	Ref
	Between £100,001 and £250,000	0.930	0.000**
	Between £250,001 and £500,000	1.351	0.000**
	Between £500,001 and £1,000,000	1.198	0.000**
	Between £1,000,001 and £10,000,000	1.545	0.000**
	£10,000,000 or more	2.202	0.000**
Location	England	Ref	Ref
	Scotland	0.114	0.616
	Wales	-0.322	0.383
	Northern Ireland	0.815	0.001**
Type of activity	Organisations mainly dealing with education	Ref	Ref
	Organisations serving a nice area (one or two)	0.311	0.046*
	Generalist organisations, serving many areas.	0.819	0.000*

Table A2: predictors of advanced practices

Table A2 shows that organisations that are more generalist, serving many different areas, in general use more advanced practices than those that served a niche, including those that dealing mainly with Education.

Variable	Category	Coef.	P>t
Income	Between £10,001 and £100,000	Ref	Ref
	Between £100,001 and £250,000	0.781	0.002**
	Between £250,001 and £500,000	1.266	0.000**
	Between £500,001 and £1,000,000	1.051	0.000**
	Between £1,000,001 and £10,000,000	1.383	0.000**
	£10,000,000 or more	2.055	0.000**
Location	England	Ref	Ref
	Scotland	0.193	0.390
	Wales	-0.291	0.424
	Northern Ireland	0.818	0.001**
Changes to and scope of impact measurement	Organisations that measure impact for all activities but have not changed the amount they measure they in the last five years	Ref	Ref
	Organisations that measure impact for half of activities but who have changed the amount they measure in the last five years	0.396	0.049*
	Organisations that measure impact for all activities and who have changed the amount they measure in the last five years	0.944	0.000**

Table A3: predictors of advanced practices

Table A3 shows that organisations that haven't changed their efforts in impact measurement over the last five years use less advanced practices than those that have increased their efforts. Of the organisations that have increased their effort over the last five years those who claimed to measure nearly all of their activities carry out more advanced practices.

Variable	Category	Coef.	P>t
Income	Between £10,001 and £100,000	Ref	Ref
	Between £100,001 and £250,000	0.976	0.000**
	Between £250,001 and £500,000	1.433	0.000**
	Between £500,001 and £1,000,000	1.140	0.000**
	Between £1,000,001 and £10,000,000	1.469	0.000**
	£10,000,000 or more	2.018	0.000**
Location	England	Ref	Ref
	Scotland	0.184	0.417
	Wales	-0.246	0.504
	Northern Ireland	0.848	0.001**
Attitudes towards impact measurement	Organisations feeling strongly lack of funding is a barrier	Ref	Ref
	Organisations feeling positive towards impact measurement	0.580	0.000**

Table A4: predictors of advanced practices

Table A4 shows that organisations with feeling more positive towards impact measurement are more likely to engage in advanced practices.

APPENDIX B: DATA TABLES

Profile of respondents

Question 1: Which of the following best describes the main area of your organisation's work?

Category	%	Number
Economic/community/development/employment	24.3	243
Education/training	45.9	459
Disability	23	230
Accommodation/housing	12.1	121
Medical/health/sickness	21.7	217
Relief of poverty	18	180
Overseas aid/famine relief	4.8	48
Arts/culture	19.7	197
Sport/recreation	13.2	132
Environment/conservation/heritage	15	150
Animals	3.7	37
Religious activities	7.5	75
General charitable purposes	28.3	283
Other charitable purpose	10.7	107
None of these	0	0

N=1,000

Question 2: Who does your organisation primarily work with? (select all that apply)

Category	%	Number
Children/young people	38.1	381
Elderly/old people	23.8	238
People with disabilities	25.8	258
People of a particular ethnic or racial origin	8.4	84
The general public/mankind	53.4	534
Other defined groups	22.8	228
None of these	0.7	7

N=1,000

Question 3: Which of the following types of activity does your organisation carry out?

Category	%	Number
Makes grants to individuals	15	150
Makes grants to organisations	18.4	184
Provides other finance	8.5	85
Provides human resources	22.5	225
Provides buildings/facilities/open space	37.5	375
Provides services	79.4	794
Provides advocacy/advice/information	60.9	609
Sponsors or undertakes research	28.5	285
Acts as an umbrella or resource body	22.5	225

Campaigns	28.3	283
Other	9.6	96
None of these	0.3	3

N=1,000

Question 4: What was your organisation's total income in the last financial year?

Income	%	Number
Between £10,001 and £100,000	27.9	279
Between £100,001 and £250,000	10.7	107
Between £250,001 and £500,000	8.6	86
Between £500,001 and £1,000,000	14.4	144
Between £1,000,001 and £10,000,000	27.7	277
£10,000,000 or more	5.2	52
Don't know	4.8	48
Prefer not to say	0.7	7

N=1,000

Question 5: Where is the head office of your organisation based?

Country	%	Number
England	77	770
Scotland	9.9	99
Wales	4	40
Northern Ireland	9.1	91

N=1,000

Question 6: Which is the main geographic area in which your organisation carries out its activities?

Geographic area	%	Number
Internationally	9.3	93
Across the UK	10.9	109
England and Wales	2.7	27
Nationally	10.1	101
Regionally	27.9	279
Your local authority area	31.7	317
Your neighbourhood	7.4	74

N=1,000

Question 7: Which of the following is your organisation's biggest source of funding?

Type of income	%	Number
Earned income—dues, fees, and other direct charges	37.0	370
Government grants	22.7	227
Government contracts	8.6	86
Grants or contracts from other organisations	8.8	88
Charitable contributions from individual donors	13.5	135
Charitable contributions from foundations or philanthropists	2.0	20
Charitable contributions from private sector businesses	0.5	5
Other sources (eg, investments)	2.7	27
No single main source of funding/receive equal amounts of funding from a number of sources	3.5	35
None of these or cannot say	0.7	7

N=1,000

Impact measurement practices of respondents

Question 8: How would you describe your organisation's current approach to measuring its impact ?

Approach to impact measurement	%	Number
'We measure the impact of our work for a small proportion of our activities'	10.2	102
'We measure the impact of our work for about half of our activities'	13.3	133
'We measure the impact of our work for all or nearly all our activities'	52	520
'We do not measure the impact of our work because we do not have the resources'	10.5	105
'We do not measure the impact of our work because it is not a priority'	14	140

N=1,000

Question 9: Has the amount of effort your organisation puts into measuring its impact changed during the last five years?

Changes to impact measurement	%	Number
Yes, we do more	73.5	550
Yes, we do less	1.5	11
No	25	187
Don't know	0.7	7

N=755

Question 10: (If selected Yes, we do more) What were the main reasons for this increase?

Reasons for increase	%	Number
A change in funders' requirements	51.8	285
Increased support for measurement from funders	8.7	48
Impact measurement prioritised by trustees/chief executive/senior management	21.5	118
Hired someone with monitoring and evaluation skills	0.5	3
Wanted to be more competitive/keep up with best practice	7.1	39
Wanted to know the difference our services were making	3.8	21
Wanted to improve our services	4.5	25
Other	2	11

N=550

Question 11: (If selected Yes, we do less) What were the main reasons for this decrease?

Reasons for decrease	%	Number
A change in funders' requirements	45.5	5
No longer had the resources to measure	45.5	5
Did not have the funding	9.1	1

N=11

Question 12: How did your organisation collect information about its activities in the last year?

Type of information	%	Number
Recorded outputs	84.1	841
Recorded outcomes	58.7	587
Used case studies or interviews	55.4	554
Used customer or user satisfaction forms	58.3	583
Used questionnaires or surveys designed by your organisation	56.3	563
Used standardised questionnaires developed and tested by researchers	20.7	207
Used standardised sector tools to assess change in beneficiaries	14.6	146
Used standardised government- or commission-produced tools	15.5	155
Other, please specify	11.4	114
None of the above	5.8	58

N=1,000

Question 13: Which, if any of the models below has your organisation used?

Type of model	%	Number
A planning triangle	5.7	57
A logic model	5	50
A theory of change	6.6	66
A log frame	4	4
Do not use any models like these	79.9	799
Don't know	4.2	42

N=1,000

Question 14: Has your organisation used any of the following evaluation practices?

Evaluation practices	%	Number
Before and after measures	51.7	517
Studies with control groups	16	160
Randomised control trials	8.2	82
Long-term follow-up of service users after they have stopped using the services provided by your organisation	27.9	279
Economic evaluation, eg, cost-benefit analysis or SROI	32.7	327
None of the above	33	330

N=1,000

Question 15: In which, if any, of the following ways does your organisation use research published in academic journals?

Use of academic research	%	Number
To assist in designing new programmes	33.6	336
To compare our results to those of similar programmes	25.6	256
To understand what our monitoring and evaluation results mean	27.1	271
In some other way, please specify	13.6	136
We do not use academic research	47.9	479

N=1,000

Question 16: Do you have one person or one team in your organisation whose PRIMARY role it is to oversee or implement impact measurement?

One person overseeing measurement	%	Number
Yes	36.8	278
No	63.2	477

N=755

Question 17: Approximately what proportion of its overall budget did your organisation spend on impact measurement in the last financial year?

Spending on impact measurement	%	Number
Less than 1%	34.2	258
1-3%	27.7	209
4-6%	11.7	88
7-10%	5.3	40
11-15%	0.8	6
16% or more	3.2	24
Don't know or can't say	17.2	130

N=755

Question 18: Do any of your funders build in funding specifically for monitoring and evaluation?

Funders supporting evaluation	%	Number
Yes	36.4	275
No	63.6	480

N=755

Question 19: If yes, who?

Type of funder	%	Number
Government	53.8	148
Individual donors	8.7	24
Foundations or philanthropists	46.5	128
Corporate donors	10.9	30
Other sources	22.2	61

N=275

Question 20: Thinking about the monitoring and evaluation requirements of your organisation's funders, donors or commissioners, which of the following statements best applies?

Funder demands	%	Number
All of our funders/donors/commissioners want the same or similar information	16.3	123
Some of our funders/donors/commissioners want different information	35.0	264
All of our funders/donors/commissioners want different information	34.2	258
We only have one funder	6.1	46
Don't know or can't say	8.5	64

N=755

Question 21: In the last financial year, has measuring your organisation’s impact led to any of the following benefits?

Benefits	%	Number
Improved allocation of spending and resources	9.1	69
Improved targeting of who you help	10.7	81
Improved services	24.6	186
Increased funding	9.8	74
Improved strategy	8.7	66
Better able to demonstrate how you make a difference	18.4	139
Improved practices and policies in your organisation	6.5	49
Improved practices and policies in other organisations	0.9	7
Partnerships with other organisations	3.7	28
Increased publicity	2.1	16
Other	0.9	7
Don't know	4.4	33

N=755

Question 22: How does your organisation communicate the results of your impact monitoring and evaluation?

Method of communication	%	Number
In reports for funders	81.2	613
In an annual report	83.6	631
In routine performance management reports	55.5	419
In an annual impact report	22.6	171
In a specific evaluation or research report	41.2	311
On your website	45	340
On your blog	7.9	60
In the wider media (newspapers, television, radio, etc)	31.9	241
In academic journals	15.1	114
Other	12.1	91

N=755

Question 23: For each statement below, please say whether it is not a barrier, is a small barrier, or is a big barrier to developing your organisation’s impact measurement.

Barriers	Not a barrier (%)	Small barrier (%)	Big barrier (%)
Not having the funding or resources	21.3	23.2	55.5
Not having trustees who see it as a priority	63.9	24.4	11.7
Not having senior management who see it as a priority	74.8	14.8	10.4
Impact measurement not being linked to your overall strategy or business plan	60.8	25.4	13.8
Not having staff who believe in the importance of impact measurement	59.3	28.6	12.1
Not having staff who think you can measure your impact	58.8	29.2	12
Not having the right skills and expertise to measure impact	38.6	39	22.4
Not knowing what to measure (eg, deciding on the right outcomes)	50	29.9	20.1
Not knowing how to measure (eg, knowing what tools or indicators to use)	47.1	32.5	20.4
Not knowing how to analyse the data	56.8	28.11	15.1
Not knowing how to communicate your results	67	23.9	9.1
Funders asking you to report on meaningless indicators	53	29.4	17.6

N=1,000

Question 24: For each statement below, please say the extent to which you agree or disagree, where 5 means you strongly agree and 1 means you strongly disagree.

Statement	Strongly agree (%)	Agree (%)	Neither agree or disagree (%)	Disagree (%)	Strongly disagree (%)
“Measuring impact makes organisations more effective”	38.9	38.6	15.2	4.7	2.6
“The main reason for doing impact measurement is to attract funding”	13.1	21	28.5	25	12.4
“Funders tend to ignore impact measurement information in their decision making”	5.9	11.5	38.2	29.7	14.7
“Impact measurement takes away from resources that would be better spent elsewhere”	10.9	15.3	26.7	31.3	15.8
“You don’t need impact measurement to know that your organisation’s approach is working”	12.3	17.2	14.8	29.5	26.2
“There is not enough funding for impact measurement”	31	29.2	22.4	11.2	6.2
“There is too much pressure for charities to measure their results”	14.9	22.6	28.5	24	10
“Charities should be encouraged to report failures or negative results”	31.6	40.7	19.2	6.4	2.1
“Data collection interferes with our relationships with clients”	7.5	13.7	25.8	28.7	24.3

N=1,000

Question 25: What would you find most useful in developing your impact measurement practices? Please select your top three preferences

Type of help	First preference (%)	Second preference (%)	Third preference (%)
Training and guidance in how to develop measurement tools	41.4	0	0
Training and guidance in how to analyse data	10.3	17.7	0
More financial support for monitoring and evaluation	25.9	25.8	9.2
Help and advice from experts	6.4	21.1	10.2
Help with including impact in business planning	1.4	8.8	8.9
Help with understanding what our main outcomes are	1.8	7.8	4.8
Off-the-shelf tools to measure particular outcomes	2	9.2	13.4
Discussions with similar organisations about how they approach impact	4.8	8.7	52.2
Other, please specify _____	6	0.9	1.2

First preference: N=1,000, Second preference: N=818, Third preference: N=693

Population characteristics: Size against funding type

	Earned income	Government grants	Government contracts	Grants or contracts from other organisations	Individual donors	Foundations or philanthropists	Private sector businesses	Other sources	No main source
£10k to £100k	45.1%	13.0%	2.2%	10.8%	21.3%	1.1%	0.0%	2.2%	4.3%
£100k to £250k	37.1%	28.6%	4.8%	10.5%	10.5%	1.9%	1.9%	3.8%	1.0%
£250k to £500k	25.0%	35.7%	15.5%	10.7%	6.0%	2.4%	0.0%	2.4%	2.4%
£500k to £1m	33.3%	26.4%	11.1%	9.0%	9.0%	4.9%	0.0%	2.1%	4.2%
£1m to £10m	35.4%	24.2%	13.0%	7.6%	10.1%	1.8%	1.1%	3.6%	3.2%
£10m or more	40.4%	26.9%	9.6%	0.0%	21.2%	0.0%	0.0%	0.0%	1.9%

N=939

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TRANSFORMING THE CHARITY SECTOR

NPC 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: 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: Our mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact.