

PRINCIPLES INTO PRACTICE

How charities and social enterprises
communicate impact



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With many thanks to contributing authors

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FOREWORD

Impact is the next big frontier for charities and social enterprises

Which charities would you name that you think are effective? What organisations would you say really make your donation have an impact?

I have asked these two questions to many audiences in the charity sector. A few hands go up and people name names. I then ask a follow up question: can any of the people give me a statistic, figure or a demonstration of that impact? And very, very few ever can. They tell me their knowledge of impact comes because they see the charity in the media a lot, or they have had first-hand knowledge of the charity's work, or that it's very well known.

In the answer to these probing questions lie both the enormous potential of demonstrating impact and the greatest difficulty. Let me explain.

The public have huge trust in charities. Charities are in the premier league of trusted British institutions. And yet this trust is generated despite the fact that most people have no 'evidence' that charities actually do a good job. So imagine just how powerful, how compelling the case for supporting charities will be when we can work out how to show donors and other stakeholders the impact charities have. In particular, imagine the spectacular rewards which will come to those organisations who make their impact so compelling that people can remember it and even quote it back to people like me.

But the trust that people put in charities is also part of the difficulty. It makes it much easier to ignore the need to demonstrate impact. Given how much trust we have already, the imperative to do more to build trust is diminished.

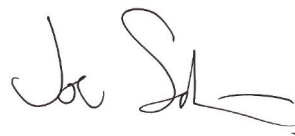
My belief is that those charities which really work out how to both measure and communicate impact, will be the Google, the Facebook or the Amazons of our sector. They will change the way we do business.

This collection of case studies and insights from across the sector is of those organisations who are showing us that the status quo is not enough, that they understand how important measuring impact is. They are the pioneers of the impact frontier.

The benefits of this approach can be seen in different ways for these organisations, and for different reasons. The case studies show how understanding impact can help with decisions on investment in services, on reassuring donors and grant-makers, on providing strategic insight and on giving feedback to staff and volunteers, even though rarely has it been easy or straightforward.

From amongst these case studies may well be the organisations who are our sector's equivalent to Google et al: the game changers. They are weaving impact measurement and communication into their DNA. They are pursuing and building remorselessly on their approach each year. And those who succeed will turn their hard work into higher levels of trust, increased levels of donation, improved strategic planning and a bigger impact on beneficiaries for the same funds.

So savour all that is in this publication and the inspiration that it provides on impact reporting.



Joe Saxton
Driver of ideas, nfpSynergy

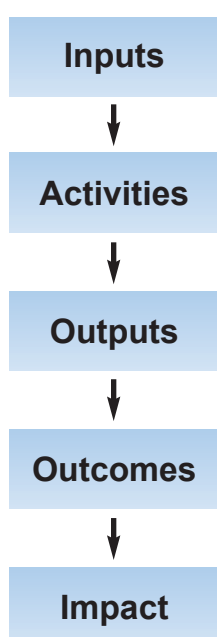
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INTRODUCTION

What do we mean by impact?

We often use the word ‘impact’ amongst charities and social enterprises when talking about what we have done and how this has contributed to change. It is used in a number of different ways, but generally means the broader or longer-term effects of a project or organisation¹. This can also encompass outcomes, which are the results of an activity. Reporting on impact takes us beyond looking at our basic activities or outputs and looks at the effect of an organisation’s activities on an individual life or in a wider context.



The demands for information placed on charities and social enterprises are increasing from all angles. Funders increasingly want to know about their impact – from a qualitative understanding of what they are achieving against their mission to a quantitative assessment of their social and economic value. However, they are not the only group that want or need to know this information. Charities and social enterprises that hope to be accountable to, engage, inform, and inspire their stakeholders will try to communicate clearly the impact of their work. From local groups run by volunteers to national charities employing thousands of staff, social organisations increasingly want to tell their stakeholders how they are fulfilling their purpose and achieving the change that they seek.

One of the biggest challenges for charities is to use the way they report to help donors, volunteers and

beneficiaries to better understand how they work and what they do. In order to be judged by your stakeholders on the real difference made to your cause, you must be telling the real story of what you do and how you do it.

Better reporting

Even when we are sure that what we are doing is achieving something, proving it can be difficult. Alongside the technical challenges of measuring your results, finding effective ways to communicate your working model, achievements and learning processes is no easy task – especially when resources are tight. Those organisations that have gone the furthest have not only looked at their external reporting, but have engaged their whole organisation, embedding impact into their planning, decision-making processes and internal communications.

The organisations that have contributed to this publication are passionate in the belief that charities should robustly assess the effectiveness of what they do and should share what they find openly. This will have benefits not only to the organisation involved and its beneficiaries, but also to the development of the sector as a whole.

The Principles of Good Impact Reporting

The Principles of Good Impact Reporting were published in March 2012². These principles, originally put together in partnership by several organisations, were developed for the sector by the sector and were published following consultation. The principles aim to provide a basic framework for requirements for impact reporting which can be universally applied.

The principles are not only helpful to charities looking at improving the way they report to their stakeholders. The audiences for impact information, such as funders (including donors, trusts and foundations and government commissioners), should also find these principles a useful place to start thinking about the types of information demanded of charities and how they could be shaping this.

The Principles of Good Impact Reporting provide a framework for **how** charities and social enterprises should communicate their impact and **what** they should communicate.

These principles are intended to be flexible; charities can shape their communications and reporting around their own context, and should not view them as a compliance exercise. There is no single right way to report on impact.

These principles are also meant to be aspirational. Many charities and social enterprises will find they cannot at first answer all the questions they pose. Instead, they will have to work through a journey

from their purpose to their strategy, taking in their approach to measuring impact along the way.

Although many charities will not be able to apply these principles fully at first, asking these questions should help to define a path towards fuller answers. Many charities will improve their reporting significantly by reviewing it against these principles, and can also plot a course towards improving it in future.

How should charities communicate their impact?

There are six general principles that define how charities should communicate their impact:

- **Clarity**
The reader can quickly and easily understand the organisation through a coherent narrative that connects charitable aims, plans, activities and results.
- **Accessibility**
Relevant information can be found by anyone who looks for it, in a range of formats suitable for different stakeholders.
- **Transparency**
Reporting is full, open and honest.
- **Accountability**
Reporting connects with stakeholders, partners and beneficiaries to tell them what they need to know, and provide reassurance.
- **Verifiability**
Claims about impact are backed up appropriately, allowing others to review. This can range from informal stakeholder feedback to external audit.
- **Proportionality**
The level and detail of reporting reflects the size and complexity of the organisation, and the complexity of the changes they're trying to bring about.

What should charities communicate about impact?

There are six specific principles that define what charities should communicate about their impact:

- **Clear purpose**
 - Why do we exist? What issue are we

ultimately trying to tackle?

- What overall impact do we want to have? What change do we seek?
- What impact do our key stakeholders want us to have?

- **Defined aims**

- What are our specific short and long-term aims?
- How does achieving these aims help us achieve our overall purpose/impact?

- **Coherent activities**

- What activities do we carry out to achieve our aims?
- What resources do we use to make these activities happen?
- What are the outputs of these activities?
- How do our activities help us achieve our aims and create change?
- Are our activities part of a coherent plan?

- **Demonstrated results**

- What outcomes/impact are we achieving against our aims?
- What impact are we achieving against the overall change we seek?

- **Evidence**

- How do we know what we are achieving?
- Do we have relevant, proportionate evidence of our outcomes and impact?
- Are we sharing evidence to back up the claims we make?
- Are we seeking feedback, review and input where appropriate?

- **Lessons learned**

- What are we learning about our work?
- How are we communicating what we learn?
- How are we improving and changing from what we learn?
- What has happened that we didn't expect (positive and negative)?
- Are we allocating resources to best effect?

Using this publication

In the spirit of the Principles of Good Impact Reporting, this publication is not a 'how-to' guide. Here we aim to bring the principles to life through first-hand accounts from a range of charities and social enterprises that believe in the importance of demonstrating their impact. We also offer some perspectives, tips and advice from stakeholders across the sector.

The authors of the case studies in Part A all tell their story so far, demonstrating different aspects of the principles. While their motivations may be similar – to demonstrate their potential to funders, know that they are on track, contribute to an evidence base, raise their profile or motivate staff – they have all adopted different approaches to their strategy, measurement processes and communication techniques. They are also at different stages of their journey – some are just starting out, others have impact reporting hard wired into their culture and processes. The examples help to demonstrate how organisations can look at their impact in a way that is proportionate and appropriate to their size and activities. From finding creative ways of involving staff teams and making information more accessible to beneficiaries and other stakeholders, using external verification of findings through research agencies, accreditation or consultation processes, there are lots of helpful tips here.

In Part B we look at some of the overarching considerations through thought pieces from different stakeholders. This section gives guidance on starting the journey of improving your reporting and the roles of different teams in the organisation. We draw on the expertise of communications and social research specialists, looking at some of the options available in these areas. It also looks at some of the current trends in thinking amongst corporate funders and supporters, and in the area of trusts, foundations and philanthropy.

This publication, along with the Principles of Good Impact Reporting, aims to inspire charity professionals and provide greater confidence and knowledge to move towards better reporting in the context of their own organisation.

PART A: Experiences from charities and social enterprises

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INSIGHTS FROM THE CASE STUDIES

In the following section nine organisations share their experiences and tell of the approach their organisation has taken to improving the quality of the information they collect and report. The reflections here describe varied approaches and demonstrate good practice in line with different aspects of the Principles of Good Impact Reporting.

For many of the organisations the start of the story has been one of getting to the basics. Reviewing their aims and objectives and working model in order to identify their key indicators and evidence their way of working. This will sometimes come before the stage of external 'reporting', or may enable an organisation to slowly build-up the quality of the information they take to key stakeholders.

The importance of strategy

The small service based organisation Body & Soul started their journey by developing an 'impact strategy', engaging staff and volunteers at all levels in the process. As well as providing a coherent explanation of the evidence behind their working model, and tangible links between activities and overarching objectives, this works as a 'living' strategy with key performance indicators enabling the organisation to build its evidence base and embed impact into their day-to-day operations.

For CAADA, an organisation that was evidence-led from the start, it was essential that the innovation demonstrated in setting up such a responsive service was captured on an on-going basis. Researching and reviewing their programmes has enabled them to maintain the effectiveness and core values of what they do and to demonstrate learning. It has also provided them with key information to take to commissioners and partners.

Supporting teams across an organisation

Other examples in this publication have been on a slightly different journey. The RNIB Group, a large organisation and well-known brand, describes a bottom-up approach that embeds impact reporting right across the organisation. Similarly, the Citizens Advice Service works with its members, the bureaux, both in terms of collecting information centrally and supporting them as individual organisations. For both charities this has meant developing tools and services for their staff and partners, including training and document based

support such as templates. RNIB Group has also developed an internal 'impact consultancy'.

Working with external sources

The use of external sources, both to gather information on impact and to show validity, also comes through in the case studies. Unlimited Potential, a social enterprise, has engaged with a range of accreditation agencies and programmes in order to demonstrate their achievements with external, objective assessment and verification. They have also made use of a number of processes to improve their internal assessment. Alternatively, the Avenues Trust Group reviewed different options for improving knowledge of their impact and made a decision to roll-out one programme of measurement, 'active support', which has entirely reshaped their organisational processes and strategic decision making. This is a bold move driven from the top and has successfully enabled Avenues to embed impact reporting into its culture and working.

The experience of the St Giles Trust is worthy of note. It used economic modelling to demonstrate what one of its programmes achieves in monetary terms. Rob Owen discusses here the value of working in partnership with an external organisation that can give information otherwise unobtainable about the charity. Others in the sector have invested in commissioning research on their outcomes or on the value of services. This outsourcing of research skills can give some organisations a more credible, impartial perspective of their work. It may also be a cost effective option for a charity without the infrastructure or skills to look at impact in-house; if taken on board meaningfully, there are benefits from the legacy of an externally verified research project – although this may not always be the most suitable option given potential for associated costs.

Good communication throughout the process

Sightsavers and Action on Hearing Loss both show creative ways of communicating real-time performance and impact to internal or external stakeholders. For Sightsavers, through one starting platform that all staff have access to online, they communicate what they want to achieve and why, identify the related activities and the indicators of success, and incorporate the monitoring process that involves all staff across the organisation. The simple traffic light system allows staff to see how

well performance is against the objectives set at any time – a transparent and inclusive approach.

For Action on Hearing Loss, beneficiaries have been brought into the heart of the measurement and monitoring process, with specialist monitoring tools being designed for users. This goes a long way to ensuring the charity is more accountable to its beneficiaries and is helping the charity to move beyond outputs and make information on its impact more accessible.

These are just some of the thoughts that can be taken from the examples set out below. All of the case studies have touched on some of their motivations, lessons learned and strategy that will be interesting to others and may reflect some of those of your own organisation.

1. BODY & SOUL: Starting with the basics

Body & Soul is a charity that uses multiple approaches to address the complex consequences an HIV diagnosis can have on a person, a partnership, or a family. Working with children, teenagers and families living with or affected by HIV, it relies on expert consultation from a multidisciplinary team of specialists. Body & Soul has 10 full time employees, around 200 volunteers and has an annual income of around £1million. In the past it struggled to demonstrate its full impact and communicate its intervention model externally.

Emma Colyer, director of Body & Soul, describes how developing their first impact strategy enabled them to address this

Why focus on our impact?

Showing the full extent of our impact on beneficiaries

The impact of clinical interventions on the wellbeing of people living with HIV is clear - as long as a person living with HIV is diagnosed early and receives appropriate interventions, their immune system can function for an extended period of time (even decades). This clear-cut relationship provides the evidence necessary to prompt the NHS to spend roughly £18,000 per person living with HIV and needing treatment per year³.

Unfortunately, because of the stigma associated with HIV, the physiological effects of the disease or the powerful medications used to treat it are only a fraction of the reason an HIV diagnosis is devastating. People living with HIV are more likely to self-isolate, suffer from anxiety and depression, experience suicidal ideations and demonstrate poor coping behaviours such as addiction. They are also more likely to live in poverty and experience unemployment than the average person in the UK, a reality that Black Africans living with HIV disproportionately experience. This myriad of co-morbidities accompanying HIV can have a more profound, sustained impact on a person's wellbeing than the physical impact of the virus.

Our services went beyond mere clinical interventions to address these wider issues. Thus the challenge we faced was: How can we demonstrate our health outcomes in a way that allows us to represent our true impact when compared to clinical providers?

Changes in the financial environment

2010 was a period of massive adjustment for the charity sector, especially for organisations like ours. The financial environment (including reduced trust giving, changes in the structure of the health system, and widespread statutory cuts) made it

increasingly hard for us to secure the funding we needed to operate our services. The financial changes, coupled with rising prevalence and incidence of people living with HIV, meant that our services were at higher demand than ever.

We recognised that the difficulties we faced in communicating process and impact could potentially be our proverbial "Achilles heel". Accordingly, we decided to address these areas.

Engaging staff and beneficiaries

In late 2010, Body & Soul began developing its first "impact strategy". The purpose of the strategy was simply to provide a single reference document that clearly outlined:

- The needs of the target population.
- The rationale behind those needs being prioritised.
- The potential interventions that would address those needs.
- The indicators that would provide evidence that those needs were being met.

The Health Outcomes Manager (HOM) (who led on the strategy) met with all service heads over several days. Using a range of programme brainstorming and mapping techniques, we identified key impact areas and mechanisms to meet those impact areas. The HOM also met with some of our beneficiaries, reviewed past needs assessments, and conducted gap needs analyses to ensure that the diverse needs of the population were represented proportionately.

Identifying objectives and linking with services

At the end of this process, there were five main impact areas identified: mental health, physical health, psychological wellbeing, practical support,

and maximising productivity. The HOM conducted a series of thorough needs assessments and literature reviews to ensure that the full range of our beneficiaries' need was addressed.

This research process took into account national and international data. It incorporated a theoretical basis for more general interventions, and used best practice evidence from similar populations when there was not HIV-specific information. For example, while there is limited evidence on the role of mentoring in improving the wellbeing of vulnerable youth living with HIV, there are copious amounts of high-quality evidence on the utility of mentoring as an intervention for improving wellbeing of vulnerable young people, so this evidence was incorporated into the strategy.

A 'living' strategy

Once the initial strategy was drafted, internal and external stakeholders reviewed it for accuracy, content, and thoroughness. Feedback was assessed and incorporated as appropriate. After the Impact Strategy 2011 was finalised, it was presented to trustees and other key stakeholders.

The strategy was accessible in different formats to different audiences, and serves as a benchmark to ensure we are accountable for our intervention decisions and that our services are joined up. The impact strategy is considered a living document, and we plan to review it regularly to ensure relevancy and thoroughness, as well as to respond to political, economic, social and technological changes.

Embedding the strategy across the organisation and beyond

Following the implementation of the strategy, it was then communicated in a systematic way to other key audiences, including volunteers, to ensure an organisational consistency in the way aims, activities and rationale is perceived. Versions of the impact strategy were adapted for use in external communication and for other purposes.

The strategy is being incorporated into Body & Soul's work on all levels. For example:

- Trustees have been trained in how to use it to better communicate Body & Soul's activities to external stakeholders.
- The fundraising team uses it to prioritise areas for funding applications and also to provide a clear evidence base for interventions.
- The Heads of Body & Soul's 4 primary service areas (which work with populations 0-9 years old, 10-12, 13-19 and 20+) use the strategy to plan interventions, ensure programming content meet the target population's complex needs, and to formulate key evaluative and quality objectives.

Benefits to our organisation

Incorporating the impact strategy into our model has allowed us to operate in a more sophisticated way. We use the strategy as a basis for evaluating and reforming our measurement and reporting practices. Additionally, we are working in partnership with Microsoft to build a bespoke database; this information management system will be linked with the impact strategy on all levels. This will allow Body & Soul to create a more comprehensive needs and intervention impact measurement system which will hopefully allow our organisation to contribute more actively to formulating the evidence-base for interventions. This process also enhances our ability to share learning.

While the process of formulating the impact strategy was time and resource-intensive, Body & Soul has already experienced benefits. The strategy has improved the formality of the organisation's work process, and been a critical reference for all key stakeholders in understanding and promoting the methodology behind its interventions. It also provides the basis on which Body & Soul can review the effectiveness of our activities, enabling us to learn and improve and demonstrate achievements.

2. RNIB GROUP: Embedding impact across a complex organisation

Royal National Institute of Blind People is the UK's leading charity offering information, support and advice to almost 2 million people with sight loss. It employs around 2,500 people and works with 4,000 volunteers across all of the UK and an annual income of around £116million (2010-2011). It's pioneering work helps anyone with a sight problem – through information, support and range of imaginative and practical solutions to everyday challenges.

Keith Hickey, director of resources, and Phil Sital-Singh, impact research project manager at RNIB Group describe how a large and complex organisation can approach impact reporting

Why we care about performance and impact reporting

As a large, complex organisation, we have at least three motivations to improve our impact reporting.

- **Attraction:** Impact reporting builds and strengthens the business case for innovation and the development of services, and for funding those services. For example, we have conducted research into the value of employing blind and partially sighted people through social enterprises. This evidence is now being used to build support for the development of new social enterprises.
- **Alignment:** Impact reporting allows RNIB Group to link its service delivery to the experience of blind and partially sighted people better than output reporting, leading to closer alignment of resources to RNIB Group's strategic objectives. For example, RNIB Group's Customer Information and Advice Service has developed its own system to gather evidence of emotional, behavioural and knowledge changes in the people it supports. This evidence will be used to ensure that the advice given is as effective and helpful as possible, placing customers at the very centre of the service.
- **Accountability:** Impact reporting allows us to demonstrate that the services we currently commission are having a positive change on individuals and society, and therefore strengthen the case for renewed funding. For example, our Eye Clinic Liaison Officer (ECLO) services are commissioned to meet people's needs at the point of diagnosis of sight loss. RNIB Group has developed an impact tool, based on NHS outcome frameworks, to gather evidence to demonstrate the value of the service to commissioners.

Embedding impact reporting through empowerment

In 2008 RNIB Group began a two-year collaboration with London South Bank University to build impact reporting capacity across the organisation. This project has empowered RNIB Group project managers with knowledge and skills to take responsibility for measuring and reporting on the impact of their own services. The work has three strands:

- **Internal training:** A bespoke RNIB Group course on impact measurement was delivered to a variety of staff across the organisation.
- **Internal consultancy:** Following training, individual service teams were supported to apply ideas around impact reporting to their own context. This ensured that suitable tools were selected and embedded, resulting in sustainable change. The Principles of Good Impact Reporting provides a useful framework for developing this further.
- **Internal documents:** Practical and applied knowledge from the internal training and consultancy has been distilled into a series of supporting materials, available to all RNIB Group staff.

This approach could be characterised as 'bottom-up', empowering teams to take responsibility for reporting on the impact of their own services, and has proved successful within an organisation as large and complex as RNIB Group. The activities have generated an increasing commitment to, and growing awareness of, the value of impact reporting. The individual consultancy support has proved a popular and effective way to build capacity. This is leading to further opportunities and new motivations that may not have emerged if a strong 'top-down' approach had been taken.

Lessons learned

We've learned a number of lessons as we develop RNIB Group's impact reporting capability.

- **One size does not fit all:** Whilst principles of and commitment to impact reporting is best communicated in a consistent way across teams, the application of those principles and how they relate to measurement practices needs to be bespoke. One size does not fit all in methods used to generate impact evidence.
- **Combine research skill and service delivery knowledge:** Gathering impact evidence is best achieved through the combination of research skill and service delivery knowledge. Research skills ensure the evidence gathered is credible; service delivery knowledge ensures the methods applied are appropriate and effective.
- **Get buy-in from both senior management and front-line:** Implementing impact measurement and reporting needs to be supported at all levels to increase chances of success. RNIB Group services are often in high demand, with limited resource - achieving improved reporting requires commitment from front line staff and encouragement from senior leaders.

Looking ahead – communicating our impact

To date RNIB Group has focussed on improving its capacity to generate results and evidence. We now have sufficient sources of impact evidence to embrace other principles of impact reporting. For example we will include impact evidence in our annual report for the first time, and do so in ways that are clear, transparent and verifiable. We hope that, over time, these two approaches, building internal impact evidence and reporting that evidence externally, will take RNIB Group to the forefront of impact reporting within the sector.

3. SIGHTSAVERS: Communicating performance management internally

Sightsavers is an international charity which works with partners to eliminate avoidable blindness and promote equality of opportunity for disabled people in the developing world. In 2010 Sightsavers had an annual income of around £32million.

Anita Dumbrell, decision support manager at Sightsavers, explains how the charity has introduced performance management systems and are looking to move to reporting on impact

Devising a new strategy and monitoring system

In 2007 Sightsavers began the process of formulating the strategy which would take it from 2009 to 2013. As with all strategies, the danger was that time and resources would be invested in its development, producing a wonderful document which then sat on a shelf for five years – all output and no outcome.

In order to avoid this eventuality, Sightsavers adopted a tool called the balanced scorecard, adapting it to create our SIM card, which stands for the Strategy and Implementation Monitoring card. As the name suggests, the card offers a direct opportunity to monitor the implementation of the new strategy in real time, also allowing us to report on the impact we are having as an organisation.

The SIM card

The SIM card (see Fig. 1 on next page) is a one page strategy map which enables Sightsavers to share its vision, mission and ultimate aims, together with the long term goals broken down into tangible and easy-to-understand objectives, covering a range of interlinked perspectives. At the top are the change themes, indicating the significant long-term change which we are working towards in our four principle areas of work: eye health, education for visually impaired children, social inclusion of disabled people and inclusive community development. Beneath these are the 14 core objectives which we have set ourselves as an organisation.

There is a logic running vertically through the SIM card, with the question ‘Why?’ being asked as the user moves from the bottom to the top: Why do we want to ensure high quality programmes? (In order to demonstrate scalable, cost-effective approaches to eye care and education etc.) The ‘How?’ question moves the user from the top to the bottom: How do we ensure high quality programmes? (By ensuring adequate technical expertise, developing our country-level teams,

gathering sound research and evidence etc.)

Each of the objectives has a score sheet with 1-2 indicators which show how success will be measured (Fig.2 is an example). Targets are set against which performance is recorded. Initiatives have been agreed which identify the activities that need to be undertaken in order to achieve these targets. All identified teams input their results bi-annually via a bespoke interactive web based database. This is in a ‘dashboard’ format with a traffic light system so it is easy to see at a glance where the organisation is performing well and which areas require attention. It is then possible to “drill down” into the data to review performance in a series of graphs, gauges and tables.

Involving the staff team

Every staff member at Sightsavers has access to the SIM card dashboard and can view and enquire on performance at any time. It also enables staff members to understand how they each contribute to the strategy, as the objectives on the strategy map cover the work of all our teams and departments, not just programme staff.

Workshops were carried out with each team in Sightsavers to discuss the strategy and its implications and to allow teams to consider what they should be focussing on to support the strategy, and what they needed to do differently. This has meant that there is more ownership and clarity across all teams in the organisation.

The senior management team (SMT) regularly review performance using the SIM card and decisions are made based on the latest results. They examine what impact Sightsavers programmes are making and whether targets are being achieved and if not, why not, and what can be done to improve performance.

The Sightsavers SIM Card

(Strategy Implementation and Monitoring Card)

The Strategy Map

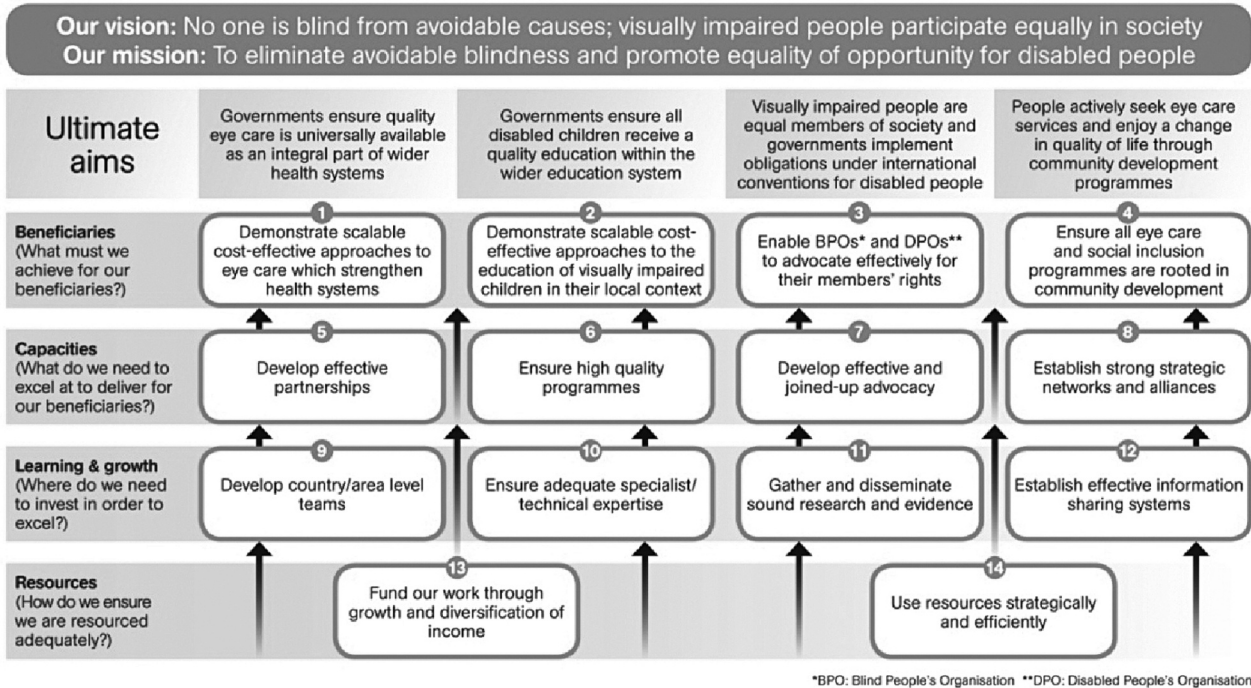


Figure 1 The Strategy and Implementation Monitoring Card (SIM Card)

Objective	Indicator	Target (2011)
Demonstrate scalable cost-effective approaches to eye care which strengthen health systems	Lag: % of countries showing significant increases in public spending on eye health	30%
	Lead: % of eye health projects that are embedded in national and local government health plans	70%
Gather and disseminate sound research & evidence	Lag: % of projects and policies demonstrating use of evidence and research in their design, planning, and implementation	80%
	Lead: % of direct charitable expenditure invested in research	1.5%

Figure 2 The Sightsavers SIM card, example scoresheet

Lessons learned along the way

As with all impact measurement and reporting initiatives, a lot of time is required to produce robust and relevant information. The process of developing and maintaining the SIM card as a performance and impact monitoring and reporting tool is very time consuming and requires a significant investment from a financial perspective.

We have managed to successfully maintain the momentum around the SIM card due to senior management buy-in. They use the tool for decision making about the direction of our programmes, with each objective on the SIM card being 'owned' by a member of the SMT and reviewed regularly when the team meets.

However, there is a danger of the map becoming solely a senior management tool rather than an organisational one if it is not linked in with other programmatic processes such as project level monitoring, evaluation and learning systems in the organisation. Undertaking active feedback to information providers is also crucial to maintaining interest in submitting data.

From performance management to reporting on impact

The SIM Card is a piece of the bigger jigsaw for Sightsavers in terms of impact reporting. Our vision is to turn this reporting mechanism into a three dimensional tool that allows us to present evidence in the form of case studies, project reports and testimonials, ultimately linking this organisational level impact and outcome monitoring directly with our work on the front line. We are also planning to create more linkages with other impact measurement processes i.e. evaluations and research in Sightsavers so that we present a holistic picture of our work.

4. CAADA: Building on existing evidence

Coordinated Action Against Domestic Abuse (CAADA) is an innovative domestic abuse charity working to save lives by transforming the way victims are supported. Formed in 2005, its strategy has been evidence-based from the start, building on studies into a new multi-agency approach to high risk domestic abuse in the UK. CAADA has more than 30 employees and an annual income of £2million.

Victoria Hill, director of strategy and development at CAADA explains how CAADA built on its evidence-led approach

Background

CAADA was formed in 2005 after studies of service provision in Cardiff highlighted a need for a new approach to high risk domestic abuse in the UK. Previously the focus had been on refuge provision. However, this work proved the efficacy of a risk led response with independent specialist support for victims and effective coordination of the many agencies involved, in particular with regard to sharing information.

This led to the development of the Independent Domestic Violence Advisor (IDVA) role and Multi Agency Risk Assessment Conferences (MARACs). An IDVA provides support to victims of domestic abuse to address the safety of the victim and their children. The IDVA will assess the level of risk, develop a safety plan and provide intensive support through the crisis period. A MARAC is a meeting of statutory and voluntary partners where information is shared about the highest risk domestic abuse cases and a coordinated action plan to safeguard each victim is developed. Police, health, child safeguarding, IDVAs and other specialists attend the MARAC to ensure that a complete picture of the risk is developed.

We have made rapid progress and fundamentally changed the support available for high risk victims. More than 1,250 practitioners have attended our IDVA training and there are now 250 MARACs across the country. Prior to the development of IDVAs and MARACs many victims were forced to flee to a refuge. Now we start by keeping them safe in their homes.

Learning from evidence

In 2010 we reviewed our strategy based on two pieces of research. Published in 2009, *Safety in Numbers*⁴ was a multi-site evaluation of IDVA services evaluating the impact of IDVA support on more than 2,500 high risk victims of domestic abuse. In 2010 we published *Saving Lives Saving*

Money, a cost benefit analysis of MARACs carried out by CAADA and independently verified by New Philanthropy Capital. This work provided us with the evidence that the IDVA/MARAC approach works. *Safety in Numbers* showed that the more intensive the support received by a victim the better their safety and wellbeing outcomes. There was a total cessation of abuse in 57% of cases where a victim was supported by an IDVA. *Saving lives saving money* also demonstrated that £6 of public money is saved for every £1 invested in MARACs.

This information has been invaluable in helping us secure funding and improving our stakeholder engagement. However, these studies also made clear the scale of the challenge remaining and some fundamental gaps in our approach. We estimate that there remain at least 100,000 high risk victims of domestic abuse and we know that on average it takes five years to seek help. *Safety in Numbers* highlighted that safety and wellbeing outcomes for particularly vulnerable groups such as those with substance use or mental health issues or victims from black and minority ethnic communities are less good. It also showed that professionals are less well equipped to address some additional risk factors often associated with domestic abuse, such as sexual violence or child safeguarding. Feedback from local domestic abuse services, funders and political stakeholders also made clear that good quality evidence like *Safety in Numbers* was required on an ongoing basis and was not readily available.

Adapting strategy in response

In response, our new goals for the next five years are to halve the number of high risk victims from 100,000 to 50,000 and halve the length of time it takes victims to find effective help from five years to 2.5 years. We have launched three new initiatives to help us achieve this:

- **A piece of research to evaluate the impact of locating IDVA services in hospital settings:**

Early indications show that these services identify victims earlier in the abusive relationship and reach vulnerable groups that are hidden or unwilling to seek help from the criminal justice system. We aim to use this evidence to embed an improved response to domestic abuse in health services.

- **A Continuing Professional Development programme:** Advanced training providing a short, intensive focus on issues affecting vulnerable groups which professionals are less confident about. We have launched Child Safeguarding, Substance Use and Sexual Violence with the next priorities being working with families and black and minority ethnic groups.
- **The CAADA Insights service:** Providing robust outcome measurement to domestic violence services using a methodology similar to *Safety in Numbers* but adjusted to make it affordable and practical for local domestic abuse services. We now have high-quality outcome data on more than 4,000 victims across the country and this number grows each month. This data is used locally for service improvement, commissioning and funding decisions; it also informs CAADA's policy and service development work.

We also used data from *Safety in Numbers* and *Saving Lives Saving Money* to confirm that our work embedding quality in domestic abuse services nationally through our IDVA foundation training, Leading Lights accreditation service and MARAC Development Programme, should continue to be core to our strategy.

Communicating our impact for fundraising

Equally importantly, these impact reports underpin our funding applications. Like most voluntary sector organisations, we are finding the current funding climate challenging. However, we have successfully obtained a number of long term grants from statutory bodies and foundations and our evidence base has been critical to this success.

CAADA was founded to address an evidenced need and, since then, impact reporting has been fundamental to our success. It allows us to evidence the impact of our work to funders, helping us to sustain funding. It also means our strategy is always shaped by the real needs of victims and those working in the sector.

5. UNLIMITED POTENTIAL: Understanding the needs of stakeholder groups

Unlimited Potential is a democratically-controlled social enterprise based in Salford that provides innovative, community based solutions to long standing community problems. It aims to help people lead happier and healthier lives. As a social enterprise, it reinvests surpluses back into the organisation towards its mission. In its tenth year (2011-2012), the organisation had 35 staff and a turnover of £1.5 million.

Chris Dabbs, chief executive of Unlimited Potential, describes how impact reporting and externally verified reports have been beneficial in a social enterprise context

Our reasons for focusing on impact

In 2005, Unlimited Potential (then a much smaller organisation called Community Health Action Partnership) agreed that, to ensure its future, it needed to demonstrate the impact, not only of individual services, but also of the wider organisation. We also considered that external, objective assessment could help to demonstrate the business case, support marketing and build confidence in the organisation.

Our original motivations for doing this were to:

- Show current and potential stakeholders that the organisation had met acknowledged standards.
- Know that the organisation was reaching its standards and improving.

Understanding the reporting needs of different stakeholders

Early in the process, we identified six key stakeholder groups, which reflected different motivations for impact reporting.

External stakeholders:

- **Customers:** To show the full value of the organisation's offer and provision, and thus as a marketing tool.
- **Clients:** To persuade intended beneficiaries of the effectiveness of the organisation's services for them and their community.

Internally:

- **Members (including the Advisory Council) –** To be accountable to the people who hold the organisation in trust for the benefit of the community.
- **Directors:** To enable the Board to make informed decisions and to scrutinise effectively.
- **Staff and volunteers:** To reflect their achievements.

Service impact – our systems

Within Unlimited Potential we already have in place systems for reviewing the impact of individual services. Every service must specify and report performance against clear outcomes (what difference it has made), with outcome indicators (the signs that the outcomes have been achieved), as well as key performance indicators (reflecting outputs and progress). These reflect what has been negotiated in each contract.

Performance against these measures is then reflected in a quarterly report, together with qualitative reflections, such as formal feedback from clients, external assessment, quotes, case studies and images. The report also reflects the highlights, difficulties and lessons learned. This report is the focus of a quarterly performance review with the customer (who procured the service), who then provides quarterly written feedback.

At some point, every service has an external evaluation done by an independent organisation, ideally commissioned by the customer. This has been done using a range of techniques, including qualitative interviews, surveys, focus groups, control trials, social return on investment (SROI) and utilisation-focused evaluation.

Organisation wide impact – finding the right measurement tools

However, we sought to develop processes to assess our organisation wide impact. Initially, we developed our own criteria against which to demonstrate the organisation's social, economic and environmental impact, as well as the effectiveness of its governance. We then used *Proving and Improving – a quality and impact toolkit for social enterprise*⁵ to compare and identify possible externally validated models for evaluation.

*Social Accounting and Audit*⁶ was identified as the

most appropriate 'holistic accounting and reporting tool'. This was because:

- It covers a full range of performance and impact issues.
- Stakeholders' perspectives feed into the organisation's planning and measurement process.
- It is flexible and can be combined with other 'proving and improving' tools.

There were, however, questions raised about the extent to which social accounting and audit would give objective, external, benchmarked verification.

Setting up the social accounting process forced the organisation to specify and refine its mission, core values and objectives. The social accounting framework is reflected in the organisation's plan, internal audit and the agendas of the Board and its committees. This enables impact reporting to be an integral part of the day-to-day work of the organisation, rather than an add-on.

The first social accounts were produced in 2007-2008, and each year since. This detailed impact report is published and made available to all stakeholders on request.

*Balance*⁷ (a 'balanced score card' for social enterprises) has also been used as a self-assessment on an annual basis. To complement this approach, *Investors in People*⁸ was selected as the preferred quality performance improvement system with external verification. The Investors in People Standard was achieved in 2010.

The results of all of this activity are compiled in draft social accounts for each reporting year, which are then subject to a social audit, led by a social auditor with a small panel of independent people with no direct connection to Unlimited Potential.

A summary of the audited social accounts is then published as the organisation's annual report, which is presented in a simple and attractive format for all stakeholders. The summary is also inserted as appropriate into the Directors' report within the annual accounts, which themselves reflect the surplus made and that is available for reinvestment.

Learning from our experience

Some key learning from our experience includes:

- **Have clear, agreed mission, core values and objectives:** The approach described above has

helped Unlimited Potential to be genuinely transparent and accountable to stakeholders, to ensure we focus our activities in line with a clearly stated purpose, mission and objectives, and to have consistent challenge about our effectiveness. This enables informed reviews, change and development.

- **Sharing learning from successes and failures can build credibility:** As a social enterprise specialising in social innovation, we seek to solve challenges that customers consider their most difficult or even impossible to solve. By definition, some of our responses may, at first, look unusual and often without an existing strong evidence base. They involve some risk, so we have to reflect evidence of impact, wider value and learning from things that go wrong to maintain credibility and a constructive working relationship with customers, which later allows expansion and replication. We can honestly demonstrate our results against our objectives to all stakeholders. Our credibility lies within the processes used for this, with learning from successes and failures openly shared. The evidence produced both internally and externally – together with external evaluation and audit to verify it – supports this, so that we can really know what is being achieved.
- **Create the right culture:** The steady development over time of a culture which embraces assessment and learning without fear has been critical to the success of our approach.
- **Integrate impact into the organisation's work:** The integration of the social accounting or impact framework within the organisation was particularly important. It is effectively the same as the framework of the organisation. In this way, accounting and reporting of impact is what the organisation does – and has to do – every day. This has not only made the approach coherent, but also minimised the associated workload, which would have been disproportionate had it been "bolted on".

Although the approach has taken considerable time and thought to implement, it has definitely been worth it. Benefits have included:

- Unsolicited approaches with new work.
- Partnership not transaction.
- Trust to innovate.
- Proof of concepts.
- Growth despite (or because of) cuts.
- Most importantly, people with happier, healthier lives.

6. CITIZENS ADVICE SERVICE: Supporting members to report on impact

Citizens Advice provides information, advice, advocacy and education. The service is delivered in bureaux, online and by telephone. It delivers services nationally and locally, directly helping 2.1million clients with 7.1million problems in 2010-11 and indirectly helping 6.8 million people through social policy work. Citizens Advice has an annual income of £62million (2010-2011)

Gerry Pimm, strategy, planning and performance manager at Citizens Advice, explains how Citizens Advice can support 382 independent Citizens Advice Bureaux (CABs, members of the Citizens Advice service) across 3,500 community locations to report on their impact

Why we value impact reporting

- **So that our funders understand our value:** Impact reporting is a vital tool to demonstrate our value in persuading local authorities and other funders that their money should be invested wisely and into our service.
- **So that we can provide better service planning:** Impact information provides us with business intelligence for allocating resources. For example, where we provide most positive impact could result in increasing resources in that area.
- **So that we can motivate our staff and volunteers to appreciate that our service is a great place to work for:** We are proud of the work our frontline staff and 21,500 volunteers undertake for the service and we want them to have a demonstrable picture of what they have achieved for their clients. We also want to demonstrate to the local community why we are a great place to work and volunteer at.

As a national body we collect evidence from our members – independent CABs - and produce an annual impact report that tells a story about what we achieve for clients, communities and the wider society.

Each bureau receives the national impact reports and is encouraged to share with their colleagues, stakeholders and funders. However, we also want to ensure bureaux themselves can show and be proud of their own local work and worth.

Supporting our bureaux in finding appropriate and proportionate systems

We do have an aspiration to do more to engage our bureaux and workers. We want all our front-line staff to know how they have helped their clients. Our newly developed 'Strategy Map' will help to illustrate this so that every member of the service knows their part in helping to deliver our long-term goals and

vision of solving problems, changing lives. Long term positive impact for clients is a key aim.

Finding appropriate and proportionate measurement approaches is important for our members. Bureaux come in all different shapes and sizes, with different structures and governance arrangements. Resources vary too. Therefore, whilst we communicate and provide extensive guidance with a standard set of tools, there is not a perfect model that all bureaux can use consistently as resources are often limited.

There is also a complexity in that different funders have different needs. One size certainly doesn't fit all. Our advice to our members is to engage with funders at an early stage, particularly when bidding for contracts, to discuss what is realistic to measure, achievable and proportionate so that there is clarity from the beginning.

Nonetheless, we are growing our support to our bureaux by providing more templates and systems so they don't have to start from scratch. One example is demonstrating impact as part of tendering processes. Our 'Standardised Impacts Document' is a tool that allows funders to receive reports on the work that their local bureau is undertaking. It also allows bureaux to demonstrate the value of their outcomes.

We are also working to make impact reporting easier for bureaux with user-friendly 'web to print' system based templates and developing a sophisticated Customer Relationship Management (CRM) system that will allow bureaux to capture their outcomes in a much more efficient and accurate way.

Measuring impact can be resource intensive and complex, particularly when demonstrating real accountability and credibility. However, by extending our tools and engaging and supporting our bureaux whilst sharing in our collective vision, Citizens Advice is actively looking to demonstrate to our funders, stakeholders, local communities and indeed our staff and volunteers how we make a powerful difference.

7. ST GILES TRUST: Applying economics

St Giles Trust works with offenders to help them resettle and break the cycle of re-offending. It provides practical support to tackle any barriers which might be holding someone from moving their life forward. Typically, this involves help with housing, improving skills, entering the workforce and engaging with other services. St Giles Trust has an annual turnover of £5million with 56 statutory funding streams and 25% from charitable trusts, corporates and high net worth individuals.

Rob Owen, chief executive of the St Giles Trust sets out how his organisation used economics to demonstrate the impact of one of its services

When I took up the role of Chief Executive at St Giles Trust in 2007, we already had an excellent reputation for delivering high quality, effective services. Our work had won multiple awards and I sensed there was something distinct we offered which should be identified and shared.

We had an established relationship with the then head of NPC Martin Brooks, a former economist, who was pioneering a completely new approach to this through his newly established charity Pro Bono Economics. It matches volunteer economists with charities who wish to explore their impact and results – effectively applying the principles of an economic analysis to a charity's work.

I identified what I felt to be a match made in heaven. We were delivering Through the Gates, a vital service which offered support to homeless prison leavers returning to London. It isn't rocket science to figure out that people who are homeless on release from prison are far more likely to re-offend. Therefore, it makes sense to ensure someone has somewhere to stay when they get out of prison. Importantly, many of the caseworkers on this service were reformed ex-offenders trained by us to become caseworkers able to offer specialist support to their clients. As prison leavers tend to be a very tricky group to engage, using someone who has walked in the same shoes as their client is a particularly effective approach.

Turning anecdotes to metrics

I knew that this service was hugely important. It worked with clients who were at a medium to high risk of re-offending and required intensive support. A report of our work with a client in one London borough who police described as a 'one man crime wave' was claimed as having a direct impact on a reduction crime figures. The London Probation funding for this service was due to come to an end so it was absolutely crucial that we proved its impact in order to influence commissioners and funders to continue to support it.

We were the first charity that Pro Bono Economics worked with and matched with independent economists Frontier Economics. It was agreed that the purpose of the research would be to demonstrate the presumed cost benefits of reduced re-offending presented by Through the Gates, balancing these against the costs of running the service. We were also told in no uncertain terms, that the report would be given access to Police National Computer (PNC) data and would be heavily scrutinized and peer reviewed across Whitehall to make only our inputs directly attributable to any success we had. It would be the most robust report of its kind, having taken out all and every ounce of counterfactual impact. If we didn't create value they would shout just as loudly about it as if we did.

Using existing data in new ways to show impact

Frontier Economics worked closely with our service delivery teams in gathering data on a sample group of clients we worked with under our Through the Gates service. My team did not have to invest unnecessary levels of time and resources into the project – it caused minimum disruption and fitted in with report backs that commissioners required regardless.

Frontier Economics analysed information which had been collected on 583 clients from August 2008 – January 2009. They compared this with data against a 2007 cohort of national prison leavers of a similar offending profile. It assessed the impact of Through the Gates by comparing national re-offending rates of the 2007 sample against those of Through the Gates clients. It then estimated cost savings associated with reduced re-offending and applied these to the impact of Through the Gates. Ministry of Justice national re-offending statistics were used.

We knew we provided a first class service but even we were taken aback when the initial findings came

in that our service saved the taxpayer £33 pounds for every £1 invested. This was then reviewed across a wide range of stakeholders and every conceivable potentially counterfactual aspect stripped away. Astonishingly the ratio was still a remarkable result. Frontier Economics concluded that Through the Gates delivered a conservative cost benefit ratio of 10:1 i.e. for every £1 invested in the service £10 in direct criminal justice cost savings are delivered for the public purse. It also demonstrated that Through the Gates reduced the likelihood of re-offending by an additional 40%.

Communicating results and responding to challenges

It was when we started to communicate the findings of the research through ministerial briefings, media work and a launch event that we started to encounter challenges. Despite the detailed evidence showing the effectiveness of the service, and robust representations from Frontier Economics and Pro Bono Economics, people were cynical. We were told by academics that they 'simply did not believe' the findings. It would appear – in the eyes of some – that we had achieved the impossible, 'that this had never been achieved before'. Some even argued that we must have cherry picked clients. The reality was that our clients were reverse cherry picked, as we were tasked to work with Probation referrals of the most complex clients. Also remarkable was the fact that the measurement for success was a binary measurement. For many the penny did finally drop, that if you are bold enough to do things radically different you can get radically better results.

There is probably more than one reason for this cynicism. This approach to impact measurement was relatively new at that time and it was completely different from the more conventional approaches of academic research more commonly used. Furthermore people didn't believe St Giles Trust could deliver such impact - we are a mid-sized, modest turnover charity but with huge ambitions and we punch well above our weight.

The influence of the project on future work and funding

Despite this, the project has been hugely important and influential for us. Although the wider economic climate and cuts to public funding meant that we did not gain mainstream funding for Through the Gates, the project was instrumental in bringing a range of contracts our way and a legacy project funded through voluntary income still provides post-release support for prison leavers.

Perhaps most importantly, it has raised the profile of our work and the nature of some of the issues facing our clients. Somewhat frustratingly, the legacy project – Meet at the Gates – is in a vulnerable funding scenario again. However, we've got the ammunition from this report to demonstrate the impact of this type of service and show why it is important.

It is always immensely powerful to be able to quote positive feedback from your beneficiaries. However, impact measurement needs to go one step further. As charities fight hard for every penny, it will be those that can evidence the value of the work they have done and what positive benefits it has provided for different groups who will be best placed to weather the tough times ahead we all face. At the same time however, with the sector operating on ever-diminishing resources, a balancing act needs to be struck on how much time and money should be invested into this.

Our next impact report will be on our multi award winning gangs service called SOS. The true impact from SOS I feel confident will be even greater than Meet at The Gates service both in terms ability to reduce reoffending, and in terms demonstrating, pound for pound, that this is a genuine heavyweight contender. Now that'll be impact report well worth acting on.

8. AVENUES TRUST: Implementing an impact measurement programme

Avenues is a group of charitable social enterprises that provide high quality community based support to adults and young people with a range of complex and challenging needs in London, East Anglia and the South East. The Avenues Trust Group has an annual income of £26million.

Steve James, chief executive of the Avenues Trust Group, reflects on his experiences of introducing impact measurement

Deciding to measure impact

Avenues had many individual examples of how we have changed people's lives, but no strategic method of measuring our impact as an organisation. With the encouragement of the board (who were keen that we had evidence of impact), a small internal group researched a variety of approaches to measuring impact with the brief that they must be robust, clear and measure the reality of someone's life.

Selecting and rolling out the programme

Professor Jim Mansell at the Tizard Centre, University of Kent, had pioneered an approach called *Active Support*⁹ which scientifically measured engagement levels. Put simply, the approach measures the time someone is doing something they had chosen to do. Active Support was a suite of approaches which raised engagement levels and provided evidence through periodic measurement, compared to a baseline taken before the new approach began. Engagement is a good proxy for quality of life and therefore a good evidence base to prove the effectiveness of Avenues' work.

'The Avenues' board agreed to implement Active Support. The implementation programme had a number of features:

- The process would be undertaken in all 50 residential homes and phased over three years.
- The whole organisation including the board and non-support staff would undergo appropriate training to understand the approach.
- Active Support was our chosen way of supporting people with learning disabilities and was the only way we would work and be measured. In the words of one board member "there was no way out".
- Reporting was open both within the organisation and outside.
- Everyone would know what we were doing.
- The process was transparent.

- Some measurements would be undertaken by the University of Kent and they would moderate a random sample of measurements undertaken internally.

The initial training took place in 2006 and the programme has now run for five years, providing a significant body of evidence to prove that our approach is effective and changes people's lives for the better – engagement levels have soared.

Reflections on our experience

Every chief executive of a service provider says they wish to measure the impact of what their organisation does. However, if you implement a comprehensive process to do this, it is difficult not to feel a touch exposed. What if, despite your conviction that you're doing good stuff, the process provides conclusive evidence that what you do doesn't work?

Reflecting on the implementation of our approach, I think a certain amount of planning (and confidence) is required. The organisational lessons I learnt were:

- The importance of getting everybody on board.
- The importance of being clear that Active Support was the only way we did things, "no way out".
- The importance of being transparent – whatever happened, everyone would know.
- The importance of preparing everyone for occasional bad news – what would our response be? How would we improve things? What would we tell people?

There have been a number of unintended consequences of our approach. These include:

- Some staff left.
- The transformation of our learning and development strategy moving towards team based, not individual learning.
- A review of the role of first line managers emphasising practice leadership, leading to a comprehensive management and leadership programme.

- The ability and importance to reflect back to individual support workers the effectiveness of their work. Particularly working with profoundly disabled people, it is often difficult to measure progress. Active Support is a robust tool to do this, and is a fantastic motivator for staff when they receive objective evidence of their effectiveness.

An organisational advantage of adopting Active Support has been in our contract negotiations with commissioners. We can now prove effectiveness and therefore value for money, particularly if services appear expensive. With increasing personalisation of social care the ability to give individual people and their carers evidence that what we do works is very potent. If you're looking for a service for your brother, you need to be reassured that an apparently expensive provider such as Avenues will be effective. Active Support provides such evidence.

We also learnt that we are capable of successfully executing a transformational project and if we could do it once, we could do it again, addressing further challenges in the future.

Looking towards the future

We are now moving to a second stage of Active Support which will measure the effectiveness of our community based services, not just those provided in residential homes, and are confident that we will be able to provide similar evidence of impact in the future.

My personal experience of implementing this approach has been that it constantly challenged my view that what we did worked. While this challenge has not always been a comfortable experience, it is a valuable one, and leads I am sure to better services to those people we support.

9. ACTION ON HEARING LOSS: Reporting online

Action on Hearing Loss are a UK charity taking action on hearing loss since 1911, by: providing support for people with hearing loss and tinnitus; providing day-to-day care for people who are deaf and have additional needs; supplying communication services and training; offering practical advice to help people protect their hearing; campaigning to change public policy around hearing loss issues and supporting research into an eventual cure for hearing loss and tinnitus. Action on Hearing Loss has an annual income of £41million (2010-2011).

Susanna Eriksson-Lee, Lindsay Hodgson & Pamela Muir at Action on Hearing Loss describe how they moved from measuring outputs to reporting on impact and innovative approaches to reporting online.

Increasing our focus on our impact

Over the past few years we have been evaluating our impact more and more at Action on Hearing Loss. This has consisted of a number of core components:

- Moving from monitoring what we do to evaluating the changes that we make to people's lives.
- Involving users in this process.
- Putting in internal systems and processes that make this easy for people to use.
- Communicating our impact in ways that are accessible to stakeholders.

In so doing we have asked ourselves a series of questions. What do we know about our impact? How do we communicate it? What role can online, electronic and digital formats play? Here we give a snapshot of our journey to discover and implement the answers to these questions, and set out how we are using online reporting to ensure that we are moving from outputs to impact.

How are we moving towards impact?

Our work towards strengthening our evidence of outcomes and impact has involved a range of approaches set out in the diagram in figure 3. These include:

- Developing SROI models.
- Working with staff to 'inspire their curiosity' in the value of measuring change.
- Introducing outcomes-focussed strategic planning.

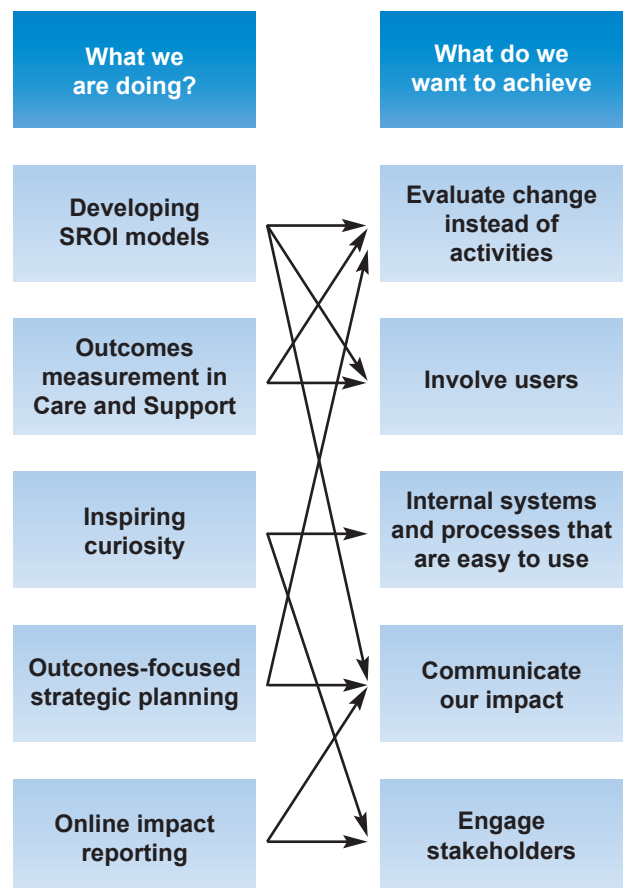


Figure 3. Approaches towards strengthening evidence of outcomes and impact

Two specific projects which are contributing to this journey are outcomes measurement in our care and support services and online impact reporting.

Outcomes measurement in care and support services

Action on Hearing Loss supports 414 people in care and support services. Leading change for people who are deaf, hard of hearing, or have tinnitus, is the reason we exist as an organisation. So, ensuring we work in a way that achieves the greatest impact for the end user needs to be key to everything we do.

As a result of this ambition, we have been doing work to systematise the collection of data that demonstrates the changes we're making to people's lives. In particular, we have piloted and are rolling out an outcomes measurement system for each person in our care and support services to use, supported by their support workers.

Drawing on the popular *Outcomes Star* system from Triangle Consulting¹⁰, we have developed a holistic way to map the progress that individuals using our services make towards things that matter to them. Using categories that make sense and are significant to each individual, such as 'you and other people' and 'feeling good', we can focus on the things that are both important to the people using our services and which directly correspond to the things that are important to regulators and funders.

We are currently in the process of developing these measures into a bespoke online system, so that outcomes and quality of service can be mapped over all of our nationwide services over time. Our decision to develop our own software in-house, rather than sourcing pre-developed packages, means that we can customise the level at which

data is collected, aggregated and reported. As a result, individuals using services are empowered to be in control of their own information in hard copy format, the amount of time staff spend on inputting data into the online system is reduced, and we can ensure that we are only conducting large scale analysis on information that is operationally and strategically useful (see fig. 4).

Throughout this process online reporting plays a crucial role in enabling us to show how we are supporting people to change their lives.

Online impact reporting

Collecting and aggregating information on our outcomes is vital in strengthening our evidence base, increasing the robustness of our outcomes and impact information, ensuring we are providing the best services and, most importantly, leading to the positive change in the lives of the people that we support. Communicating this information to a wider audience is, in turn, key to engaging our supporters and the people that we are here to support. But how do we do this?

The impact section of our website¹¹, as well as containing our Annual Report and impact report in 'pdf' format, presents a series of videos, each aligned to a strategic theme. These take examples of individual people and individual services and bring to life the stories of change that underlie our quantitative data.

The use of digital and online formats, which include British Sign Language translations and narrative titles, bolster the visual nature of the videos, making the story of our impact accessible to the people that support us and the people that we support, allowing us to convey the qualitative nature of our quantitative data in a relevant way.

In fact, by increasingly working online in the long-term we will make our impact information more accessible to everyone that we interact with, in a cost-effective, environmentally sustainable and visual way that suits the people we serve better. Consequently, we are focussing on inspiring our staff to be curious about the outcomes they are aiming to achieve, and on putting in simple online systems that will make it easy for them to do this. This is in order that we can move from monitoring what we do to evaluating the changes we make in people's lives. In doing so we can shift from outputs to impact, and succeed in working towards a world where hearing loss doesn't limit or label people, where tinnitus is silenced – and where people value and look after their hearing.

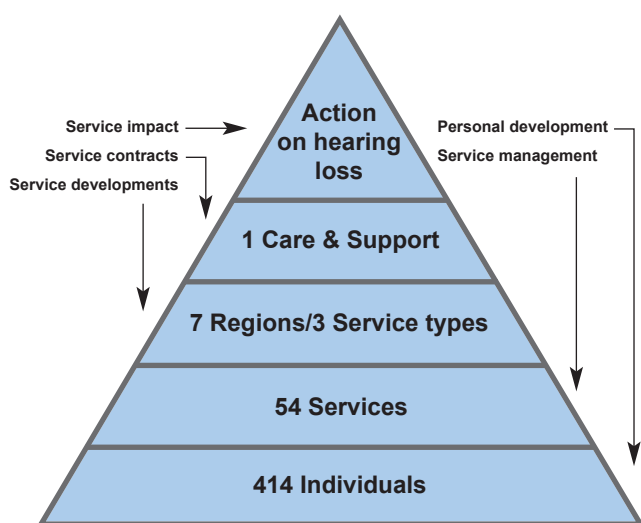


Figure 4 This diagram shows how reporting is aggregated and what information is used for at each of the different levels.

LINKING WITH THE PRINCIPLES: Some examples from the case studies

The table below looks at the Principles of Good Impact Reporting and gives a few examples from the case studies that demonstrate these in action. These are not necessarily the only examples that can be given and you may take much more from

the cases; however, this should provide some insight into how the principles may be interpreted and how these organisations have demonstrated good practice in particular areas.

Principles	Example from the case studies
How	
Clarity	<ul style="list-style-type: none"> • Sightsavers has developed the SIM card which clearly states the overarching objectives of the organisation and links each objective with activities, a scorecard for monitoring performance, and a traffic light system indicating success levels.
Accessibility	<ul style="list-style-type: none"> • Action on Hearing Loss are moving towards online reporting of their impact and have developed monitoring tools that are designed to be used more effectively by their beneficiaries. This means that this key stakeholder group are able to contribute more fully to the information collected and to access reported information more easily.
Transparency	<ul style="list-style-type: none"> • Unlimited Potential produce a set of social accounts every year which are based on a social audit. Credibility has been built by openly discussing successes and failures. • Sightsavers has a traffic light system which highlights to staff the key areas where targets are being met and where there is room for improvement.
Accountability	<ul style="list-style-type: none"> • Action on Hearing Loss report yearly on their impact, and involve beneficiaries at the heart of the monitoring and evaluation process enabling them to input their views in the process. • Unlimited Potential has worked to identify their key stakeholder groups and to develop ways of communicating with these groups effectively, building credibility through discussing failures and success.
Proportionality	<ul style="list-style-type: none"> • Citizens Advice Service has provided templates and tools to enable smaller bureaux to improve their basic reporting and to provide better information on the overall service. • Body & Soul has appointed a staff role the 'Health Outcomes Manager' in order to work across the staff team in the development of an impact strategy that can benefit all areas of the charity's services and is designed to fit with the resource constraints of the organisation.
Verifiability	<ul style="list-style-type: none"> • St Giles Trust worked with Pro Bono Economics to demonstrate the value of the 'Through the Gates' programme and subsequently sought verification of the findings from the Home Office and academics. • Unlimited Potential has made use of a variety of accreditation processes to support the credibility of their reporting. • RNIB Group has worked with London South Bank University to develop the capacity of their organisation and ensure that bespoke systems are robust.

What	
Clear purpose	<ul style="list-style-type: none"> • CAADA clearly demonstrates the evidence base behind their organisation and the gap in terms of service provision that they fill.
Defined aims	<ul style="list-style-type: none"> • As a result of the research conducted into the effectiveness of their programmes, CAADA has defined clear, measurable objectives against which they can monitor success over the next 5 years. These include halving the number of high risk victims from 100,000 to 50,000 and the length of time it takes to victims to find effective help from 5 to 2.5 years.
Coherent activities	<ul style="list-style-type: none"> • As part of their 'impact strategy', Body & Soul has linked its programmes and activities with overarching objectives based on the individual and the wider context. Key performance indicators for each activity then clearly link back to the charity's aims. • RNIB Group has used the increased knowledge and emphasis on impact across the organisation to ensure that activities, such as advice services, are aligned with the needs and objectives for their beneficiaries.
Demonstrated results	<ul style="list-style-type: none"> • Avenues Trust Group is able to demonstrate that their interventions work against their aims and can explain this in simple terms through the data they have collected on engagement of their beneficiaries. • St Giles Trust has derived a monetary value of savings for every pound spent on their programme and can report on the outcomes for their beneficiaries.
Evidence	<ul style="list-style-type: none"> • Action on Hearing Loss makes use of video and written case studies as well as empirical evidence in order to demonstrate impact. • St Giles Trust is able to demonstrate savings to the public purse in their communication with funders. • Body & Soul has used their impact strategy to outline the evidence base for their working model, enabling them to build on this as the monitoring process continues.
Lessons learned	<ul style="list-style-type: none"> • The Avenue Trust Group has discussed some of the unintended consequences of their approach which have included rethinking some of the ways in which the organisation is managed.

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1. TELLING AN IMPACT STORY

Sarah Hedley

Research analyst, New Philanthropy Capital

In the Autumn of 2010, CFG, Acevo and NPC started to work together to see if they could establish a common set of principles for impact reporting. Building on the earlier work of all three organisations, collectively we hoped that we could achieve much more by coming together to establish a common language, and set of broad principles, for charities and social enterprises to use.

These Principles of Good Impact Reporting, now launched after a period of consultation, are intended to help charities who want to improve how they communicate their impact. They are not intended to be a prescriptive set of rules that charities have to comply with, but rather a response to the repeated requests we received from charities who wanted to know how to get started on impact reporting.

We hope that, with the support and buy in of the sector, these principles can become embedded in how charities approach their communications. We think they have the potential to help all sorts of different audiences and stakeholders to engage with and understand charities—from donors to service users, from the media to charities' boards. Because, on NPC's side at least, we can trace back the origins of our work on impact reporting to a desire to help the public understand charities better.

The roots of the impact reporting principles

During the winter of 2010, 10 UK charities received £428,000 from public donations through The Guardian newspaper Christmas appeal. The charities selected as beneficiaries of The Guardian readers' generosity were chosen not because of their big brands, not because of a slick advertising campaign, nor because of their low overheads. Instead they were selected because of their answers to five simple questions:

- What's the problem that you're trying to solve?
- What are you doing to address it?
- What are you achieving?
- How do you know?
- What are you learning?

These five questions have the appeal of simplicity, logic and common sense. They would appear to be pretty obvious questions to ask if you want to understand what a charity is doing, and why. When

NPC published a report on charities' impact reporting in 2010, called 'Talking about Results', these were the questions we put at the heart of our review of charities' reporting. Yet to find the origins of these questions we need to go further back in time, to a website called Intelligent Giving.

Helping the public to understand charities

The origins of Intelligent Giving (IG) were about as far as you can get from what is often referred to today as 'impact reporting'. The two founders of the website, David Pitchford and Peter Heywood, were both journalists who had been frustrated by the lack of information available to ordinary donors about which charities were most deserving of their money. Their vision was for a Which? style website, which reviewed charities against objective criteria and used this to inform donors and help them make decisions about who to support with their hard-earned cash.

But what objective criteria to use? With 160,000 registered charities in England and Wales, finding common and meaningful criteria that accommodated the diversity and scale of the sector was a real challenge. Administration or fundraising costs were considered but ultimately rejected. This was too shallow an analysis by which to judge charities and could be perverse or misleading—a charity tackling really entrenched problems needed the right infrastructure and support to be able to make a difference.

The solution that was eventually hit upon was charities' transparency and how well they reported on their own work against the criteria set out by the Charity Commission in the charity 'Statement of Recommended Practice' (SORP). This felt right for a number of reasons. From a practical point of view, reporting is something that all charities (over a certain size) are required to do by the Charity Commission. It was also something that donors were known to care about: the regular surveys of public trust and confidence carried out by the Charity Commission showed the importance to donors of clear and honest reporting.

It also made sense intuitively. IG's founders felt that charities that were open about their work and honest about their successes and failure were more deserving of funding than those that weren't. And a transparent charity was more likely to give donors

the information they needed to make an informed decision about whether to give to them or not.

The first profiles rating charities' transparency were published in 2006. Reception to the profiles from the charity sector was mixed. Some were sceptical about the value of looking at reporting, and doubted that anyone really read annual reports. But it seemed that many charities were falling into a vicious cycle: charities didn't think donors wanted to read annual reports so didn't put any effort into them; donors didn't feel inspired by long technical reports in black and white text, so didn't read them.

But there were warm responses from charities that saw IG's reviews as an opportunity to improve the way they communicated with donors. IG worked with many charities to help them improve their reporting, talking them through IG's criteria, and providing feedback on draft reports. It was remarkable to see charities make huge strides in their reporting over the course of just one year. Most of the time, it seemed that charities already had the information they need to report on. It was just that they didn't know that anyone wanted them to report it.

Linking transparency and effectiveness

In the summer of 2009, IG's finances took a turn for the worse and it faced the very real prospect of closure. But NPC was interested in the possibility of joining forces, and in September 2009, Intelligent Giving formally became part of New Philanthropy Capital (NPC). Although the merger was born out of necessity, it was in many ways a natural union. Core to both organizations was improving the effectiveness of the charity sector by undertaking analysis of charities and by increasing the flow of information within the sector as a whole—by working both with charities directly, and also with donors and funders.

The merger of IG into NPC meant looking again at the criteria for assessing charities' reporting, and because of NPC's focus on charities' impact and effectiveness, working out how to review reports to assess what charities were achieving. A first step was to look at whether transparency could act as a proxy for charities' effectiveness—could charities' reporting be used as a 'quick and dirty' assessment of how effective they were likely to be? But there was a fundamental problem: it was possible for a charity to be painfully honest about its failure to achieve anything for the people it aimed to help—transparent, but not effective. It was equally possible for a startlingly effective charity to be doing fantastic work for its beneficiaries but hiding

its light under a bushel and telling nothing of this to the world.

I'm not sure we can honestly say that we have cracked the conundrum—and we need to understand more about the ways in which being transparent helps a charity to do its job better. But what we did discover was that, although IG and NPC analysed charities through different lenses, they agreed fundamentally on what an effective organisation looks like. For both, an effective charity is one that is focussed on achieving the best results for its beneficiaries and is underpinned by strong governance and management, a clear strategy and a stable financial base.

This has proved to be a surprisingly powerful insight because, for us, it showed that transparency is not about total disclosure or about doggedly putting anything and everything about a charity into the public domain. Instead charities need to be transparent about what is most important—what they aim to achieve, and what they are achieving, to change their beneficiaries' lives for the better.

Building on the principles

Today, impact reporting is something that many more charities are talking about and getting stuck into. Faced with a difficult financial climate, and one that shows no signs of rapid improvement, many charities are looking with renewed vigour at how they can focus their communications on the impact they create. Many are driven by a belief that better communication of their impact will lead to increased access to funding from foundations, philanthropists, and government. Others believe that impact reporting is necessary for their boards and management to make better decisions about the allocation of scarce resources across their programmes. We argue that both these aims can be achieved if charities use the Principles of Good Impact Reporting to structure the information they collect and report.

More importantly, impact reporting is an agenda that charities themselves appear to be driving forward—as seen in the recent publication of the Principles of Good Impact Reporting, brought about through collaboration between some of the biggest membership bodies in the sector, including NCVO, CFG, the Institute of Fundraising and ACEVO. This is good news. Charities have long complained that they are often judged on the wrong things. By making impact reporting something that is of the sector, charities have a chance to set the agenda about how they should be judged—not on admin or fundraising costs but on the difference they make.

2. DEMONSTRATING PERFORMANCE IN THE TRUSTEES' REPORT

Amanda Tilley

Not for Profit National Team, Grant Thornton

As charities have had to become more competitive over every pound of funding, whether it is from government, grant making bodies or from donors, it is imperative that they make clear how they are able to make best use of the resources available to them to effect results against their objectives and help their beneficiaries.

Regulation in this area is very limited, although the Charities Statement of Recommended Practice 2005 (the Charities SORP)¹² provides some guidance on what trustees should report in respect of the objectives, achievements and performance of the charities. This means that guidance and support is needed to make the reports as useful and relevant as possible. This is similar to the corporate listed world where listed companies follow principles and guidance for much of their narrative reporting. In this arena guidance and governance practices have evolved through the publication of reports such as the Smith Report¹³ and the Higgs Report¹⁴. Boards of directors have followed the guidance over time and reviewed other companies' reports that promote best practice so that the quality and depth of the reports has shown significant improvement over time. The Principles of Good Impact Reporting provide similar guidance and opportunity for learning to those in the charity sector.

As part of their role, trustees should already be monitoring how charities are performing against their stated objects. A good Trustees' Report will publish this information so that those interested in the charity, whether as a stakeholder or potential donor or beneficiary, can see how the charity is performing. The Trustees' Report should therefore cover a number of both financial and non-financial elements and is a good place to start when improving reporting and moving into the area of reporting on impact.

It is imperative that a charity is very clear on what it wants to achieve before considering and reporting how it is progressing against these aims.

Objectives of the charity

The best disclosures in the Trustees' Report will make the objectives of the charity very clear. It is not enough to repeat what is included in the governing document as this tends to be fairly wide. Instead the report should:

- Give a clear description of the charity's main objectives.
- Provide an explanation of the strategies which have been designed to achieve these objectives.
- Show how the board expects the charity to develop in the near future.
- Detail its long term plans.
- Provide information on trends and factors affecting the results and achievements.

Choosing indicators of performance

Without clearly defining the charity's main objectives it is impossible to provide clear and relevant performance reporting. The most useful performance reporting will specifically link results to the charity's objectives and provide a clear definition of what the results measure.

For some charities it can be incredibly difficult to choose performance reporting measures. This may be because a charity's main object is so long-term, for example those charities which look at cures for currently incurable diseases, or that is so wide, for example helping children, that it will be necessary to break down its overarching objective into more detailed objectives or shorter term measures.

It is therefore critical that management and trustees carefully consider how they rate their own successes and failures. In the case of a cure for a disease it may be the progress in the development of a clinical trial, or the level of grants to research scientists and the development of the research funded. For charities considering large sections of the population it may be to look at specific elements of the population, for example, the number of children the charity has helped in a particular location or the number of elderly people with income below a certain threshold.

Charities should as much as possible start from a blank page, considering how they manage their own organisation and how they measure themselves internally; in an effective charity these key measures will be the ones which also indicate the impact of the charity. If the analysis of the indicator takes excessive time or cost it is unlikely to be a useful and relevant indicator for the organisation and management should really consider whether it is a key indicator at all.

The number of performance measures will vary depending on the type of charity and what the

trustees and management feel are the key indicators. For example, in the FTSE 350 the average number of financial key performance indicators is 5.3 in addition to 3.0 non-financial indicators. This varies across industry groups from a maximum average of 5.8 financial indicators in the oil and gas industry and 6.7 non-financial indicators for companies in the utilities sector. The key point is to ensure that the indicators chosen are easily measurable and really mean something for the charity, enabling management to understand how they are getting results and how they manage the charity.

Disclosures of performance indicators

Once relevant indicators have been chosen it is vital to give sufficient information as to how the figures are calculated and the source of the data. It is important to show whether it is internal or external and how it has been verified so that it is credible.

The performance, whether it is financial or non-financial, should be comparable to prior years' figures and explanations of the movements should be given. As previously mentioned, if this exercise is not part of an effective charity's management process it is unlikely that the measure chosen is really a key performance indicator.

Ensure relevance

Overall the key to useful and effective narrative reporting, in whatever sector, is to ensure that it is relevant to the organisation and the users of the information. Impact reporting is a real opportunity for charities to think about what they want to achieve and how they are able to measure their achievements. For those now embarking on impact reporting the exercise of choosing how to measure impact can highlight the elements of the charity which are most important and where resources can be best utilised.

The easiest and quickest way to report performance may be to use boiler-plate generic information but this will be of little use either internally or externally. However, reporting against well-considered and relevant performance indicators will assist both management and readers of the report to really understand what a charity stands for and what it is achieving in its chosen area.

3. LEADERSHIP: EXAMINING THE CEO'S ROLE IN DRIVING IMPACT FROM THE TOP

Nick Carey

Policy officer, ACEVO

Impact reporting is a highly pertinent issue for third sector leaders of organisations of all size and description. There is a strong consensus across the sector that it is a vital undertaking for reflective, high-performing organisations and that it is becoming increasingly important in a world of greater competition and restricted financial resources. Furthermore, as the voluntary, community and social enterprise sector moves increasingly towards a more contractual and outcomes based funding model (particularly in public service provision), being able to demonstrate the efficacy of what you do is of paramount importance. Further developments in commissioning, such as payment by results, will mean this trend is continually reinforced over the coming years. This short article explores why it is important for third sector chief executives to take the lead in developing impact focussed organisations, the benefits that it can derive and where it fits in their own role.

Where does impact reporting fit into the CEO's role?

The CEO's role can be thought of as roughly comprising three main aspects – firstly, working with the board; secondly, leading the organisation; and, thirdly, promoting the organisation. Where does impact reporting fit into this model? Popular prejudice suggests that it fits almost exclusively with the final aspect, but when analysed closer it is clear that impact reporting holds resonance right across the CEO's role.

Working with the board

Boards of trustees are ultimately accountable for their organisation and what it does, bearing responsibility for its direction and strategy. However, for a variety of reasons, some organisations' governance is not always as effective or focussed as might be hoped. Most notably trustee discussions can sometimes stray from the strategic level into the operational, which is more appropriately the preserve of the executive. This situation is then in danger of developing a strategy which seeks to deliver what works best for the organisation rather than its beneficiaries. A vital role for the chief executive in working with the board, particularly the chair, is to ensure that the trustees can remain focussed at a high level - forming strategy, not how to implement it. By

encouraging an organisational focus and reporting on the impact that the organisation makes, the chief executive is better able to demonstrate the macro benefit that their organisation delivers – the outcomes rather than the outputs. This gives greater accountability to stakeholders and places trustees in a much stronger position to make sure that the organisation is focussed on its beneficiaries and strategically aligned to deliver the most effective impact possible. This should include benchmarking against similar organisations and examining where external alliances (in any form) may deliver better outcomes for service users.

The CEO's management role

The CEO is responsible for supervising what the organisation does, how it does it and how it can improve what it does. Importantly from the impact reporting perspective, the CEO is best placed to evolve an organisational culture based on the outcomes and impact that their organisation delivers rather than its process, inputs and outputs. These internal drivers can be institutionalised over time and may result in a loss of focus from the original purpose of the organisation.

In working towards a culture focussed on the benefit that an organisation delivers, it is critical to have strong leadership from the top that is able to take staff with their vision. Steve James' case study is an excellent example of how a CEO can lead an impact-focussed culture change within an organisation. Furthermore, as discussed earlier in this publication impact reporting is based around a cycle. This traces the same steps as any effective business cycle by following the well-established planning, performing, assessing and reviewing stages. As a result, a well-developed impact reporting process can help organisations in their corporate operations by identifying organisational strengths and weaknesses. In doing so, an effective impact report can enable organisations to embark on a process of continual improvement in delivering impact – not just by honing their focus on outcomes, but by improving internal process and systems.

Promoting the organisation

Having a solid impact report is a central and very effective means for leaders to publicise their organisations and attract funding. Funders and

commissioners are increasingly focussed on achieving the maximum impact that their money can deliver – getting the biggest bang for their buck. It is therefore vital for organisations seeking to attract such funding that they are able to demonstrate what they do for two main reasons. Firstly, impact reporting will (hopefully) show that their organisation delivers significant, objective benefit and adds value, thereby making their case for funding. Secondly, with increasing numbers of common metrics emerging, impact reporting can facilitate a degree of informed comparison between organisations and create a competitive advantage for organisations within a marketplace. In this way, it encourages organisations to continually improve their performance in order to remain competitive for funding.

Why should the CEO be leading this process?

One of the most frequent reasons why organisations do not feel they get as much as hoped out of the impact reporting process is because they see the end point as a static document or report. Key to deriving the maximum benefit is by progressing the organisation around the impact reporting cycle and then repeating the process – the end result is then not just a report that sits on a shelf – it is a continual learning process for the whole organisation. This is the key reason why the CEO must take a lead in the impact reporting agenda. Not only must the organisation be engaged in an impact focussed culture, but also there needs to be buy-in and implementation across the organisation to the impact reporting cycle. The chief executive is the one person in a position to ensure this. Their buy-in is particularly vital in the review stage where findings from an impact reporting cycle can be taken forward and recommendations to improve the efficacy of the organisation are implemented. Without the CEO's backing, the whole process runs the risk of resulting in another report gathering dust in a drawer. However, with the CEO's backing, this can be a powerful document which enhances and focuses the organisation both internally and externally.

This is not to say that the chief executive and only the chief executive should be driving the impact reporting process – as can be seen from the case studies, there are numerous potential approaches. However, the CEO must be fully bought into the process if real change is to be effected and the maximum benefits obtained.

The chief executive's role is critical in ensuring that

the organisation can make the most of its learning experience and implement change. There is, after all, no right or wrong answer about impact reporting – we are all learning on this journey together – but organisations will need strong and dynamic leadership to keep them focussing and improving on the benefit that they deliver.

4. LINKING FINANCIAL AND PERFORMANCE MANAGEMENT

David Membrey

Deputy chief executive, CFG

Implementing the ideas behind the Principles of Good Impact Reporting in a meaningful way, making the coherent link between objectives, activities and outcomes, will inevitably influence organisational strategy, evaluation and resource allocation.

For organisations to be signed up to this agenda there needs to be buy-in at the top with board-level support. There are also strong roles beyond the executive to drive the principles throughout the organisation. The finance and resources function in most charities is in a unique position in terms of the influence and reach it has, both at the strategic end and in terms of its relationship with other core functions and the frontline staff.

The traditional role of the finance team is to consolidate financial information and report it in an appropriate form. Thinking about how information is to be communicated within the accounts, and to the board, comes naturally to the finance professional. The good contemporary finance team has a functional communication network across the organisation and is used to dealing with complex information transfer within this network. Requirements within the Charity SORP for narrative information on how the organisation achieves its public benefit aims, has also encouraged consideration and integration of more varied data within the normal reporting cycle.

When it comes to improving the way a charity collects performance information and reports it, finance teams have a lot to bring to the table. Below we explore some of the roles the finance function can take in order to promote implementation of the principles in their organisation.

The critical friend

It is important that those with the knowledge and skills in understanding data representation are accessing the information that the charity is collecting and reporting. Inferences made about the achievements of a service should be robust. Often the skills for 'quality control' are present within an organisation but are not being utilised simply because the information is not passed on beyond the operational level, or because it is not demanded past it. When an organisation has invested in developing internal knowledge of research and monitoring techniques, creating a

primary relationship between those individuals and other teams is important.

At the same time as being a sort of critical friend when it comes to quantitative data, it is important that qualitative data is valued by those dealing with organisational finances. Effective charity finance teams move beyond the numbers and recognise the importance of the story told and those benefits, or unintended consequences, which are sometimes not captured by measurement techniques. Attribution of monetary value is often attractive to those managing finances, demonstrated by high levels of interest in SROI. However, it is important that 'quality control' is appreciated from the opposite direction, with the expertise of operational staff contributing to financial analyses and judgements of efficiency. Having a direct relationship between performance management and finance teams within the organisational structure is essential.

Parallel consolidation of information

One way of linking the financial and performance monitoring functions is to think about the parallels between the processes embedded in each of them, collating the information and bringing it to the top.

The finance team should be linking with those in performance monitoring throughout the year, similarly to how they may be communicating with budget holders. This is not simply a link that should be made at the point of reporting. In a smaller organisation it might be the case that the information that is collected is not being collated and is considered separately to the organisation's finances. Pulling data together and paralleling with the income and expenditure of a charity will significantly impact on the way an organisation makes funding decisions. It will also link this information more intuitively with the reporting cycle.

Re-shaping the way we talk to the board

One of the ways that a charity can take a big step in making impact more salient within internal processes is for senior managers to think about the way they report to the board. Most senior finance professionals in the sector are familiar with the scenario where the numbers reported at board level (perhaps in line with pre-set financial performance indicators such as basic costs,

generated income or other outputs) don't offer any context. This can sometimes lead to internal grapples over assumptions relating to what the data tells us. Ask yourself, what do the numbers you take to the board actually mean?

There will always be a point where the figures simply don't add up; but we should all be thinking in the broadest terms about social value and quality. Just as many charities are guided, or limited, in the information we collect by the whims of funders and the perception of what donors want, we are all often guilty of falling into the same traps with our trustee boards.

The challenge is for the head of finance to exert influence on the board by changing the way they are reporting figures back to them. The board should have a good grasp of what the organisation communicates within all of the individual Principles of Good Impact Reporting, and how this ties in with resource allocation and the working model. Not to be tokenistic, this needs to be linked with financial information and should feed meaningfully in to strategic decision making.

Thinking about risk

In 2011 CFG and Cass Business School released a piece of research on the state of impact reporting in the sector. It revealed that although there was a general appetite to do more in this area, there was a strong sense that the barriers to reporting on performance and opening this information up more widely, were a major set-back. For many, the perceived upfront investment was the biggest concern. There are also very real commercial considerations. To put it simply the information we think donors want is not what they would necessarily get, both in terms of the overheads of running an organisation, and the acceptance of failures. Although outcome measurement and evaluation has benefits, changing the way we communicate this is seen as a risk, which some charities don't feel they can absorb.

Charities are used to thinking about such considerations as part of their risk management processes. Reputational and income risks always feature highly on the risk register. However, behind the Principles of Good Impact Reporting is a belief that creating a more open, transparent environment will put brakes on the perpetuation of misconceptions of the way charities work, and promote recognition of the professional status of those that work in the sector. We need to move the emphasis away from arbitrary measures of effectiveness. This is a proactive approach –

telling people what you do, how you do it and what you have learnt along the way – rather than a reactive or defensive approach to those that challenge.

In an increasingly competitive funding environment, finance professionals are guiding their charities through some difficult times and are exploring some new and exciting funding options. However, being able to demonstrate your achievements and the value of your activities is essential, whether entering into new service delivery markets or exploring social investment.

Therefore I will leave you with one last thought. As well as thinking about the risks of investing in better reporting and starting to apply the principles, start to think about the very real risks of not doing so.

5. SOCIAL IMPACT METHODS: ONE SIZE DOESN'T FIT ALL

Claire Coulier

Manager, The Social Impact Analysts Association (SIAA)

We often hear how little consensus there is about social impact analysis, and how fragmented its practice is. In part, this is because the term impact is widely used but poorly defined. This means that a great many methodologies and tools can be said to measure some aspect of impact. And information about how to scope the work or choose one method over another is scattered and confusing at best.

Many existing methods have evolved to suit different types of organisation across the public, private and third sectors¹⁵. There is also evidence that most organisations assess their impact in response to external pressures – that is, to prove their value for money to existing and potential funders – rather than to allocate resources more effectively, inform strategy or increase staff morale¹⁶.

Growing consensus around principles

Yet there is some evidence that we are moving towards consensus around the principles of social impact analysis, underpinned by initiatives such as the Inspiring Impact group in the UK, the development of Social Report Standards in Germany, and SIAA's own review of existing sets of principles for social impact. The latter aims to identify the gaps in existing sets of principles that govern different aspects of social impact analysis – including scoping the work, measuring, analysing, reporting and using the results. While the work is still ongoing, our suspicion is that some principles, such as stakeholder involvement, are more widely shared than others at the moment; and that there are relatively fewer guidelines about scoping different methods and using the results of social impact analysis.

Diversity of methodologies

Despite this, there are many examples of organisations effectively using different methods to both improve their internal processes and prove their value externally. The following organisations' experiences demonstrate how different methods can work for different goals.

A clinical outcomes measurement system

First, the Brandon Centre, a small charity with an income under £1 million, has shown that impact

analysis can lead not only to service improvements internally, but also influence policy and practice at a national level. The Brandon Centre provides free, confidential support to 12-25 year olds experiencing mental and sexual health problems. The Centre uses a clinical outcomes measurement system to assess changes in their service users' mental health at regular intervals, and evaluates the impact of psychotherapy. As a result, they know that 47 per cent of young people who receive treatment over a year experience an improvement in mental health. New Philanthropy Capital considers their evaluation system one of the most sophisticated they have seen.

The Brandon Centre also ran the UK's first randomised controlled trial (RCT) of Multisystemic Therapy (MST), in partnership with Camden and Haringey Youth Offending Services. The aim was to find new ways to help serious young offenders who don't respond to more conventional counselling. The results of the RCT, which concluded in 2010, indicated that MST has a significant impact in reducing criminal and aggressive behaviour and institutionalisation among young offenders. This has helped the Brandon Centre not only in its own work, but has built up the health sector's understanding of how best to tackle serious offending among young people.

Social impact research and SROI

WRVS is a UK charity that uses volunteers to provide practical help to older people. WRVS was struggling financially when it recruited Lynne Berry as chief executive in 2007. Lynne wanted to evaluate the charity's services to ensure they were meeting WRVS' mission and users' needs. The organisation commissioned social impact research, later coupled with an SROI analysis, undertaking an evaluation of three types of impact relevant to all its services: benefits to older people's well-being, tangible benefits (such as living independently), and perceptions of services.

This process and an ongoing commitment to embedding evaluation within the organisation has helped give it the direction it needed. Information on which services worked and which didn't was used to reform and improve services – some of which were previously thought to work well, such as the community centres for instance. Though the findings of the impact research and SROI analysis have also helped WRVS to strengthen its case vis

a vis funders, this has not yet translated into significant new funding.

Adopting an existing framework

Oxford charity Elmore Community Services (ECS) is a charity that supports vulnerable people with multiple and complex needs, such as mental health and drug dependency, who fall through the gaps in government provision. ECS assesses its impact to ensure it is effectively supporting its service users, as well as to demonstrate its effectiveness to funders. For a relatively small organisation with an annual income around £300,000, ECS is committed to impact measurement, creating a comprehensive monitoring system that it uses imaginatively despite considerable difficulties in measuring some areas of its work.

The organisation uses the *Outcomes Star* – a framework developed by Triangle Consulting, with the support of St Mungo’s and the London Housing Foundation – as the basis for their measurement work, tracking the charity’s impact across ten criteria, including motivation and taking responsibility; offending; and managing tenancy and accommodation. Progress is measured on a ten-point scale, enabling the charity to track progress for individual clients across a number of different problems.

ECS has used the monitoring system to better refine and target its services. It found that it was able to have the greatest success with service users with the most entrenched problems, rather than for the client group as a whole. This encouraged the charity to focus more attention on those people with the most complex and extreme needs. In addition, one of the benefits of the *Outcomes Star* is that it is a relatively simple system that charity staff can engage with, and which makes visible the progress they have made with clients, with attendant benefits for morale.

The future of social impact analysis

These are only a handful of the many organisations who have used different social impact methods to not only prove the value of what they do, but also to improve their own performance. There is still much work to be done to provide organisations with a roadmap to social impact analysis, and to signpost the strengths and weaknesses of different methods and approaches. This is particularly the case as social impact and social investing rise up the policy agenda. Though one size does not and may never fit all when it comes to different methods of social impact analysis, the work in common taking place in this field, underpinned by SIAA and many others, are a timely and important first step towards defining best practice.

For a much more comprehensive overviews of methods than space allows for here, see:

- NCVO’s Impact Measurement Guide to Resources, which provides an overview of existing methods and tools with a particular focus on the UK voluntary sector.
- The US-based Foundation Centre’s Tools and Resources for Assessing Social Impact (TRASI) compiles a large number of different approaches to social impact analysis, although it does not provide much qualitative information about how best to use them
- ‘Social Impact Measurement: A classification of methods’: Ellie Liket and Karen Maas from the Erasmus University Rotterdam compare a sample of thirty methodologies, which they categorise by purpose, time frame, and focus on inputs vs outcomes among others. NB they find that only eight of these methods actually assess impact holistically.
- The UK Charities Evaluation Services’ Monitoring and Evaluation Resource Guide, updated 2010, provides an overview of existing guides and resources for monitoring and evaluation.

6. COMMUNICATING YOUR IMPACT

Jim Minton

Senior Consultant, DHA Communications

As charities, we are all in the business of making a difference to people's lives. Measuring and demonstrating the impact we make is now more important than ever. But measurement means little if it is not done in tandem with a clear understanding of how it can be articulated to a range of stakeholders and audiences. Demonstrating and communicating the results you achieve builds confidence and trust.

In our view, communicating impact is one of the central tasks of every charity. Whether your audience is government, partner organisations, trusts and foundations, or the donating public, the task must begin with understanding what audiences need to know. Because impact is nothing when it is not communicated.

Think about how you show your impact

While within the organisation you, your team and your trustees might all be clear about how much you are achieving, you need to make sure that it is also clear to everyone else. Once you feel you have your evidence base, the key thing is to think about how to show it. There are still too few of us who spend time in this area before making this decision.

It is essential – especially to stand out from the crowd – to do this in a compelling and accessible way. Few people want to read lengthy reports. And even fewer should be expected to understand the level of technical detail that your in-house experts or academic partners do. We have seen many times, quality research that falls down at this important first hurdle. You can bring your “evidence” of impact to life in a number of ways.

Visually

Using clear visual devices to communicate statistics and facts should form an important part of your approach. Technology is also changing the relationship between charities, the public and those that might provide financial support. This is not simply about using digital communications to impart information. There are numerous data visualisation techniques that enhance the way you are seen on the web and elsewhere. From representing your impact through films, to the creation of infographics, it is now essential that we think about the potential of digital to communicate impact.

Think about a table of data, for example about numbers of advice sessions offered in different English counties, and the percentage by which they have risen since last year. This is great data – showing how an organisation is doing more and more for the people it exists for. And the table is OK as a device – it will give the data in a clear way, so people can see what is happening.

But better or alternative ways to present the same data might be a colour coded map, so one can see quickly what is happening in different areas of the country. Or an online graphic over which the user can hover a mouse to get a whole lot of additional information about what is going on in a particular county. In some cases, a simple cartoon, or illustration might help particularly if your audience does not speak good English.

There are lots of other ways that data can be represented – it is important to find the right ways for your organisation and stakeholders.

In narrative terms

While visual imagery is vital, it is still important, of course to express things clearly in words. Case studies are an essential part of this, and most charities are by now pretty expert in finding ways to let their beneficiaries describe their experiences so that people can see the impact that has been made on their lives.

Technology gives you the opportunity to create many things including video case studies or interactive discussions with clients or beneficiaries so others can find out more.

The case study approach need not just be limited to beneficiaries. How much more engaging might it be to listen to a Resources Director – on a podcast for example – talking about an organisation's financial performance, and explaining what the various figures in a set of accounts mean – rather than just having the figures in a table. You should, of course, still present the full figures, but you can bring them to life with some injection of “personality”.

It is the same with partnerships – a case study written or narrated by a partner may have more impact than one you write yourself. Or advocacy – supporters and politicians saying why they support your organisation is also a powerful tool.

As well as case studies, there are other ways that you can bring data to life using words. Think about metaphors: is something the size of a postage stamp or a football pitch? Were there enough people coming through the doors each week to fill a double decker bus, or the Royal Albert Hall? These may sound trivial examples – but it is so important to find ways of making numbers meaningful to people. Find parallels that will work for your organisation.

What kind of reporting will have the most impact?

Finally, remember you are not slave to the printed report. Previously a “once a year” document showcasing achievement and impact was the expectation, and indeed pretty much the only option. Now technology means there are many more ways of being creative. Some of the best impact reports aren’t reports at all. They are online presentations, or films, or interactive “games”. Crucially, online or digital presentations allow organisations to be dynamic.

Of course, publications are still important. There is some gravity, some sense of importance and permanence about a well-produced, “physical” report. But there are so many advantages of doing something digitally or online, even in addition to a report. As well as being replicable – anyone can forward a link or web address to many others or share it on social networks. Many of the interactive features described above are only possible with a more flexible format.

Communication using technology is also about ensuring that stakeholders can interact with what you are telling them. It literally gives them a stake in your issue by allowing them to share your information, to comment on it, and even to help shape it. In practical terms this can mean placing your impact data at the centre of online networks. Look on Twitter for five minutes and the non-profits that are cutting through the digital noise are the ones that make their information not just accessible – but part of a conversation. Of course, central to this is the importance of having a clear and compelling argument; a narrative if you like. But, once you are clear about your message, impact is both communicated and increased when it invites a response.

In an era when we are all under scrutiny, to have dynamic ways of reporting impact, which allow people to look at how you are doing at any point through the year and contribute their own

experience or feedback, is a real positive in terms of building and sustaining trust.

So, think about what you want to demonstrate, and be creative about how you show it. Think carefully about the evidence, and how you bring it to life. And choose the right mechanism for your organisation, and for your stakeholders so that it engages and inspires them in your work.

You know you are making an impact. Make sure everyone else does too.

7. MEASUREMENT AND DELIVERY: A CORPORATE PERSPECTIVE

Jon Lloyd

Senior consultant at Corporate Citizenship and the manager of LBG

Beginning on common ground

“Good impact reporting helps beneficiaries, volunteers, donors and other supporters understand and engage with a charity’s vision. It also helps staff and trustees focus on results and work to achieve their vision” – Prospectus for Principles of Good Impact Reporting

Excellent! This understanding puts charities and the most progressive corporate donors on common ground. In this article we examine how progressive corporate donors reached their current position and what the implications are for charities. We then suggest a way forward.

Two decades of a corporate journey

Compared to twenty years ago, today’s corporate donors do much more measurement; are more interested in outputs and impacts; and are more willing to commit big sums of money over a number of years.

Why? This is a result of the mainstreaming of corporate community support.

Community programme staff have been obliged to justify their budgets by what they achieve not how much they give. The focus is on the measurable, short- and long-term benefits created for the community and the company. Companies want to be known for the positive change that their support has helped effect, not for the ‘generosity’ of their giving.

To increase internal buy-in, corporate donors seek voluntary sector initiatives relevant to their core business in terms of impact, geography, workforce and consumers. Selecting initiatives that are both more relevant and measurably effective means that (some) corporate donors are willing to enter into large, measured, multi-year commitments.

Implications for what charities should communicate

Clarity of purpose, provability of outcomes and effectiveness of delivery are key. All of these have implications for measurement.

- **Businesses value clarity and simplicity:** This is hardly surprising as business challenges tend

to be less complex and clearer than social and public policy issues. Consequently businesses put a premium on clarity of purpose.

Therefore the first ‘what’ that charities must communicate is what they exist to do. What is the problem that they exist to tackle? What is the change that they are committed to bringing about? A charity will significantly improve its case if it presents some metrics setting out the size, scope and nature of the issue that it is tackling.

- **Business is about results:** The second ‘what’ that charities must communicate is that they measurably secure results. Staff in a corporate community function have to fight hard to secure their budgets. They want to invest their resources where they will make a provable difference. They face a near-overwhelming set of competing calls on the resources. They are most likely to invest in a charity that can show that its previous activities have delivered measurable change. They are most likely to select the proposal that best shows that it will measure ‘before’ and ‘after’ convincingly.
- **Business is about efficient use of resources:** The ‘what’ here is two-fold. To maximise the chances of success a charity must show that it is lean and efficient with not unreasonable overheads. Secondly, a charity must show that it is inventive in using the resources at its disposal. Some of the new generation of social entrepreneurs do this very successfully.
- **Businesses learn from experience:** or rather successful businesses do! Here is a further ‘what’ that charities will benefit from communicating: showing how they use experience to create a constant loop of innovation and improvement.

Implications for how charities should communicate

The six principles proposed through Principles of Good Impact Reporting are: clear purpose, defined objectives, coherent activities, demonstrated results, evidence and lesson learned. Measurement runs through these like a golden thread.

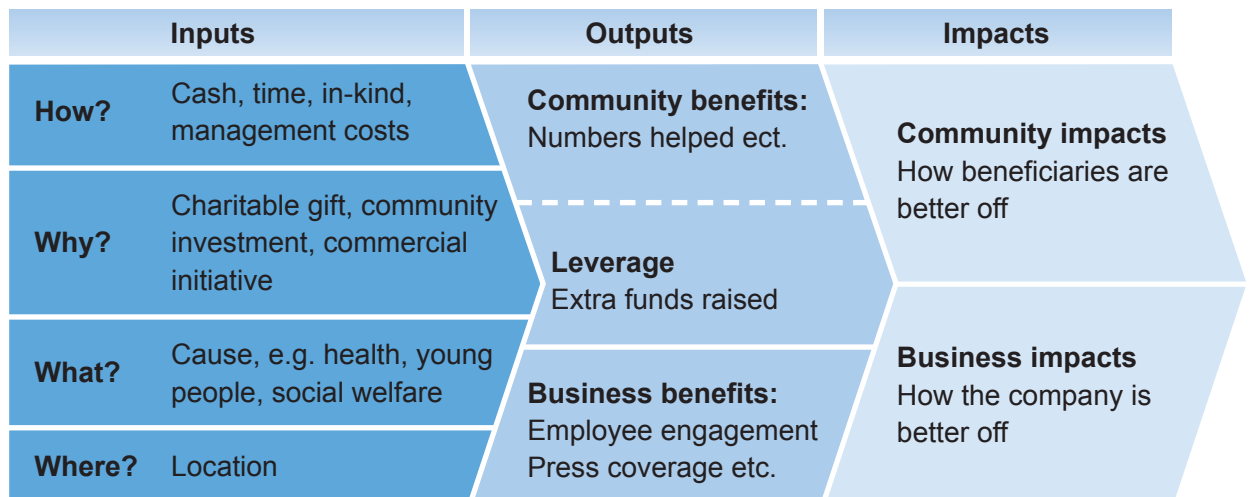


Figure 5 The LBG Model

Increasingly corporate donors are using the London Benchmarking Group model (<http://www.lbg-online.net/>) to measure and manage the inputs, outputs and impacts and, in so doing, to increase the effectiveness of their programmes.

LBG has had a long gestation. Its origins can be traced to an internal challenge to the Community function of the NatWest bank. As part of a cost-cutting exercise the function was faced with the question: 'Just what impact do you have through the millions you 'give away'?'

As the six principles listed by the Principles of Good Impact Reporting recognise, there is no single measure for impact. Rather an assessment of impact is built upon a platform of measurement of input costs incurred, along with business and community benefits created. The LBG model provides a common methodology and vocabulary for these that is being used successfully by both businesses and charities.

Building on common ground

The four examples given on the LBG website¹⁷ show corporates and charities already building on the common ground. They are using measurement for common benefit. This is opening the way for tackling impact.

Groundwork is involved in two of the projects cited. It is exemplary in explaining its vision and impact clearly from its home page¹⁸. The vision is set out in simple language and the claim: "We create real change" is supported by five short supporting points.

After Our vision comes Our Impact, with the main claim: "As a result of our work 79% of people feel their neighbourhood is getting better", underpinned by numbers and measurement. This precisely meets the needs of corporate community programme managers. In light of this, it is unsurprising that groundwork features in two of the four examples on the LBG website.

The Principles of Good Impact Reporting provide an excellent model for charities and will be welcomed by business. Undergirded with a commitment to measurement they can have a transformative effect. We commend the LBG model as a way of consolidating that change.

8. A FOUNDATION PERSPECTIVE ON REPORTING: FROM ACCOUNTABILITY BURDEN TO LEARNING OPPORTUNITY

Charles Keidan

Director of Pears Foundation and co-author of *Family Foundation Giving Trends*

The status quo in reporting by charities to funders, both public and private, can be a demanding and at times chaotic process involving the provision of different information to different organisations at different times and in different formats. The information supplied is usually a mix of data on inputs, outputs and outcomes. This data is sometimes combined with an explanation that things worked out the way they intended and accompanied by a request that the exercise – otherwise known as the funding cycle – should be repeated. Moreover, much money in the funding cycle is directed – or earmarked - to specific projects, known as project funding, which can necessitate a further round of reports to funders.

On one level the fundamentals of the funding and reporting cycle outlined above are functional and help to ensure procedural accountability. One party transfers resources to another party and is held accountable for the use of such resources. In the case of public funding to charities, that party is the tax payer, represented by the government, who want 'evidence' that their money is spent according to its intended purpose. In the case of private funding, that party is the individual citizen engaged in private action for public purposes, who also want 'evidence' that their money has made a difference.

So the reporting arrangements that have become the norm and staple of the charitable sector are not without merit or logic. However, at a time of scarce public resources and the rebalancing of private and public sector funding to charities in favour of the private sector, this publication may offer a timely opportunity to explore how the status quo can be improved and what role foundations, who comprise an increasingly significant and influential part of the charitable sector, can play?

The foundation perspective

From a foundation perspective, the current paradigm, with its division between funder and funded, is problematic. Of course funder and funded organisations do different things and the latter tend to be more operational. But the problem with the division in relation to reporting is that can lead to wasted effort, missed opportunities and misunderstandings.

Common amongst these is the notion of the 'reporting burden' which reflects a sense that

reporting is a constraint to be managed or overcome rather than an opportunity to improve performance and impact and work together to improve society.

In its 2008 publication, 'Turning the Tables' New Philanthropy Capital identified some of the factors which tend to increase the burden of reporting on charities. These included the numbers of funders, the aims of funders, the length and type of funding, the timing and format for reporting, the negotiation of reporting, and the source (public or private) of funding.

All these factors can influence the reporting relationship between organisations for better or worse. My concern is that the way relationships are framed between funder and funded can focus charities on the wrong questions not only increasing cost but also, and more importantly, diverting them from their mission.

That is why the Principles of Good Impact Reporting, explored in this publication, can be an important watershed for those concerned to see a more functional and professional charitable sector. The Principles can potentially re-focus charities on important questions that are key to their performance specifically: their purpose, objectives, coherence, results, delivery, evidence and learning.

If charities can communicate their impact according to these principles then the challenge to funders is to also make the shift to a new paradigm of expectations in their relationship to charities. This paradigm should be related to investing in the mission of charities and a sense of partnership with them. This should avoid the old project funding-reporting model but also be cautious about the venture capital style metrics which are not always appropriate to the difficult social issues that charitable organisations seek to address. What is needed are strategic partnerships between different parties based on an alignment of aims, a willingness to learn and the potential to progress together in tackling difficult and complex social issues.

Steps foundations should take

Specifically, there are a number of measures that leading professional foundations – for example the largest 100 family foundations who should be at the

vanguard of progressive private funding – can adopt.

First, as many of us as possible should sign up to the Principles of Good Impact Reporting. Our collective authority would put pressure on other foundations as well as government to take these principles seriously. If charities, which are not foundations, can sign up to the Principles then why shouldn't Foundations, which are also charities join them? All charities have a responsibility to demonstrate public benefit, and less grandiosely, the tax deductions they receive for producing them. That includes foundations.

Second, we can all work harder to put these principles into practice in our own organisations in relation to our partners. We at Pears Foundation, like many of our counterparts, have some way to go in this regard but we are making progress. For example, a request for 'Standard Reports' rather than tailored reports is now the norm rather than the exception. If we want additional information over and above a standard report, which should contain all the key information on performance, we should explain why, be clear about it at the outset and, where necessary, pay for it.

In addition other reporting initiatives our foundation is exploring include abandoning formal reports altogether in a small number of specific cases in favour of annual learning visits to either the head office or the field where the charity operates. We hope that this process might reinforce a sense of trust, shared endeavour and mutual learning and move our relationships beyond the kind of procedural accountability described above. At the least, it will save time.

Finally, there is one other area where foundations can make a new contribution to the issue of reporting. Rather than seeing reporting as a one way street in which traffic flows – in the form of information – from the funder to funded, it may be time for foundations to report more clearly, and accept more scrutiny, about their own impact relative to their mission. This duty is not only to the charities they fund – although of course these charities have a particular stake in understanding the basis for funding decisions – but is primarily about accountability for the use of power in society.

Ultimately, this power should be shared between parties in ways that maximise and create public benefit. Reporting is an important part of this equation but only if it serves the purposes outlined above.

PRINCIPLES INTO PRACTICE: Concluding thoughts

This publication aims to inspire charity professionals to think meaningfully about impact reporting in their own organisation, and to demonstrate some of the ways the Principles of Good Impact Reporting can provide a framework to improve the quality of information we report as and demand from charities.

The organisations in the case studies demonstrate genuine efforts to improve the level and quality of the information available to both internal and external stakeholders. The wide variety of approaches shown here reflects the complex and varied nature of the charity and social enterprise sector. It also reflects the early stage that we are still at when it comes to defining realistic measures of social value, finding ways to incorporate these proportionately into operational management and reporting cycle of a charity, and appropriately resourcing these processes.

Making the jump to reporting on impact: A strategic decision

Most organisations already have good internal monitoring systems. Sarah Hedley highlighted in her article that in the recent past *“it seemed that charities already had the information they need to report on. It was just that they didn’t know that anyone wanted them to report it”*. For many charities there appears to be a big jump from internal reporting or evaluative mechanisms to those that are aimed at external stakeholders. This is no surprise as some charities may be reluctant to invest in impact reporting when the benefits may not appear to outweigh potential risk. However, the case studies in this publication have identified shared motivations for increasing transparency; for many this has dramatically changed the discourse with their funders, through being able to demonstrate their achievements and value, and has helped to re-focus organisational strategy.

The Principles of Good Impact Reporting are not only about taking what we already know about our organisations and talking about it more openly. The case study from Body & Soul has demonstrated the benefits that can come from embracing ‘impact’ more fully within your strategy. Making the decision to focus on impact has led the organisation to better define their objectives and link this more coherently with individual programmes and activities in their communications. Staff and volunteers were equipped with the tools to work to specific outcomes with individual beneficiaries that clearly tied in to overall measurable performance indicators and impact.

Other organisations have been on equally transformative journeys. The Avenues Trust Group has demonstrated a clear learning process, adapting strategy and services as a result of findings from a new performance monitoring system. As discussed by Nick Carey of ACEVO in his article, the drive from the top here was critical; impact review and reporting were implemented within the organisation’s overall strategy.

At the same time the case studies in this publication have shown the importance of the bottom-up processes and buy-in from frontline staff. RNIB Group integrated the skills for developing better outcome measurement and understanding of impact throughout the organisation as a precursor to producing an impact report or incorporating impact information more fully into their annual report. This combination of buy-in and drive from both the top and from the bottom is likely to lead to impact reporting that fits more naturally with the day-to-day operations and decision-making processes of an organisation. Chris Dabbs points out that in the case of Unlimited Potential, integrating impact in this way has actually streamlined work which would otherwise have been disproportionate as a bolt-on. Linking performance management with financial reporting processes and resource allocation, is one way of building impact into the organisational structure and communications networks.

Considering a variety of approaches

The sector continues to take positive steps towards becoming increasingly transparent and exploring new ways of measuring social value and impact. The article from Claire Coulier demonstrates some of the distance travelled in our understanding of our achievements and how we measure these. However, as the article title puts clearly, *“one size doesn’t fit all”*.

This sentiment extends beyond social impact measurement techniques. Good quality reporting goes beyond finding the right performance indicators for your activities. Charities may also wish to think creatively about the ways that they are communicating information to the outside world. Jim Minton from DHA Communications has given a brief overview of some of the options available, and in particular has highlighted some of the potential behind new forms of social media and other digital communication avenues. Thinking about who you are accountable to, who your audiences are and how to engage your

stakeholders in the measurement process are all important. There are a range of routes available through which to communicate with stakeholders beyond the 'impact report' itself. However, it is important to make sure first and foremost that those that wish to find the information are able to access it easily and understand what it is telling them without it being misleading. As an initial step charities can think about the quality of the information within the Trustees' Report; the advice in Amanda Tilley's article here is particularly relevant to those organisations that wish to make some incremental changes to the quality of their reporting outputs.

should think creatively when it comes to demonstrating achievements and social value – this is part of driving forward a transparent, innovative and inspiring sector.

Beyond your charity: The role of the wider sector and business

The parallels drawn between charity and business in articles from Jon Lloyd and Amanda Tilley provoke challenging questions about how charities should function as corporate beings in themselves. The motivation and outcomes of a charity may be different, but some of the views on investment in outcomes and professionalism should be the same. Similarly, we should enable donors, funders and commissioners to better understand the significance of looking at the wider social value of an organisation. This should help to move the debate on from the current focus on arbitrary measures of administration or staff costs. Charles Keidan has in his article posed that there is a challenge to funders *"to make the shift to a new paradigm of expectations in their relationship to charities"*. Here he suggests new ways of working in partnership with charities towards shared aims. He also encourages foundations to themselves sign up to the principles and to think about the information demanded of the organisations they fund and whether this is proportionate and supports the organisation to achieve their aims in the most effective way.

We hope that this publication will provide an insight into how impact reporting may be approached in different contexts and will prompt charities to improve their own reporting practices. It is also hoped that some of the thoughts from the articles and case studies in this publication will influence the potential audiences to impact information. Charities across the sector are at very different stages in the journey. Many charities are already demonstrating aspects of the principles; however, vast improvements in the quality of reporting can be achieved through tying it in to wider organisational monitoring and strategy, and through encouraging evolution in the way information is demanded and used by stakeholders. Charities

REFERENCES AND USEFUL LINKS

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5. More information on *Proving and Improving* – a quality and impact toolkit for social enterprise can be found here: www.proveandimprove.org
6. More information on *Social Accounting and Audit* can be found on the Social Audit Network website here: www.socialauditnetwork.org.uk
7. More information on *Balance* (a 'balanced score card' for social enterprises) can be found here: www.socialenterprisebalance.org
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10. More information on the Triangle Consulting and the Outcomes Star can be found here: <http://www.triangleconsulting.co.uk/> ; <http://www.outcomesstar.org.uk/>
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New Philanthropy Capital

New Philanthropy Capital (NPC) is a charity think tank and consultancy dedicated to helping funders and charities to achieve a greater impact. We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective. We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better. For charities, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management. For funders, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

For more information, visit www.philanthropycapital.org

ACEVO

ACEVO is the professional body for third sector chief executives. We connect, develop, support and represent our members, to increase the sector's impact and efficiency.

We promote a modern, enterprising third sector, and call upon organisations to be:

- Professional and passionate in achieving change and delivering results
- Well-led, with a commitment to professional development, training and diversity
- Well-governed and accountable, with robust and fit-for-purpose systems to protect independence and enable effective decision-making
- Enterprising and innovative, taking a business like approach to funding issues and striving for continuous improvement and sustainable development.

For more information, visit www.acevo.org.uk