



Accountability and learning

developing monitoring and evaluation in the third sector

Research briefing

Accountability and learning: developing monitoring and evaluation in the third sector

Research briefing

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The research briefing ... purpose and audience

This briefing from Charities Evaluation Services summarises the learning from the largest piece of research that has yet been carried out into monitoring and evaluation in the third sector. It has been prepared to provide a wide-ranging view of the development of third sector monitoring and evaluation practice, its benefits and challenges, and the opportunities to develop it further.

This briefing is relevant to government bodies, public and independent funders, third sector organisations, and all those agencies and individuals engaged in supporting or carrying out evaluation activity in the sector.

Monitoring and evaluation ... context and value

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

Monitoring (collecting information and tracking progress routinely and systematically) and **evaluation** (gathering research and other data to make judgements and determine the value or worth of something) have become a critical part of the organisational life of many third sector organisations.

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

While efforts continue to find appropriate ways to hold the sector accountable for resources invested – one key focus of current monitoring and evaluation – there is evidence that there is potential to revitalise a second key focus – evaluation for learning and development. If organisations and their users and communities for which they serve are to obtain value from the resources invested in monitoring and evaluation, then a strategic approach must be taken at every level of practice.

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

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

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

The late 1980s and 1990s saw an increasing emphasis on the role of the voluntary sector and its public accountability. However, the election of the New Labour government in 1997 was in many ways a turning point for much of the third sector, with the years since bringing a government policy of more explicit partnership between the state and the sector through service delivery, and more than ever public scrutiny and accountability for results and value for money.

Value in third sector organisations is increasingly being defined by an organisation's ability to demonstrate it, and often in ways imposed by external priorities and targets. In an environment of increasing competition, and smarter funding application and tendering procedures, many small organisations with insufficient resources, or those unable to frame their benefits in the language of quantifiable outcomes and impacts, have become increasingly vulnerable.

The research ... focus and scope

Our research field work was carried out between November 2006 and March 2008. The research included 682 responses to a UK-wide online survey carried out across the sector and 89 responses to an online survey to a wide spectrum of funders. Focusing on England, we carried out face-to-face and telephone interviews with 88 national, regional and local third sector organisations, statutory and independent funders and commissioners, and evaluation support agencies and evaluators, and three workshops with funders. Additionally, we carried out a series of interviews with providers of monitoring and evaluation software systems and their users. The field research was supported by a wide review of relevant literature.

The next two sections of this briefing contain:

- **Key findings**
- **Recommendations.**

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

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

Growth in monitoring and evaluation support

Multiple programmes of monitoring and evaluation support

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

Huge growth in learning resources

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

Support for self-evaluation

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

Still some gaps in understanding

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

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

evaluation and to understand outcomes approaches. The evidence from monitoring and evaluation initiatives is that implementing an effective monitoring and evaluation system – particularly one that is outcomes-focused – takes time and support.

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

Advice agency

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

Funding requirements dominating monitoring and evaluation

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

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

Unrealistic targets and measurements agreed

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

Reporting requirements over-burdensome

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

Lack of integrated monitoring and evaluation

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

How useful is the data being collected?

Variable quality and usefulness of monitoring data reported by funders

13. Despite the range of outcomes initiatives in the sector, funders frequently found the reporting of outcomes inadequate, and often over-simplistic and subjective. More generally, the research found that large amounts of information are gathered to meet the needs of funders and regulators, which is frequently of variable quality, difficult to use in external evaluations, and which cannot be aggregated for funding reports or for programmatic evaluations.
14. Expectations of external evaluation are now much higher than they were 20 years ago, but frequently funders and others commissioning evaluations found them to be disappointing. They reported that evaluators often failed to invest sufficiently in understanding the programme or project, lacked critical analysis, and evaluations were often too academic and presented in inaccessible formats.

Some effective use of monitoring and evaluation findings internally

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

Funders unable to deal effectively with data

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

Resources for monitoring and evaluation

Computerised monitoring and evaluation systems

17. Organisations using monitoring and evaluation IT systems showed huge time savings and increased effectiveness. Yet there are still relatively few organisations accessing these resources. The research found no over-arching strategic approach to the development of monitoring and evaluation

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

Homeless charity

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

systems software within the sector as a whole, with the result that development has been uncoordinated, often generated from particular sub-sector needs.

Inadequate systems impacting on evaluation practice

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

Monitoring and evaluation not properly resourced

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

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

Local voluntary organisation

Meeting accountability and learning need

Focus on accountability

21. Three-quarters of third sector survey respondents described organisational benefits from monitoring and evaluation, but wider evidence suggests that there is still a predominant belief that monitoring and evaluation is done mainly for the benefit of funders and regulators, and externally derived targets and performance measures reinforce this perception. Some funders recognised that further learning might be positively discouraged when both funders and funded wanted to demonstrate success.

Implementation issues deprioritised

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

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

Differing location of monitoring and evaluation responsibilities

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

Sharing learning about evaluation methods

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

Need for practical models for learning

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

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

Sharing learning about practice

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

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

‘The problem for us is the lack of a learning agenda in the voluntary sector and also possibly the public sector.’

Funder

Recommendations

'We need more training, particularly in developing outcome measures and in IT.'

Women's community group

This section provides recommendations in three sections.

1. For funders, commissioners and policy makers.
2. For third sector organisations, evaluation support agencies and evaluators.
3. For all stakeholders.

We have developed recommendations under five headings.

- **Building monitoring and evaluation capacity.**
- **Developing more appropriate reporting.**
- **Developing third sector monitoring and self-evaluation practice.**
- **Making evaluation more relevant.**
- **Building and sharing knowledge.**

1. For funders, commissioners and policy makers

Building monitoring and evaluation capacity

- 1.1 Funders should work together with monitoring and evaluation support agencies to develop a more strategic approach to building monitoring and evaluation capacity.

Elements of a strategic monitoring and evaluation support approach include:

- signposting or referral to sources of evaluation support as standard
- a focus on infrastructure and sub-sectors as an effective means of cascading learning
- developing technical skills that go beyond a basic understanding of monitoring and evaluation
- ensuring that short-term monitoring and evaluation support initiatives build sustainability into their design
- developing the use of IT in third sector organisations to store, process and manage data
- developing the use of technology in the sector to provide information resources and learning
- disseminating good practice
- storing and sharing knowledge and learning.

1.2 There should be greater investment in training commissioners and grants officers to understand outcomes, evaluation frameworks, and good practice in questionnaire design and other practical data collection methods. In particular, an extension to the IDeA (Improvement and Development Agency for local government) training programme sponsored by the Office of the Third Sector should include commissioners, finance and legal personnel involved in commissioning. It should address:

- tendering outcomes-based contracts
- assessing the credibility of outcomes information included in the tenders from would-be suppliers
- the specification of outcomes and outcomes indicators in contracts
- the appropriate outcomes monitoring evidence to be expected from chosen suppliers.

Developing more appropriate reporting

1.3 Funders and commissioners should develop a monitoring and evaluation policy that applies the principle of proportionality to reporting requirements, taking into consideration the level of funding, and the size and resources of the funded organisation.

1.4 Funders and commissioners should acknowledge within their monitoring and evaluation policy that different types and levels of monitoring and evaluative activity are appropriate to different organisations. This depends not only on size, but also on the type and status of the funded organisation – how it works, with what user group, and at which stage it is at in its organisational lifecycle.

1.5 Funders and commissioners should work within the principles of full cost recovery, providing sufficient funding to realistically cover monitoring and evaluation activities to meet reporting requirements. This means recognising the cost implications of:

- externally provided technical assistance
- improving IT capacities
- developing skills in data collection and analysis
- allocating time to collect and analyse data.

1.6 Funders and commissioners should work more closely with third sector organisations to ensure a closer match between information needs for learning and development, and those required for compliance and accountability.

Developing third sector monitoring and self-evaluation practice

1.7 Funders and commissioners should develop self-evaluation standards by applying good practice in supporting monitoring and evaluation.

‘Funders aren’t usually prepared to pay for a charity’s monitoring and evaluation and the charity doesn’t have the resources to pay to make a good job of it themselves... Funders need to be more realistic and invest more in monitoring and evaluation of the charities they fund.’

Funder

‘Many charities do need to professionalise how they collect data, but need help to do so, and funders need to acknowledge and address this. Measuring outcomes is notoriously difficult.’

Funder

Good practice in supporting self-evaluation includes:

- making monitoring and evaluation terminology clear, providing evaluation pro-formas, and making expectations about evaluation and learning explicit
- enabling or providing information, training and support at the beginning of the funding relationship
- helping organisations design information collection as an integral and integrated part of their core services
- checking on the adequacy of IT systems for managing and processing data during initial visits
- asking only for information that can be used
- encouraging greater analysis and interpretation of data
- reading and giving feedback on reports.

Building and sharing knowledge

- 1.8 For the third sector to benefit from a number of recent or planned knowledge-building initiatives, including the planned third sector research centre, those government and academic bodies responsible for their development should ensure that there is good coordination across the separate initiatives, that the learning is presented in accessible formats, and that sufficient information is provided to third sector organisations themselves on the relevance of the data available and how they can access them. Good communication about sharing and disseminating learning with third sector organisations will be enhanced through coordination with third sector evaluation support agencies.

2. For third sector organisations, evaluation support agencies and evaluators

Building monitoring and evaluation capacity

- 2.1 Evaluation support agencies, including national and regional bodies, networks and local infrastructure organisations, should continue to provide basic training and support. However, more focused and targeted support should also be developed to increase the quality of data – focusing on research methodologies and data collection, and management and analysis.
- 2.2 Evaluation support agencies should develop new training approaches to address the practical application of monitoring and evaluation methods. This should include exploring the potential of online training and consultancy methods as well as interactive technologies.

2.3 Third sector organisations and evaluation support agencies should address the development and application of IT and monitoring and evaluation systems software, as a way to save time, improve the quality of monitoring and evaluation, and increase organisational effectiveness. This should include developing pilot and demonstration projects and developing appropriate training and support.

Developing more appropriate reporting

2.4 Third sector organisations should work more closely with funders and commissioners to ensure a closer match between their own information needs for learning and development, and those required for compliance and accountability.

Developing third sector monitoring and self-evaluation practice

2.5 Evaluation consultants should reinforce internal evaluation activity through their technical assistance or external evaluation by using processes and developing tools that address internal as well as external reporting needs, and that transfer evaluative learning to the organisation.

2.6 Third sector organisations should improve the utility of the data they collect.

‘Using the IT system has made accessing information a lot easier and a lot quicker, especially for fundraisers. Simply having it has raised the profile of outcome monitoring across the organisation.’

LINK IT system user

Third sector organisations can make their data collection more useful by:

- translating broad aims into more measurable ones
- collecting baseline data
- learning how to collect and analyse their data so that it can be aggregated both for learning and reporting purposes
- addressing implementation and process issues
- making connections across data to see which resources or other factors are most important to achieve quality services, customer satisfaction and desired outcomes
- establishing systems for systematically feeding back and acting on monitoring and evaluation findings.

2.7 Third sector organisations should ensure that monitoring and evaluation responsibilities are written comprehensively into job descriptions in order to build an integrated monitoring and evaluation function and establish an evaluative culture.

2.8 Third sector organisations and evaluation support agencies should develop a greater understanding of the differences as well as the complementarities of monitoring, evaluation, quality assurance and performance measurement.

'The main problem is the power relationship between funder and grantee. There is an understandable reluctance to talk about failure and mistakes, but much learning occurs when this happens.'

Funder

Building and sharing knowledge

- 2.9 Third sector organisations, their evaluators, and evaluation support agencies should develop ways to share successful evaluation techniques **as they have applied them**, so that choices can be made about appropriate methodologies for types of organisation and scale of intervention.

3. For all stakeholders

Making evaluation more relevant

- 3.1 There should be sharper commissioning processes to clarify the key purposes and audiences of evaluation.

Clarification of evaluation purpose will include whether evaluation is for:

- acquiring data to meet higher-level targets
- gathering data to contribute to evidence of programme outcomes or overall grant impacts
- research purposes and replication
- advocacy or policy change
- individual organisation learning
- sector-wide learning.

- 3.2 Third sector organisations, evaluation commissioners and external evaluators should find opportunities within the evaluation process to increase participation and joint learning, which should be appropriately budgeted for and resourced. Practical application of evaluation learning should also be encouraged by:
- including utilisation strategies in evaluation plans
 - placing the focus on implementation and short-term outcomes where appropriate
 - producing key findings and learning points in accessible formats
 - developing effective systems for using the data collected.
- 3.3 Third sector organisations and their funders and commissioners should attach greater value to negative findings, and to discover how these can be used for learning purposes.
- 3.4 Policy makers, funders and evaluation commissioners should recognise that assessing impact may have varied relevance and feasibility across different sectors and types of interventions, and that economic analysis and tools are not universally relevant. The development of, and focus on, technical

methodologies for value for money and return on investment studies is welcomed. However, care should be taken that more complex, externally-driven methods supplement, rather than replace, more internally-driven methods.

- 3.5 When drawing up an evaluation brief, those commissioning evaluations should recognise that third sector evaluation is better able to demonstrate contributions to change rather than to establish causal links. In order to promote organisational learning, organisations should be encouraged to ask questions about which resources were most important for providing high-quality service and which activities and services were most important for achieving desired outcomes.
- 3.6 Funders and commissioners should encourage third sector organisations to draw on a body of accessible research to demonstrate a link between their achievable outcomes and higher-level outcomes or impacts. The development of appropriate research and accessible knowledge banks will be essential for this to be viable.

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