

Monitoring and evaluation in the third sector: meeting accountability and learning needs

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Abstract

This paper reports on research by Charities Evaluation Services (CES) evidencing how tensions between accountability and learning demands play out in monitoring and evaluation practice in the UK third sector. The research found that a greater availability of tools and resources had not yet been sufficiently matched by the development of relevant organisational skills and capacity. It found that organisational resource constraints had combined with the predominance of accountability demands and its associated culture to hold back the development of evaluation for internal learning and improvement.

The context

CES was set up in 1990 following seminars and research on evaluation practice in the voluntary sector (Ball, 1988) and more concrete proposals to provide a national body to develop and underpin monitoring and evaluation in the sector (Ball and Knight, 1989).

Since that time, the dominance of business models, the growing attention to organisational 'performance', a focus on outcomes, and the quest for an evidence base for the investment of public money and demonstration of value have all increasingly shaped the character of third sector monitoring and evaluation. The move to commissioning and quasi-commissioning of the sector to deliver public services has placed third sector organisations in an ever more competitive environment. By 2006, monitoring and evaluation in the sector had become more visible, and for many voluntary organisations was an accepted part of organisational life, even where its practice remained in its early stages.

The research

Against this context, CES launched the first major research on third sector monitoring and evaluation in the UK and its benefits in nearly 20 years. Among the main research questions was how far organisations had gained appropriate skills and techniques to carry out monitoring and evaluation and to manage and interpret data. Further, the research asked whether the sector had developed a communication culture to use evaluation learning and an ability to use evaluation information to improve strategy.

The research started at the end of 2006. It was supported by funding from the City Bridge Trust, the Performance Hub, the City Parochial Foundation and Barclaycard. Focusing on practice in England and Wales, field work was carried out in 2007 and 2008 and the research report *Accountability and Learning: Developing Monitoring and Evaluation in the Third Sector* was published in September 2008 (Ellis and Gregory).¹

The research included the following:

- a review of relevant literature, including an extensive review of monitoring and evaluation resources²
- a UK-wide online survey to third sector organisations, sent out widely through electronic networks in May and June 2007, receiving 682 responses³
- an online survey to funders and commissioners, circulated in July and August 2007, receiving 89 responses
- one hundred and seventeen semi-structured face-to-face and telephone interviews with national, regional and local third sector organisations, and a wide range of independent and public sector funders and commissioners
- case study development, allowing the research to explore the issues raised in greater detail
- feedback and discussion workshops with groups of funders.

A changed landscape

The research found a major change since Ball's 1988 study. There had been a huge growth in information resources and support; the foundations of a common language of monitoring and evaluation; a plethora of accessible toolkits and guidance; and the beginning of a more developed use of IT software for monitoring and evaluation.

Data showed that third sector demand for new skills and information was largely driven by upward compliance and reporting requirements. Forty per cent of funder survey respondents said that they were asking for more information from funded organisations and one-third said that they asked for more standardised information. The theme of over-burdensome and inappropriate reporting requirements had already been addressed in a number of successive studies (Alcock et al 2004; Cairns et al 2006; National Association for Voluntary and

¹ The study was published in September 2008: Ellis, J and Gregory, T (2008) *Accountability and Learning: Developing Monitoring and Evaluation in the Third Sector*, Charities Evaluation Services, London. Available to download at <http://www.ces-vol.org.uk/index.cfm?pg=424>

² A guide to these resources is available on the CES website www.ces-vol.org.uk

³ Third sector survey respondents were located in all English regions and in Wales, Scotland and Northern Ireland. Over half the organisations (53 per cent) had a local remit, 43 per cent a regional or national remit, and 4 per cent worked internationally. Organisations with 6-25 per cent were the largest single group of respondents (42 per cent). Nearly one-third were small organisations, either with no employees (6 per cent) or with 1-5 employees (26 per cent). The remaining 26 per cent were from larger organisations.

Community Action 2006) and in 2008 by two New Philanthropy Capital reports (Heady and Rowley, 2008; Heady and Keen 2008).

On a larger scale, the CES research, drawing data from nearly 700 respondents, showed how widespread and keenly felt the issue was. Despite messages about simplicity, relevance and proportionality contained in government guidance (Cabinet Office, 2006; HM Treasury, 2006), two-thirds of third sector respondents said that funders' requirements had become more demanding over the previous five years. For some, they were '*more demanding to the point where the monitoring requirements of our funders are dictating how we do all of our work.*'

There were frequent references to new local authority commissioning arrangements, but third sector organisations also reported different reporting formats required by different local authorities and primary care trusts, and constantly changing requirements of the Neighbourhood Renewal Fund, the Department of Health, the Learning and Skills Council and other public funders. While the greatest pressure came from public sector funding and commissioning, driven by performance targets and regulatory and inspection regimes, there was also a new demand on charitable funders under SORP 2005 to demonstrate benefits, translated into tighter reporting requirements.⁴

Evaluation for internal benefit

Yet third sector study participants frequently combined disquiet about disproportionate monitoring with an *in principle* value attached both to demonstrating accountability and to the internal benefits of monitoring and evaluation; 83 per cent of our survey reported that they developed their monitoring and evaluation to meet their own requirements as well as those of their funders.

Indeed, the research found examples of monitoring and evaluation practice that had resulted in shifts in user focus, or service delivery, or that had affected activities more strategically – indicating the potential benefits to beneficiaries. As expressed by one survey respondent:

It provides ongoing enhancement to my advice as an independent adviser in wildlife conservation, especially by providing real life examples which can be used in narrative form. Value from evaluation experience is most effectively 'fixed' by the preparation of papers, tables, presentations etc.

Although reporting to funders was the *de facto* driver for monitoring and evaluation – providing the prompt for increased activity or new systems – survey respondents rated reporting to funders as important, but less so than

⁴ Additionally, on 16 January 2008 the Charity Commission published its guidance on public benefit under the Charities Act 2006. Charities have been required to report on details of their aims and objectives, their outputs and outcomes since 2008.

potential internal benefits and benefits for beneficiaries. The top eight perceived benefits of monitoring and evaluation reported were, in the following order:

- Being clear about the benefits of their work
- Learning about what is working well/effective practice
- Improving the end result for beneficiaries
- Better services/strategic planning
- Improving the way they worked
- Telling others about the results
- Competing for funding and resources
- Improving reporting to funders.

Box 1: Using monitoring and evaluation for improvement

Interview data showed ways that organisations could learn from monitoring and evaluation:

- Monitoring against a framework could enable organisations to work more strategically.
- Services could be improved and client benefits increased when monitoring was integrated with the development of client management systems.
- ‘Distance travelled’ information helped more user-centred client work.⁵
- Customer feedback could enable better targeting of work and more flexible and responsive services.
- Participatory and user-centred monitoring and evaluation could provide a more cohesive and responsive project.

In our third sector survey 81 per cent had changed the way things were done, that is, *made improvements*, as a result of monitoring and evaluation. Of the 70 per cent that described change introduced as a result of monitoring and evaluation, most reported change in reorientating, prioritising, and developing organisation activities and services. A related area of change was clarifying organisation purpose and target group.

Constraints on learning

Yet, despite good practice examples, the wider research indicated that, more generally, monitoring and evaluation findings were underused. As one organisation reported, *‘We don’t use it. Just pass it on to funders. Terrible, I know.’* Too often it appeared that compliance monitoring was absorbing all of the available time, some of which could have been used for applying valuable lessons from monitoring and evaluation internally.

⁵ ‘Distance travelled’ refers to the perceived progress that a beneficiary makes towards a final outcome, such as employment or maintaining stable housing.

Three-quarters of third sector respondents identified insufficient time for monitoring and evaluation as causing difficulties. As one organisation expressed it:

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.

Organisations struggled to budget sufficiently for monitoring and evaluation costs and to remain competitive, and 30 per cent of the survey sample received no specific funding for monitoring and evaluation. The UK situation echoes that reported by US observers, who have argued that critical issues such as organisational capacity and the allocation of sufficient resources to evaluation have not been addressed (Frederickson, 2000; Carman, 2008).

With constrained resources, efforts should arguably focus on obtaining good quality and relevant data. Yet survey respondents reported that outcomes data was frequently required by funders that did not reflect well the core activities of the organisation or which was irrelevant and inappropriate. One funder, agreeing with this analysis, commented:

I suspect that if the organisations felt there was more benefit from the monitoring and evaluation and/or the reporting was not so funder specific, they would find both the time and the resources.

A statutory funder perspective expressed was that the need to show that funding programmes helped to meet national performance indicators left little room for flexibility in monitoring requirements.

A common complaint from funders was the poor quality of data received. From the research, as well as the lack of dedicated time resources, two key factors were implicated:

- lack of technical skills
- poor data management.

This is further expanded in Box 2 below.

Box 2: Preconditions for quality data

Technical skills in data collection and analysis

Even within our survey sample (likely to represent organisations for whom monitoring and evaluation was a relatively high priority), one-third of third sector organisations had received no monitoring and evaluation training. More generally, there was still a huge constituency of organisations struggling with the basics of monitoring and evaluation and to understand outcomes approaches. Of our third sector survey respondents, 39 per cent reported identifying outcomes and impacts as a difficulty. Related problems were identifying indicators and getting baseline information.

Data management

Even those organisations with bespoke or customised IT-systems frequently reported them as not meeting their needs. Interviews with 14 users of new monitoring and evaluation software systems showed that investment in an IT system that could meet monitoring and reporting needs could result in major time savings and improve the quality of their reports.⁶

The importance of critical analysis

Funders pointed not just to lack of quality data but to insufficient critical analysis in its presentation. The study found an increased credibility given to self-evaluation, but many of the third sector sample indicated no real distinction made between monitoring and evaluation, and several funders reported receiving self-monitoring rather than self-evaluation reports.⁷

CES' description of evaluation emphasises the importance of the analytical process:

'Like other research, for a good evaluation, data must be collected and analysed systematically, and its interpretation considered carefully. Assessing 'value' – or the worth of something – and then taking action makes evaluation distinctive.'⁸ (Ellis, 2005:8)

The UK third sector has broadly welcomed a shift in focus away from inputs and activities to the benefits of its work. However, attention has also shifted away from an analysis of process, vital to assess implementation and practice issues, to understand how organisations can work effectively together, and to learn about what works in what circumstances. Outcomes information devoid of context can offer little learning. Yet, one of the effects of the reporting demands for standardised, quantitative data is the failure to make a convincing correlation between outcomes recorded and the programme or project intervention. This was noted by Bonar Blalock (1999) and Ebrahim (2002), writing respectively about US government accountability trends in the 1990s⁹ and NGO-funder relationships.

⁶ In the third sector online survey, 30 organisations gave information about monitoring and evaluation software in use other than Microsoft Office or a bespoke database. It was decided to follow this up with more targeted research, obtaining information from 15 systems providers and 14 organisations that had used those systems.

⁷ CES has promoted self-evaluation as a reflective process, which should be an integral part of organisational management.

⁸ This definition reflects that of Scriven (1991:139) that 'evaluation determines the worth, merit or value of something'.

⁹ Bonar Blalock cautioned against the tendency of those responsible for reporting results on performance 'as if they represented the direct and exclusive effects of program interventions, when these outcomes may be only weakly correlated with them', and without regard to the complexity of interaction with other interventions (1999:134).

Survey responses also indicated that monitoring and evaluation responsibilities were most frequently located in a management or finance post, rather than being an integrated function within the organisation. Although a strong management drive could spearhead a learning culture, it could also increase the prioritisation of data gathering for accountability and performance measurement rather than for organisation-wide learning.

The accountability and learning paradox

The demands of accountability and learning have different pulls. Compliance reporting focuses on and values success while information for learning requires a more open enquiry, looks for information about failure as well as success, and tries to understand what has caused or prevented change. Informants recognised that the need to demonstrate best use of public money also acted as a disincentive to researching difficulties, failure or negative effects.

Some independent funders emphasised the need to address the implicit power relationship with funded organisations, and to develop a collaborative culture and reward for learning through mistakes.¹⁰ Some independent funders were concerned that compliance needs were conflicting with honesty, learning and creativity, and that outcomes approaches were possibly encouraging 'good news' stories. As one funder said:

There is an understandable reluctance to talk about failure and mistakes, but much learning occurs when this happens.

Examples were found of independent funders explicitly moving towards a more supportive relationship with their grantees, with monitoring and evaluation processes supporting expressed intentions to introduce a more reflective culture, and valuing lesson sharing.

Conclusion

Third sector monitoring and evaluation is in practice predominantly driven by a government performance-driven agenda, and through funding, contractual and regulatory relationships. 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.

At the same time the research found evidence that many organisations, responding to accountability requirements with improved monitoring and evaluation systems, had experienced and valued the improved benefits of a tool for management and improvement.

¹⁰ New government guidance includes suggestions of a 'constructive discussion' between third sector organisations and funders to agree realistic monitoring and reporting requirements (National Audit Office, 2009)

The research suggests a number of developments likely to encourage the better use of monitoring and evaluation both for effective accountability reporting and for organisational improvement:

- a closer match between information required for compliance and accountability and information useful for internal learning
- more widespread acknowledgement of monitoring and evaluation costs as an integral part of core costs and realistic resourcing of specific monitoring and evaluation requirements
- improved resources and related skills in data collection, data management and analysis.

The CES research suggested that a greater emphasis on 'intelligent' funding, the slow development of smarter monitoring and evaluation systems and the growth of a knowledge management and improvement culture may lead to more proactive evaluation-based learning within the third sector.

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