does your money make a difference?

charities evaluation services

good practice in monitoring and evaluation for funders

Charities Evaluation Services (CES) was established as an independent charity in 1990. Our mission is to strengthen the voluntary and community sector by developing its use of evaluation and quality systems.

CES supports thousands of voluntary and community organisations of all sizes every year. We also work with funders and government organisations.

We provide training, consultancy, technical support, advice and information and external evaluations. These services are intended to help organisations become more effective by adopting appropriate quality assurance and monitoring and evaluation systems.

CES produces a range of publications including PQASSO, the practical quality management system designed specifically for the voluntary sector.

does your money make a difference?
second edition

Acknowledgements

Foreword

Funders have a crucial role to play in the field of monitoring and evaluation. This ranges from their interaction with grantees to how they use and share learning more widely among funders and implementing agencies.

In the London Funders Research and Evaluation Group, a wide range of funders grapple with questions about what information they should collect, what the jargon means, and how they can measure their contribution to social change.

At The Diana, Princess of Wales Memorial Fund, being a spend out organisation has given us a fresh perspective. When accountability needs have been satisfied, we ask why we would want to evaluate a piece of work, and what we will do with the learning.

This updated guide from CES challenges assumptions that funders should always try to measure everything and that social change can necessarily be pinned down by ever more complex monitoring and evaluation frameworks. At the same time it encourages funders to take the opportunity, not only to satisfy accountability requirements through proportionate monitoring and evaluation, but to add value to its funding of the work of the voluntary sector.

This guide is a welcome and helpful encouragement to us, as funders, to challenge assumptions, improve our monitoring and evaluation and embrace a flexible culture of learning to make our funding as efficient and effective as possible.

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Research Manager at The Diana, Princess of Wales Memorial Fund

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introduction

The aim of this booklet is to describe good practice in monitoring and evaluation by funders. It is aimed at anyone who commissions services from voluntary and community sector organisations or gives them grant money, including:

- charitable trusts and foundations

- philanthropists

- local authorities

- private sector organisations

- central government departments

- non-departmental public bodies.

The booklet is designed to help those who at one time or another ask:

- How do we know if our funding makes any difference?

- What approaches to monitoring and evaluation can we reasonably be expected to adopt in order to discover what difference our funding makes?

- What expectations can we reasonably have of those we are funding?

- How can monitoring and evaluation improve our commissioning and funding practice?

The term 'funder' is used throughout this booklet to denote any organisation that has a funding agreement with an external organisation. The 'funding' may be paid through contract, grant or grant-in-aid.

This booklet focuses on performance monitoring and evaluation rather than the monitoring associated with due diligence and risk management.[1] This guidance builds on CES' considerable experience of working with funders through consultancy and training courses. It also builds on CES' extensive research on monitoring and evaluation practice, reported in 2008, and further discussions on the principles emerging with both the London Funders Research and Evaluation Project Group and the Association of Charitable Foundations Monitoring and Evaluation Group.

The booklet also acknowledges broader moves to establish a framework for good monitoring and evaluation practice by funders. The Scotland Funders' Forum brings together statutory and independent funders to share best practice and learning. In its declaration of 2006 it stresses that evaluation is valuable, relevant, proportionate, supported and is about looking from inside and outside.

Since CES published the first edition of *What Difference Does Your Money Make* in 2001, there have been developments in the way that funding to the voluntary and community sector has been delivered and written about. Key elements from these developments have been acknowledged and integrated into this edition. Particularly, a number of voluntary sector reports provided evidence of over-burdensome and inappropriate reporting requirements and this had become increasingly pressing. In 2008 the Office of

Appendix 1 contains references for a number of these publications.

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[1] The National Audit Office describes due diligence as relating to suitability and fitness to receive public money. Due diligence monitoring information relates to accounts, insurance, internal management procedures and quality frameworks. Monitoring against risk will include financial risk, risk to regularity and propriety, performance risk and reputational risk.

the Third Sector published its *Principles of Proportionate Monitoring and Reporting*,[2] and the National Audit Office followed with its practical guidance in 2009.[3] Those good practice principles have been acknowledged and incorporated in this booklet.

This guide describes principles and good practice in monitoring and evaluation by funders. It contains:

- reasons for monitoring and evaluating funding

- key features influencing the way in which funders monitor and evaluate

- a description of good practice, together with case studies

- an overview of 'intelligent funding'

- different ways that monitoring and evaluation of funding can increase learning and development

- a matrix indicating the level of monitoring and evaluation that you could adopt.

Funders come in all shapes and sizes. The first edition of *Does Your Money Make a Difference?* drew heavily on the grant-making practice of independent funders. This booklet has been refocused to outline the principles that are of common relevance to funders of all types, including those commissioning through contract arrangements or through grants. Funders may find that not all the principles and practice described apply to their circumstances, but at the same time we seek to help funders match themselves against such good practice, and to encourage them to improve their practices and procedures.

Chapters 1 and 2 look at the purposes and determinants of monitoring and evaluation. Chapters 3, 4 and 5 explore principles and practice, with illustrative case examples. The booklet contains an explanation of common terms used in monitoring and evaluation and suggestions for further reading. The appendices contain a brief description of evaluation types and a model of good practice for grantmaking organisations.

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[2] Cabinet Office, Office of the Third Sector (2008) *Principles of Proportionate Monitoring and Reporting*, London.
[3] National Audit Office (June 2009) *Intelligent Monitoring: An element of Financial Relationships with Third Sector Organisations*, London.

part one
the elements of good practice

Funders are accountable for their money and need to ensure that it is giving good value. They also want to learn about, and to demonstrate, the benefit of their funding. Different funders, including government departments and non-departmental government bodies, independent trusts and foundations and philanthropic donors bring their own values and contexts to shape monitoring and evaluation practice. The value of the funding and the funder's own resources and specific purposes all further affect choices about the scale and type of information required, the relationship with the funded organisation and how learning from monitoring and evaluation is used.

Chapter 1
What does it mean to monitor and evaluate funding?

Monitoring and evaluating funding is:

The whole process of checking that your funding is effective, and learning lessons from your experience and from the experiences of the organisations you fund. It also includes making improvements to your own practice or informing others' policy and practice.

Monitoring is the routine and systematic collection of information so that you can check regularly on your progress.

Evaluation involves using monitoring and other information to make judgements on how an organisation, project or programme is doing. Evaluation can be done internally or externally by experts.

It is important to make a distinction between these two activities.

Some characteristics of monitoring	Some characteristics of evaluation
• Information is gathered in a consistent way and collected and reported at agreed intervals.	• It may be designed for a specific project, cluster of projects or programme.
• It is based on specific agreed indicators of output, quality, progress, benefit or value.	• It allows specified research questions to be addressed.
• It offers assurance that money is being spent as agreed.	• It may be concerned with the broader effects of an intervention.
• It may provide evidence of value for money.	• Learning about how interventions work or do not work may be as important as evidence about performance.
• Standardised reporting formats allow uniform data to be collected and summarised.	• Evidence of value for money may be sought in the broader effects of the intervention and its return on investment.

Monitoring and evaluation are ways of helping funders to do what they do as well as they can, with the resources available. In small grant-making organisations, monitoring and evaluation can be as simple as reviewing recipients' annual reports and accounts, and obtaining answers to a handful of questions, such as:

- How was the money spent?

- Who benefited from the grant?

- What difference did the funding make?

- What did you learn?

Larger funding organisations have a greater capacity to deploy resources on monitoring and evaluation. This booklet shows what good practice looks like for funders of various sizes and types.

Why monitor and evaluate funding?

You want your funding to be effective. Monitoring and evaluation provides the tools for understanding success and failure, what works and what does not, and the difference that you are making. It is not only good management practice, but can promote increased partnership working between funder and recipient and develop shared learning, allowing funding policies and programmes to be improved and better outcomes from the investment.

There are varied reasons for monitoring and evaluating your funding. Not all will be relevant to all funders.

You are accountable for the money and may need to meet certain requirements.

- You are subject to rigorous auditing – perhaps by the body to whom you are accountable.

- You have to report to your governing body.

- You want confidence that money is being used according to appropriate conventions and controls.

You want to get good value from your money.

- You want confidence that recipients are using funding for the purposes intended.

- You want to check that funded organisations are fit for purpose and work towards longer-term sustainability.

- You want confidence that your funding is making the difference you intended.

- You want to check how your funding supports your strategic and programme aims and objectives.

You want to demonstrate achievements and share learning.

- You want to understand the difference made through your money.

- You want funded organisations to showcase their achievements.

- You believe in the capacity-building potential of monitoring and evaluation.

- You want funded organisations to share lessons learned both internally and with other agencies and policy makers to inform their future work.

You want to learn about your funding practice and to develop it.

- You want to know if you are giving organisations the right support.

- You want to understand how changes have occurred.

- You want to learn how better to organise your funding and to make better funding decisions.

- You want information to help you review your funding policy and strategy.

- You want to build evidence of the effectiveness of your funding as a whole.

The information you request from your recipients should relate to these reasons for monitoring and evaluation. This is shown in the table below.

Questions you might want to answer	
Accountability requirements	• Has the funding been used for its intended purpose? • How does expenditure compare with original proposals? • Can the funding be tracked in the relevant audited accounts?
Getting good value	• How do service users compare with priority or targeted groups? • What have been the outcomes for services users? • What effect has the funding had on the organisation as a whole, including its financial sustainability? • How will the work continue when the funding ends?
Demonstrating and learning from achievements	• How effective has partnership working been? • Have any issues arisen that others could learn from? • What learning can be brought to the policy table? • What have been the wider and longer-term effects of the funding?
Learning about funding practice	• What has been recipients' experience of working with you? • How has the funding helped to meet your own strategic aims and objectives?

This chapter has outlined why funders monitor and evaluate, and how the underlying purpose influences the questions posed. Chapter 2 describes the key internal and external factors that, together with those purposes, influence policy and practice.

Chapter 2
Influences on how funders monitor and evaluate

There are a number of factors that influence the way in which funders monitor and evaluate. Government departments and non-departmental bodies that use public money are accountable to parliament. Commissioners of services may have specific monitoring requirements and contractual arrangements may differ from those of grant making. Philanthropic donors may focus on the investment return of their money. Trusts and foundations draw heavily on their history. Their origins can be a determining influence on how they provide funding, to whom, and for what purpose – and in turn how they monitor and evaluate them. The development of new funding policies and strategies may also bring about a new emphasis on monitoring and evaluation.

There are a number of key internal and external determinants.

Internal influences

Vision, culture, values and history

This refers to the purpose of the fund, its independence, or its position in relation to national or local policy and strategy. For independent funders, it may relate to the original and evolving culture and values of founders and trustees.

Governance

This concerns the structure, membership and authority of the governing structures, which will be affected by whether the fund falls within a government body, local authority, business, independent family or some other framework.

Accountability

Funders need to account for the funding they distribute, and public sector bodies, trustees, company boards, partners, politicians and the general public need information to show them that the money invested is returning value. Some funders consider it a duty to account to end users.

Funding purpose and strategy

Some funders' concern may be the delivery of cost-efficient services. Others may be interested in understanding how change happens, and others in developing and demonstrating effective practice to inform public policy.

Desired relationship with recipients

The level and type of information collected will be influenced by whether the funder has a 'hands off' stance, or is an 'investor' (with a shared interest), or a full partner in a collaborative enterprise.

Value of funding

The value of the funding should be a key determinant of the amount of effort and resourcing allocated by funders to monitoring and evaluation.

Size of funder's organisation

The level and type of information should relate to the funder's resources and capacity, the skills of its people and the IT support available to them.

Size of the recipient organisation

It is relevant for funders to consider the size of the organisation they are funding and its capacity to respond to reporting requirements.

External influences

Regulatory requirements

The Charity Commission's SORP 2005 accounting framework asks registered charities to report achievements each year with a review of performance against objectives, as does the Summary Information Return for larger charities. The Commission's *Hallmarks of an Effective Charity*, 2008, suggests that an effective charity uses its assessment of outcomes to inform its planning and future direction. Government departmental and non-departmental bodies may be required to report against national and local indicators and are required to report on their funding programme as a whole.

Measuring outcomes and impact

There is considerable competition for funds and the public, funders and users all have higher expectations of what should and can be achieved. It is important to know that funding is making a difference. The Charity Commission and SORP reporting requirements both stress the importance of outcomes and impact and public funders need to assess their effectiveness against policy priorities and targets.

Value for money

Many funders still assess value for money by reference to efficiency, with a focus on minimising inputs and maximising outputs. However, increasingly, value for money is about cost effectiveness, which relates to getting the best possible outcome and impact in relation to a given level of input.[4] Some funders are attaching greater importance to measuring the social return on their investment (SROI). Government has encouraged placing the measurement of value achieved and value for money at the heart of intelligent commissioning.[5]

There is a description of SROI in Appendix 1, page 37.

User involvement

It is increasingly accepted that monitoring and evaluation should include the views and experiences of its stakeholders (users, beneficiaries and clients).

Practice influencing policy

Organisations with social, economic and environmental objectives increasingly want to influence policy making, especially at government level, while decision makers often require evidence that the desired changes will be effective.

This chapter has captured some of the key determinants of monitoring and evaluation policy and practice. Chapter 3 describes the essential elements of that good practice, and the principles that provide its foundation.

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[4] See Cabinet Office (2006) *Funding and Procurement: Compact*, Compact Code of Good Practice. See also HM Treasury (2006) *Value for Money Guidance*, page 7.
[5] New economics foundation (January 2009) *A Better Return: setting the foundations for intelligent commissioning to achieve value for money*, Cabinet Office, London.

Chapter 3
What monitoring and evaluation good practice looks like

The principles listed here are based on CES' experience of working and discussing with a wide range of funders. They incorporate government and National Audit Office guidance, as well as lessons learned from other researchers and consultants in the field.

There are a number of key factors or underlying principles that should drive practice and influence how the other principles are applied:

• **Proportionality:** Monitoring and evaluation requirements should be fair and reasonable given the amount of funding and size of the organisation, and should not place an undue burden on the recipient. Equally, as a funder, you should work within the limits of your own knowledge, skills and financial resources. If you want to learn from innovatory activities, sufficient additional resources for evaluation should be allocated.

• **Purpose of funding:** Funders should clearly describe the overall purposes of

their funding and their priority areas, regularly review them and clearly communicate them to prospective applicants. As a funder, you may be commissioning essential services, supporting community initiatives, providing core support to established organisations, promoting innovation and development, or proactively driving forward a social change programme through your funding. Such different purposes will require different funding approaches and will also be a key influence in shaping your monitoring and evaluation requirements.

• **Risk management:** You should be clear about your definition of risk and your strategies for dealing with it. The level and type of monitoring and evaluation you adopt should support your management of perceived risk. Examples of risk might be fraudulent conduct or poor performance by recipients, bad publicity and damage to reputation.

The following might be taken into account during the risk management process:

• **The size of the funding awarded:** the larger the funding the greater the risk.

• **The size of the funding in relation to the project cost:** the risk is greater where one single funding accounts for a large part of the project finance, than where the funding comes from several main sources.

• **The size of the funding in relation to the organisation's income:** this addresses the issue of whether the organisation is capable of managing the money allocated.

• **Organisational capacity:** here the issue is whether the organisation has the capacity to manage.

• **Relationships with partners:** where a number of organisations are linked in a partnership, it is important that each partner is aware of its responsibilities, which need to be clearly defined and understood.

• **Finance:** this is concerned with knowing that the organisation is in good financial health and has approved financial and audit arrangements, which are commensurate with the value of the funding awarded.

You cannot monitor everything and nor should you. The key is to think carefully about:

- what you are aiming to achieve through your funding

- what you need to understand about your funding

- what information you need to collect

- what you are you going to do with the information.

Appendix 1 describes different evaluation approaches.

The scale of monitoring and evaluation you require and your evaluation approach used will be influenced by the type of funding. For example, you may be:

- contracting established or new services and practices

- seed-funding new or pilot approaches and methods

- funding one-off projects

- making a long-term investment.

How and what you are funding will help determine your approach to monitoring and influence your evaluation decisions. You will need to consider, for example, whether self-evaluation or external evaluation is appropriate, whether implementation, process or outcome evaluation will provide most relevant information. If value for money is a priority, can adequate information be provided through a cost-effectiveness analysis, would the scale and type of activities benefit from a social return on investment approach, or would such an approach be inappropriate?

Examples

The Capital Community Foundation funds small groups, many of which have not previously received grant funding. Those receiving smaller grants (under £10,000) complete a short form to describe 'how you spent the funds, how your project was delivered, how your user group benefited, and any learning you have gained during the project', while those with larger grants are asked for more detailed information, and a greater focus on outcomes. Fund staff also visit 15 per cent of funded organisations to draw out more detail on outcomes, lessons learned and feedback on other ways the grant has helped them.

The proportionality principle underlies the City Bridge Trust's approach to evaluation. The Trust requires recipients of less than £10,000 to report on a brief written pro forma, while recipients of £10,000 to £50,000 send a fuller written report, including information on outcomes. Recipients of grants worth more than £50,000 provide in addition more detail on measurable outcomes and, where appropriate, impact information.

The London Cycling Campaign, a membership organisation, manages the Community Cycling Fund for London on behalf of Transport for London. Over time the Campaign has developed monitoring that is as light and easy as possible for their small grants (mostly under £5,000). At the start, funded groups fill in a short online survey detailing their main aims and targets, then send in monthly updates. At the end of the project, groups complete a questionnaire, which has the benefits of providing comparable data. Finally, groups submit an end of project report detailing what worked or didn't work, and the key outcomes. Groups can also submit pictures, videos and other materials to better tell their story.

The Diana, Princess of Wales Memorial Fund developed a small grants programme (up to $US 6,000) for campaigners across the globe, working towards an international treaty banning cluster munitions. The Fund implemented its proportionate approach to monitoring by asking a few straightforward questions to satisfy accountability and to draw out some interesting learning to share across the campaigners. Monitoring reports submitted were clear and thorough, and the learning contributed to an evaluation that shared lessons from national campaigners globally.

Good practice principles

There are a number of good practice principles set out below and illustrated in the following pages:

• Monitoring and evaluation policy and practice are clear.

• There are adequate resources to support monitoring and evaluation.

• Requirements are explicit and communication is clear.

• Needs are justified.

• Problems are reported.

• Practical support is offered.

• Users contribute feedback.

• There is a focus on outcomes.

• Information is used.

• There is effective learning.

Looking at these principles should help you decide how to monitor and evaluate the programmes you fund.

Monitoring and evaluation policy and practice are clear.

Funders define why and how they monitor and evaluate as an integral part of their overall funding policy. They set out what is and what is not to be monitored and evaluated so that both they and the recipient understand the context in which monitoring and evaluation is carried out. Reporting standards are agreed and understood. Monitoring and evaluation procedures are reviewed to ensure that they meet policy and guidelines and are carried out against an agreed timetable.

There are adequate resources to support monitoring and evaluation.

Funders are clear about the resources necessary to manage their monitoring and evaluation, such as the number of skilled and appropriately trained staff allocated to this function. They identify and provide the information systems and IT support needed. They consider costs to recipients when designing monitoring requirements and allocate sufficient resources for the work involved. Expectations about the level and quality of monitoring and evaluation data are consistent with the resources made available.

Examples

Trust for London has developed a process of mainstreaming its monitoring and evaluation practice as part of all grants officers' work and encourages its grants staff to attend the same monitoring and evaluation training as its grantees. Specific responsibility for monitoring and evaluation is held by a member of the senior management team.

The City Bridge Trust identifies staff monitoring and evaluation roles and responsibilities. It ensures that grants officers visit each other's projects as an internal check and balance. Internal guidelines ensure that reports are consistent. The Trust supports its funded organisations to consider their monitoring and evaluation capacity and costs at the application stage.

The Friends Provident Foundation is a relatively new foundation with a clear programme aim of bringing about the re-balancing of the financial services market in favour of those on the lowest incomes. In order to gauge progress towards this aim, the foundation commits up to a maximum of 10 per cent of its grants budget per annum to support monitoring and evaluation activity.

The Big Lottery Fund is publicly accountable for its funding and keen to understand whether and how outcomes are being achieved. Projects are encouraged to use between five and 10 per cent of their grant to cover the costs of monitoring, self-evaluation and learning.

Requirements are explicit and communication is clear

Funders make reporting and evaluation requirements explicit at the application or tender stage. They are clear about what will constitute robust, reliable and credible information. Funders use simple language, with clear documentation and forms, explaining the meaning or intention behind specific terminology.[6] Monitoring and evaluation is strengthened by personal contact between funder and recipient. Discussion and dialogue help to build trust and overcome problems, strengthen monitoring and evaluation and draw out ideas and learning.

There is an explanation of terms used on page 30 – 32.

Examples

At the start of the annual funding cycle, the London Cycling Campaign organises an event to bring all successful applicants together and to go through the monitoring requirements. This is an opportunity to share ideas, network and ask questions, and to hear from a previously funded project about its experience of holding a grant.

Trust for London has a clear published evaluation policy and provides guidance and free training for its grant holders, as well as signposting to further sources of support. The Trust requires organisations to develop a monitoring and evaluation framework that makes aims, objectives, and anticipated outcomes clear and sets clear expectations around monitoring reports. Grants officers will often follow up reports with a call or visit to ensure that they understand the findings fully.

The Arts Council worked with a group of regularly funded organisations on how to make better use of the information given in monitoring submissions. As part of this process, the Arts Council explained why much of the information is requested, for instance to answer Parliamentary Questions.

In 2008, Investec, a corporate funder, started using a social investment approach, adopting a shared learning approach with its community partners and encouraging two-way discussion on interpreting the model.

Needs are justified

Funders are clear about how funding fits with their strategic aims and objectives, and can justify why they need information. They are clear how each piece of information will be used. They are prepared to discuss requirements at the application and tender stage, encouraging appropriate costs to be built into funding applications and tenders.

Requirements are limited to the essential and usable

Funders do not collect any information that will not be used, and communicate this to their recipients. They consider how often information is required and adjust requirements accordingly. Where possible, funders use existing reports and consider the use of standard reports, particularly where there is joint funding.[7]

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[6] Words most commonly used in monitoring and evaluation and their meaning are set out in *Jargonbusters*, written by CES and the BIG Lottery Fund, with input from a steering group of funders.

[7] See Scotland Funders' Forum, *Harmonising Reporting Working Group: Report to the Scotland Funders Forum*, for a reporting template and good practice on forms and formats, what goes in the report, language, and supporting reporting.

> **The National Audit Office guidance asks:**
>
> - Can the information be reported only by exception, for example if there has been a change since the last report or from a baseline?
>
> - Can the information be provided on a sample basis?
>
> - Can the information that the provider already collects for another funder be used instead?
>
> Source: National Audit Office (2009), *Intelligent Monitoring: An element of Financial Relationships with Third Sector Organisations*, page 24.

Problems are reported.

Recipients are encouraged to describe the problems encountered in their funded activity and the action that was taken. Funders explain that they benefit from this feedback and use it to improve their programmes. Problems are followed up promptly.

Practical support is offered.

Funders encourage recipients to evaluate themselves, explaining how and why this should happen. They provide practical support, such as:

- providing clear guidance to the organisations they fund

- signposting to further sources of support

- building capacity to evaluate in the organisations they fund or in organisations that support them

- offering funding where it would help to make self-evaluation happen.

Examples

The Big Lottery Fund explains on its website how the self-evaluation practice it recommends fits into its programmatic external evaluations. It also recommends ways that organisations can put monitoring and evaluation into practice, and signposts to further sources of support.

The City Bridge Trust supports its grantees to attend free CES training on outcomes-based monitoring and evaluation by funding CES to provide them with a 15 per cent discount. BBC Children in Need (CIN) developed a higher level of reporting for some organisations to focus more on outcomes and enable judgements to be made about possible further funding. CIN invested in training for their funded groups, supported by a guidance book on self-evaluation, and found that grantees benefited and their accountability requirements were met more satisfactorily.

Trust for London offers support and training on monitoring and evaluation through CES and illustrates the CES planning triangle and model self-evaluation framework on its website. It also developed new training courses on evaluating campaigning work and using evaluation in conjunction with CES.

Hertfordshire County Council's Young People's Substance Misuse and Crime Reduction Service gives small one-year grants for preventative work. Grants managers saw that some organisations struggled to identify and measure outcomes, so they provided training on evaluation, as well as hands-on capacity building support. The two-day training focused on the skills and tools for measuring outcomes and their application in the projects, and the different stages of the evaluation process.

Users contribute feedback.

Funders require recipients to seek feedback from their users as an integral part of developing better services. They include this evidence of user involvement in their monitoring and evaluation of the outcomes and wider impacts of their funding.

There is a focus on outcomes.

Funders focus on the short-term and longer-term benefits of their funding at an individual service, project or organisation level and on the wider or cumulative impacts of their programmes. A shared understanding of funding outcomes is reached with recipients at the outset

and provides a key element of funding agreements and monitoring and evaluation frameworks.

The information is used.

Funders have clear systems for receiving, analysing, reviewing and making use of monitoring and evaluation information. Funders produce regular monitoring reports and analyse programme-related issues. These are used in day-to-day management of the funds and to develop strategic direction. Where appropriate, monitoring and evaluation findings are used to feed back to the social policy issues that its funding programmes seek to address.

Examples

The Capital Community Foundation uses information from its groups' monitoring and evaluation internally to improve programme delivery or set new programme strategy. For example, feedback from groups in Brixton on the lack of community infrastructure and capacity-building support prompted consideration of investing in a community development initiative in the area.

The City Bridge Trust analyses monitoring data to create a substantial reflective annual trustees' report. This details emerging trends and issues, as well as how the work is progressing, and the quality of the reports themselves.

Friends Provident Foundation has a well-established self-evaluation practice. It had an independent review of its financial inclusion programme, and was one of the first UK organisations to undertake a review of its operations using the Center for Effective Philanthropy's Grantee Perception Survey.

The Big Lottery Fund commissions large evaluations at programme and thematic levels to assess the collective impact of projects. Findings from evaluations are used to improve its funding approach and to inform practice and performance.

There is effective learning

Two-way feedback provides learning for both funders and recipients. Funders use monitoring and evaluation information to improve their own policy and practice. They encourage and support recipients to use the information collected for organisational improvement and development. Funders promote good practice by sharing knowledge and encourage funded organisations to do the same.

Examples

The Capital Community Foundation carries out an anonymous survey to all applicants. Topics explored range from the ease of the application process to how the grant helped them, their thoughts on the current economic climate and its impact on their organisation.

Esmée Fairbairn Foundation encourages honesty when projects are reporting, and is keen for projects to tell the 'whole story' and not just good news, recognising the importance of learning about things that don't go to plan. The Foundation makes its evaluation reports available on its website, together with other reports that have resulted from its funding

For its Elder Abuse Programme, Comic Relief held annual shared learning events. This enabled funded groups to come together to discuss challenges and learning around both service delivery and outcomes measurement. Trust for London associates monitoring and evaluation closely with learning. It organises seminars for recipient organisations to share and explore their experiences. This permits a useful exchange of ideas, enables learning and provides a good networking opportunity.

The Big Lottery Fund is committed to sharing learning between grantholders about what works well and what does not work as well in projects aimed at improving wellbeing. An extranet allows projects to summarise and share key findings and lessons learned. The Big Lottery Fund also organises interactive events to share learning from project-level and programme evaluations with key stakeholders.

This chapter has detailed good practice that can be applied in a number of funding contexts and by a wide variety of funders. The next part of this booklet illustrates how funders can develop their monitoring and evaluation practice further in line with more developed funding relationships and defined purposes. Chapter 4 illustrates the concept of 'intelligent funding' and how this affects monitoring and evaluation practice and relationships between funders and funded organisations.

part two
engaging for better impact

Intelligent monitoring and evaluation means that funders engage with funded organisations to ensure that information sought is realistic, given funding purpose and context and project or programme scope and timescale. They seek to fund organisations pursuing outcomes that will help to deliver against their own funding aims, and to obtain information that will enable them to set and review strategy. Some funders seek to achieve more effective funding relationships, engaging in 'funder plus' activities and supporting funded organisations to better evaluate and learn from their own work. Monitoring and evaluation decisions are underpinned by how information is to be used – whether to understand the overall impact of their funding, to develop and improve practice or to influence public policy.

Chapter 4
Intelligent funding

Over recent years, the concept of intelligent funding has gained ground, building on Unwin's 2006 paper, with discussions consolidated under the Intelligent Funder Track.[8] The concept incorporates a number of elements, including:

- understanding the type of funder you are and adopting appropriate strategies

- basing funding on a clear strategy

- intelligent monitoring: planning and systematically collecting realistic levels of information appropriate to the funder's aims and objectives

- developing more engaged, effective and fruitful funding relationships.

Engaged funders are more likely to value learning to change their own practices and policies and to influence policy within the policy areas that they are engaged with and fund.

What type of funder are you?

Intelligent funders are clear about the purpose and intention of their funding. Three distinct styles of funding have been identified:

- giving

- shopping

- investing.

There are a number of key features of each of these approaches:

Funders as givers donate funds without tying them to specific outcomes. They judge the organisation for probity and capacity but keep monitoring requirements light touch.

Funders as shoppers pay organisations for specific pieces of work, and their role is primarily that of purchaser. They:

- are specific about the expectations they have of the funded organisations

- focus primarily on the quality of services and achievements of the recipients

- wish to track the effects of their funding.

Funders as investors have the specific intention of producing a long-term outcome, usually after the period of funding. They:

- engage in a closer relationship with the recipient

- usually provide some other form of support and guidance

- may or may not expect a financial return.

Adapted from Unwin, J (2004) *The Grant-making Tango: Issues for Funders*, The Baring Foundation, London.

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[8] See Unwin, J (2006) *The Intelligent Funder: A Discussion Paper*. Also CIVICUS and the Scottish Council for Voluntary Organisations (2009) *10 Principles of Good Practice for the Intelligent Funder*, SCVO, Edinburgh.

A clear funding strategy

A strategic plan with specific aims (including social, economic, environmental and policy) will lead to more clearly specified funding programmes, providing the basis for a monitoring and evaluation framework relating to the overall funding strategy. The aims and objectives of an individual funding agreement should link back to the objectives of the fund, which should link back to the strategic aims and objectives of the funder.

As part of the funding strategy, decisions can be made early on about what information is required for accountability and what information is required for learning. Decisions can also be made about how to provide infrastructure support, such as suitable information technology to facilitate consistent data collection, and to guide funded organisations towards sources of support and training.

Examples

Lloyds TSB Foundation for England and Wales produces guidelines that describe the Foundation's overall strategy and priorities for funding. It sets out the programme areas for which it particularly seeks applications in that year, and explains how it sees these areas contributing to its strategic objectives. It also informs applicants of the information that will be expected of them if they receive a grant.

Lloyds TSB Foundation for Scotland developed an evaluation strategy for the Partnership Drugs Initiative Programme from the start. It was intended to build skills in partner organisations and build better evidence for the programme, helping trustees understand the impact the funding was having in local communities.

Investec, a corporate funder, shares its own performance objectives with funded groups, so that they can respond creatively. For instance, in addition to allocating funding, Investec has targets for volunteering by its own employees. Funded groups understand this and can plan to provide volunteering opportunities for Investec when it best suits the work.

Intelligent monitoring and evaluation

Funders consider why they need any piece of information, relating it to their funding aims. They match the expectation of outcomes to the length of funding support, the development of the project or service, and the monitoring cycle. They work together with funding recipients to:

- understand the match between the aims of the funded organisation and its likely outcomes and those of the funder

- develop a theory of change that will provide a context for anticipated outcomes

- ensure that outcome and impact

requirements are realistic given the scale and timeline of the funded intervention

- understand how the funded intervention acts together with those of other agencies to produce improved outcomes.

Funders are clear about the type of evaluation most appropriate to serve the purpose and conditions of funding. They may test different methods of evaluation to learn from their investment. For example, formative evaluation is used to inform the implementation of a project or programme. Evaluation of processes is used to understand the delivery of services and how practice achieves desired outcomes. Funders understand the importance of a solid base of outcomes information on which to build measurement of social value.

Developing more effective funding relationships

Some funders are looking for more fruitful and effective funding approaches, developing a more equal relationship, based on mutual aims. The funder may be more closely involved in the development of services, and monitoring and evaluation helps the partners in the funding relationship to learn together.

The funder may use part of its funds to help develop the organisation's governance and management or its monitoring and evaluation capacity. The funder may encourage ways of learning, such as peer learning and mentoring. An emphasis on learning may mean that funders put more emphasis on how findings from monitoring and evaluation are shared and disseminated.

Such relationships recognise that progress may not be straightforward and both parties are committed to tracking progress, sharing experiences to better develop a project or specific services.[9]

Intelligent funders may seek to gain added value from their money through supportive relationships with recipients. They may fund organisations, not just because of the service that can be provided, but because:

• their money can attract other sources of funding

• they are likely to be able to demonstrate a real impact

• the work will provide information on specific subjects

• the evidence generated can have wider application.

Examples

The Capital Community Foundation brings together donors through initiatives such as the Lambeth Community Fund, involving the local authority, the Local Strategic Partnership, corporate and individual donors. The fund distributes a mix of small and larger strategic grants to tackle worklessness. The fund also brings together a wider group of organisations tackling worklessness, to enable them to network and improve their own delivery through collaboration.

London Housing Foundation (LHF) supports delivery agencies working on issues for single homeless people in London, particularly around organisational development and associated issues, such as mergers. The support is largely offered through a set of trusted associate consultants, who develop long-term work plans flexibly and in response to the organisations' needs. LHF prefers to work closely alongside organisations going through transition, rather than using a formal monitoring process, keeping in touch with the process through regular meetings with the organisations and contact with the consultants. Progress reports from these meetings are written up into reports for the LHF Board, and used to learn and improve the support they give to future funding partners. This learning is shared through a series of events for organisations. The emphasis is on keeping the learning 'live'.

The Diana, Princess of Wales Memorial Fund has developed a partnership approach to evaluation with its major grant holders. Grant management and evaluation meetings are held separately, so that accountability needs are satisfied before broader learning questions can be explored. Formative evaluators are employed, working jointly with the funder and grantee. The emphasis is on drawing out useful lessons, both to inform the development of that particular strategy, as well as enabling learning to be shared with other funders and implementing agencies.

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[9] See Abdy, M and Mayall, H (2006) *Funding Better Performance*, Performance Hub, Charities Evaluation Services, London.

Supporting self-evaluation

Intelligent funders build the monitoring and evaluation capacity of funded organisations. They:

- provide details of useful organisations and resources

- are clear about monitoring and evaluation terminology

- enable or provide information, training and support on monitoring and evaluation at the beginning of the funding relationship

- encourage organisations to find other ways to improve data collection and management, for example through a volunteer mentor

- encourage organisations to use monitoring and evaluation as a management and learning tool.

Dedicated support can range from providing simple guidance on a website, to commissioning more in-depth specialist support from a contractor.

Examples

The Arts Council reviewed its approach to regularly funded organisations, resulting in a new framework for managing those relationships. It made an associated self-evaluation framework for funded organisations and other information available online.

Lloyds TSB Foundation for Scotland developed the Partnership Drugs Initiative (PDI), a relationship grant-making approach, in partnership with the Scottish Government, in 2000. The Partnership Drugs Initiative uses evaluation capacity building both to support its grantees and to deliver its own self-evaluation strategy. A three-day programme of training through group sessions and one-to-one support over an initial ten-month period takes grantees through a development process rooted in their own practice.

Investec, a corporate funder, set a reporting framework and then gave groups the opportunity to submit an initial draft. Investec provided capacity through an intern who commented on these reports, giving feedback and requests for further information. This helped funded groups to provide reports which suited the funder, and to understand the funder's requirements better.

Four London Boroughs – Camden, Westminster, Brent and Hammersmith and Fulham – commissioned the Older Person's Star, a version of the Outcomes Star for later life. The Star, developed by Triangle Consulting, measures progress towards the maximisation of independence and well-being.

Outcomes and social value

The notion of funder as investor has made many funders more conscious of the 'return' they should expect from their funding. Intelligent funding focuses monitoring and evaluation more on outcomes and less on reporting detailed activities. It helps recipients focus on beneficiaries, explore what has been achieved and why, and what needs to be improved. Some funders require recipients to demonstrate how their outcomes will link to their own stated outcomes. This allows the funder to assess progress towards its strategic aims.

Commissioning for outcomes usually takes place within the context of an outcomes-based commissioning framework, and should be based on robust information about the needs of service users and communities.

A focus on outcomes has benefits for both funders and their recipients:

Value for funders

- It provides a focus for programmes.

- It builds a shared purpose with funded organisations.

- A theory of change will enable an understanding of what different organisations can deliver and contribute.

- It can form the basis for value for money assessments.

- It provides a basis on which to assess the broader impact of funding.

Value for funded organisations

- It can provide a tool for planning, focusing on ends rather than means.

- It can help develop needs-led services.

- It can help demonstrate the effectiveness and social value of the organisation and its activities.

- It can lead to more systematic collection of data against agreed indicators.

- Outcome information can help identify what works and what does not work.

Examples

Trust for London relates all grant-holder outcomes to its high-level outcomes, and reports against these internally, using submitted monitoring and evaluation reports. The Foundation's bespoke grants management software is structured to make this mapping explicit.

For Comic Relief's UK programmes, new grant holders are brought together in thematic groups for 'start-up meetings', both to build monitoring and evaluation capacity, and to develop shared outcomes and indicators. The aim is to arrive at outcomes that can be useful at both the project delivery and programme reporting level. These meetings are provided in partnership with CES.

CES helped Greenwich Council Community Services review its monitoring and evaluation framework and documentation in preparation for beginning commissioning with an outcomes focus. A guidance document, including new and revised outcomes-focused tools and procedures, was developed. These were used as the basis for training both the Council's funding officers and its voluntary sector recipients.

The London Borough of Camden, through its Outcomes-Based Commissioning Programme, is supporting commissioners and the voluntary sector groups it funds to work more collaboratively on the development of outcomes frameworks and data collection tools. Part of this support has been the provision of CES consultancy support for joint monitoring reviews, led by service providers, but also involving commissioners. The aims of these reviews are to improve monitoring and reporting, so that both sides get the results that they need, through slimmer and smoother processes.

Streamlined reporting and evaluation

Some funders have worked together to try to streamline communication and reporting.[10] As a first step, funders can think about the following:

- What are the requirements of other funders who fund the same organisations? Is there scope to reduce differences and confusions?

- Are we flexible about our requirements?

- Are we using the same language as other funders?

- Do we provide feedback to organisations on the report we receive to help organisations know what we want?

Jointly commissioned evaluations with other funders can be considered when appropriate.

Examples

London Housing Foundation asks funded organisations to report on progress in their own words, without using a formal monitoring form, as the funding is different in each case. This is balanced with a few key pieces of numerical data to give an overall picture of activity.

When groups apply for funding, The Capital Community Foundation will discuss and consider how to use monitoring arrangements already in place with other funders, in order to cut down on the group's reporting burden. The Friends Provident Foundation establishes common monitoring arrangements where other funders are known, and where possible. It also holds meetings and liaises with joint funders directly about funded projects.

Trust for London supports joint evaluations, and will also accept evaluation and monitoring information commissioned by other funders. The City Bridge Trust worked in collaboration with four other funders for its 'Fear and Fashion' initiative on the use of knives and weapons by young people, to produce a joint evaluation.

The Henry Smith Charity ran a Domestic Violence grant programme in collaboration with the Sigrid Rausing Trust, funded through the Hestia Fund. The resulting *Safety in Numbers* report was the first large scale, multi-site evaluation of independent domestic violence advisor services (IDVA) across England and Wales,[11] showing the effectiveness of IDVA services. The report attracted good national coverage.

Intelligent funders share learning with other funders both formally and informally. Chapter 5 discusses further how funders can use monitoring and evaluation to become more effective.

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[10] See the efforts of Gate, a youth project in Scotland, and four of its funders, to produce joint reporting, in Marwick, S and McDowell, J (2008) *Joined up Reporting to Funders*, Evaluation Support Scotland, Edinburgh.
[11] Howarth, E, Stimpson, L, Barran, D and Robinson, A (2009) *Safety in Numbers: A Multi-Site Evaluation of Independent Domestic Violence Advisor Services*, The Hestia Fund.

Chapter 5
Useful monitoring and evaluation

It is helpful to be explicit about whether you are using monitoring and evaluation information to demonstrate or communicate benefits, for internal decision making and policy development or to share with a wider audience. This will help you plan in – from the start of your funding programme – collection of the right type and level of information, and help provide information that is useful both to you and to recipients.

Planning monitoring and evaluation

Funders who focus on how evaluation findings can be used prepare a monitoring and evaluation framework, taking into consideration:

- who can most appropriately collect the information: the recipient organisation, inhouse staff or external experts

- whether information is needed about detailed operation of the services, the policy environment the programme is operating in, or the efficiency and effectiveness of their funding

- when different sorts of information can most appropriately be collected

- how to ensure that internally generated data can best supplement that collected externally.

Knowing the audience

If monitoring and evaluation is to be useful, an early step is to identify audiences for learning, for example:

- funding recipients

- other funders

- other practitioners involved in specific programmatic areas

- those involved in campaigning, advocacy and policy-making

- umbrella and voluntary and community sector capacity building organisations.

- the general public.

This clarity can help you tailor what you want to know and present it accordingly.

Adding value through learning

Learning needs to be planned in from the start, and to be part of strategy. Learning from current programmes can help make sure that future funding programmes are relevant. Recipient organisations' experience of what has not worked well is an important source of learning, so reports should not focus solely on the positive.

Funders can also help organisations to share lessons and evidence collected between organisations and more widely by encouraging peer learning and by disseminating good practice through learning documents drawn from evaluation findings. Learning can be obtained at different levels:

- from individual projects or services

- through thematic learning across a number of funded initiatives

- at programme level

- about funding strategy, approaches and processes.

Practical ways that funders can facilitate sharing learning between projects include hosting networking events, or developing websites with discussion forums, to enable ideas to be shared.

A deeper level of learning is needed to replicate good practice and to influence public policy. This means evaluation to understand how change happens:

the careful analysis and interpretation of outcomes data, setting it against an understanding of the user group and its specific needs, the operating environment, specific service delivery approaches and the organisational context.

This means encouraging self-evaluation that is truly reflective and commissioning evaluations that are fit for their learning purpose. There are a number of key points when commissioning evaluation for learning:

- Include utilisation and dissemination strategies in the evaluation plans.

- Establish clear commissioning procedures and protocols.

- Be clear about the audience and purpose of the evaluation, the reporting style and format.

- Allow time to establish the main evaluation questions.

- Cost in time for developing relationships, and establishing feedback and lesson-learning processes.

Examples

Friends Provident Foundation indicates that project monitoring is a key priority and encourages grant-holders through a 'milestones document' to link tasks and activities to outputs and outcomes. In this way the Foundation encourages not only a focus on end outcomes, but also on process and on how change has occurred.

Hertfordshire County Council's Young People's Substance Misuse and Crime Prevention Service uses information in a number of ways: to inform its annual plans; to share information about success factors in diversionary activity with young people with other organisations; to disseminate good practice; and to put others in touch with organisations doing well.

The Innovation Unit took an activity-based approach to monitoring for their 18-month long Innovation Exchange programme, designed to provide opportunities for networking with potential supporters and champions of the work of funded projects, and to produce a rich source of data. The approach included using events at the beginning and at the end of the programme to gather baseline and outcomes data from participating projects. One of the initial activities involved 'Back to the Future'-style interviews on a project's achievements and challenges, as if the projects were already successfully completed. In the second event, participants prepared presentations on a common set of questions around their progress to date for a wider audience of stakeholders, including commissioners and policy-makers.

Comic Relief launched its 'Learning Strategy' in 2010, through which it is seeking to make monitoring and evaluation a tool not just for accountability and reporting, but also to help learning and sharing about 'what works' across programmes. The Learning Strategy includes a commitment to explore how theory of change concepts link to its grant-making principles and impact on its grant making at a policy and practice level.

The Diana, Princess of Wales Memorial Fund developed a monitoring and evaluation framework to work at project, programme, and Fund-wide levels. An increasing emphasis is placed on sharing learning externally, to inform the work of grantees, as well as other funders and implementing agencies. Learning events and meetings are convened, and findings published in reports, to help engage with other funders and organisations about how to improve the effectiveness of future work.

Evaluating the impact of funding programmes

The foundation for effectively evaluating the impact of a funding programme as a whole lies in the design of the programme itself and the definition of clear outcomes. It is helpful for funders to be clear about what they want to obtain from an evaluation overview or impact evaluation and to ensure that:

- project level aims and objectives are compatible with the programme aims and objectives

- some common indicators are identified, allowing a level of quantifiable data to be collected and aggregated.

Funding officers may need to work with applicants or recipient organisations to make sure that service or project level aims and objectives are realisable and can be evaluated. There are a number of options for facilitating better quality data across the programme, such as:

- providing monitoring and evaluation proformas at the start

- checking data management capacity

- considering standard electronic tools for data collection

- considering funding technical assistance to improve data collection.

Changing internal practice

Funders can use both internal and external evaluation to promote internal learning and development, by:

- assessing their procedures and practice

- gathering recipient perception data

- reviewing their own efficiency and effectiveness in delivering against their policy and strategy.

Review data that is systematically gathered can inform further funding.

Examples

Following the recommendations of an external evaluation, Drinkaware made their application and decision-making processes less bureaucratic, more efficient and flexible, building stronger relationships with recipients.

The City Bridge Trust commissioned an evaluation of its Improving Services for Older People programme, which provided a mix of consultancy and funding to smaller organisations. The Trust changed the approach part-way through – a result of an interim evaluation finding for more flexibility in the amount of consultancy, to respond to changing needs.

The London Borough of Camden reviewed its commissioning process for some voluntary sector services in order to improve the focus on outcomes, through its Outcomes-Based Commissioning Programme. One unexpected result is improvement in the adoption of outcomes-based ways of working among some internally-provided services and their commissioners as they seek to gain the improvements in accountability and learning brought by an outcome focus.

The Baring Foundation launched a new round of its Strengthening the Voluntary Sector grants programme in 2006. Since then, a range of activities combined to build an understanding of the impact of the programme and future priorities for support. This included reviewing annual monitoring and evaluation information, regular contact with grantees, including project visits by staff and trustees, meetings bringing grantees together, and research carried out in-house and by external consultants. This led to the 2008 round of the programme, focusing on needs in the advice and advocacy sectors, and to a sharpened approach to monitoring outcomes.

Influencing public policy

Funders that aim to deliver social change or to develop models of practice require effective dissemination of learning or a campaigning approach built into their funding strategy. These will include:

- choosing appropriate evaluation approaches and standards of evidence

- developing internal learning processes

- developing channels, and directing learning, to policy influencers and policy makers.

There is more on evaluation approaches and standards of evidence in Appendix 1.

Examples

The London Cycling Campaign shares its knowledge from the Community Cycling Fund monitoring reports, gained from over 50 funded groups per year. For example, this insight and feedback fed into its campaign messages on making infrastructure and facilities both commuter and family friendly.

The Diana, Princess of Wales Memorial Fund commissioned a review of public information and communication campaigns relating to immigration, asylum and refugee issues in partnership with four other funders.[12] The report explored potential learning from campaigning work and aimed to help those working in the refugee sector understand better the factors influencing public attitudes.

The City Bridge Trust has begun to have programmes, or clusters of grants linked by theme, externally evaluated. The evaluation process includes learning events for grant recipients. Its access to buildings programme produced a publication, *Opening Doors Across London*, that shared people's experiences, good and bad, of managing building projects and making access improvements. An edition of its short knowledge-sharing publication *The Knowledge* on 'Greening the Third Sector' stimulated press interest and led to interest from and influence on the Charity Commission, which since produced *Going Green: Charities and Environmental Responsibility*.

Esmée Fairbairn Foundation's 'Rethinking Crime and Punishment' manifesto made proposals about how government might spend its allocated £2.3 billion on alternatives to prison. This followed a programme of monitoring and evaluating its seven year programme into alternatives to prison. The Foundation also published an independent review of restorative justice evaluations in the UK and internationally, together with the Smith Institute. The Fear and Fashion initiative funded by five funders[13] jointly on the use of knives and weapons by young people played a significant part in the wider media and political debate.

Over the last 20 years, monitoring and evaluation practice has developed from a primary focus on accountability for money spent to incorporate an emphasis on better outcomes and on learning from funding initiatives and services. Funders are encouraged to adopt a flexible, proportionate and intelligent approach to monitoring and evaluation, prompted by questions that ask: What sort of funder are we? How can we improve our practice? How can our funding be more effective? This booklet has illustrated how funding purpose and circumstances can and should influence monitoring and evaluation, within the overall guiding principles of good practice. The model in Appendix 2 will also help you to answer: Where do I fit in?

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[12] Paul Hamlyn Foundation, Trust for London, The Barrow Cadbury Trust and Joseph Rowntree Charitable Trust.
[13] These were Trust for London, the City Bridge Trust, Esmée Fairbairn Foundation, The Wates Foundation and John Lyons Charity.

an explanation of terms

Accountability

How much individuals or groups are held directly responsible for something, such as spending or activities.

Aims

Aims can be overall or specific. Overall aims describe why an organisation, project or programme exists and the broad effect it wants to have. Specific aims are the particular changes or differences an organisation, project or programme plans to bring about.

Auditing

Checking that certain standards are met and controls are in place. This may be done internally or by an outside agency. The term most commonly refers to audits in accounting but may also refer to quality and performance.

Capacity building

Activities that aim to increase the capacity of voluntary and community organisations to deliver against their mission. It can include skills training, advice, specialist expertise and organisational development.

Commissioning

Government has defined commissioning as 'the cycle of assessing the needs of people in an area, designing and then securing appropriate service'. The cycle will also involve deciding priorities and outcomes, monitoring and review. Services can be commissioned through contracts or through grants agreements.

Data

Facts, statistics and other raw material gathered for a specific purpose. Data needs to be interpreted to give it meaning. '(See also Qualitative data and Quantitative data.)

Due diligence

In funding relationships the term most commonly relates to carrying out appropriate checks on recipients to ensure they can fulfil the conditions, requirements and expectations of the funding agreement, and to minimise risk.

Evaluation

The process of using monitoring and other information to make judgements on how an organisation, project or programme is doing. Evaluation can be done internally or externally by experts. (See also Self-evaluation.)

Formative evaluation

Evaluation designed and used to improve a project or programme, especially when it is still being developed. (See also Summative evaluation.)

Funder plus

Funder activities that give added value to funding, including capacity building, direct advocacy, providing opportunities for shared learning and developing learning materials.

Grant

A grant is disbursed to a recipient by a central or local government department, foundation, trust or other grant-making charity or corporate fund, usually following a successful proposal or application.

Grant-in-aid

Grant-in-aid is money coming from central government for specific purposes. Grant-in-aid is most commonly received by non-departmental bodies. Grant in aid can also be made directly to voluntary sector organisations.

Impact

There are different interpretations of impact. It is often seen as the net change, effect or benefit that results from the services or activities at a broader, more sustainable or higher level than an outcome. Others use it interchangeably with the term 'outcome'. It is important to be clear about the levels of change implied when using these terms.

Indicators

Well-defined, easily measurable information which can be measured and shows how well the organisation is performing. Indicators may be identified for inputs, processes, outputs, outcomes and impact.

Intelligent funding

Funding which follows certain principles and practice to enhance funding relationships and gain more from the funder's investment.

Joint funding

Where two or more agencies, for example, two local authority departments or a public and charitable funder, agree to share the cost of a service, project or programme.

Monitoring

The routine and systematic collection and recording of data. This may be done to check implementation, quantity and quality of services and products, progress, change and benefits.

Non-departmental public body

A classification applied by government to certain types of public bodies which carry out their work at arm's length from government.

Outcomes

The changes, benefits, learning or other effects that happen as a result of services and activities provided by an organisation, project or programme.

Outputs

The activities, services and products provided by an organisation, project or programme.

Partnership working

A process by which different organisations and/or sectors and different communities of interest agree and work towards common goals. Partnerships and partnership working are widely used terms describing arrangements for service delivery. Partnerships may work with or without a formal or contractual agreement.

Procurement

The process by which public sector bodies purchase services from both private and voluntary sector organisations. Central government is increasingly interested in local authorities and other agencies procuring services delivered by voluntary organisations (including faith groups) instead of delivering those services directly.

Proportionate monitoring and evaluation

A level and type of monitoring and evaluation activity that is in proportion to the scale of the funding, size of the organisation and funding risk.

Qualitative data

Data that is primarily descriptive, for example, of events, experiences or views.

Qualitative evaluation

An approach to evaluation or part of an evaluation that is primarily descriptive and interpretative.

Quantitative data

Data that is can be counted or expressed numerically.

Quantitative evaluation

An evaluation approach involving the use and analysis of numerical data and measurement.

Resources

Everything an organisation, project or programme draws on to carry out its activities. These include the people, skills, time, equipment, money and services needed.

Risk management

A systematic approach to identifying and assessing risks and acting to minimise, monitor and control those risks. The level and type of monitoring and evaluation should support the management of perceived risk.

Self-evaluation

A form of evaluation in which people within an organisation make judgements about their organisation's performance towards meeting its aims and objectives, usually against a set of performance indicators. Evaluation is integrated into project management.

Social Return On Investment. (SROI)

SROI is a framework for understanding, measuring and managing outcomes and impacts. It is based on involving stakeholders in determining the relevant outcomes and puts financial values on the significant changes identified by stakeholders.

SORP

Statement of Recommended Practice. The SORP provides a comprehensive framework of recommended practice for charity accounting and reporting. The SORP also provides recommendations for annual reporting that are relevant to sector and stakeholders needs and are in line with wider developments in reporting.

Stakeholders

The people or groups who are affected by or who can affect the activities of an organisation. This can include staff, volunteers, users, customers, suppliers, trustees, funders, commissioners, donors, purchasers, investors, supporters and members.

Summative evaluation

Evaluation designed to present conclusions about the merit or worth of a project, taking into account processes and changes effected by the project. (See also Formative evaluation.)

Sustainability (financial)

The process whereby an organisation moves from short term funding for their activities to more dependable funding.

User

A beneficiary of an organisation or project.

User involvement

Where users become active participants in the design and delivery of project or programme activities.

Value for money

Providing the best possible combination of quality and effectiveness in relation to cost. This does not necessarily result from the cheapest option.

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appendix 1
approaches to evaluation

Process evaluation

Process evaluation helps to assess the planning, set up and implementation of a project or programme. It will focus on processes – how the project works – and can also provide valuable information on progress and how far planned activities are appropriate to achieve planned outcomes. This information is important for replicating successful interventions.

Process evaluation can be appropriate for:

• demonstration projects where the intervention model is still being developed

• projects that are being replicated in a new setting

• seed funding

• service expansion

• advocacy or community development.

Specific purposes might include assessing:

• how work is progressing against plans and what is working well

• where there are problems, why and what revisions are needed

• how users and other stakeholders experience the project and their use of project services

• how well partnership relationships and other key processes are working

• the resource requirements and costs of individual components of a project or programme.

Implementation may be evaluated at an early stage. Later on a progress evaluation will show how far aims and objectives are being met. Process evaluation will also help to point out unexpected developments and help to fine tune. Evaluating the implementation and progress of a project or programme will provide an important back up and explanation for the findings of any outcome evaluation. Findings can be put in the context of what was implemented. Without that information it will be difficult to show the relationship between activities and outcomes.

Outcome evaluation

Outcome evaluation studies the changes that can be attributed to project or programme activities, intended or not intended, positive or negative. It also assesses the underlying reasons for achievement or non-achievement of planned results, and may identify key lessons learned and make recommendations for improving performance. Useful outcomes information may be dependent on identifying indicators at the start of the intervention, establishing a baseline and carrying out regular monitoring throughout the project.

It is important to identify with funded organisations what change is realistic, given the intervention and the timescale of the funding. Final outcomes may take a number of years to achieve and may be outside the funding timeframe. Progress towards final outcomes may be assessed by identifying early stage or intermediate outcomes that will ultimately lead to final outcomes. If the argument or theory is sound (see theory of change below), an assumption may be made that there is a good chance that later stage outcomes will also take place in due course.

Standards or types of evidence may also be considered, which will relate to the scale and type of intervention, purpose of funding, and suitability to the project or programme activities and user group. Outcome evaluation designs include:

a) after-project assessment – measurement made after completion

b) comparison studies

• before/after studies – subsequent and final measurements made against a baseline

• 'experimental' control studies – outcomes are compared with those of a control group

• 'experimental' randomised control studies – outcomes are compared with those of a randomly assigned control group.

Impact evaluation

Impact evaluations look beyond the immediate results of a project or programme to identify the net effects as a whole, including unintended effects. The timescale needed for impact evaluation may well be longer than that needed for outcome evaluation. Also, impact is often achieved through the efforts or effects of a number of interventions, so impact evaluation may examine the results of joint activities and place individual interventions within a broader picture, or the broader effects of a programmatic intervention.

It may be difficult for evaluators to follow up individual users to assess longer-term changes, and if they do, many other factors within their personal circumstances and the wider environment may have influenced subsequent change and developments. Long-term or broader social, environmental and economic changes are also likely to be influenced by wider policy change or other contextual factors which impact evaluation may need to consider.

Theory of change

Theory-based evaluation aims to identify the theory, which underlies any social programme, about what will make it work. This theory can then be used to decide what must be done to achieve aims and the key intermediate outcomes that will lead to ultimate long-term outcomes.

Tracking these intermediate outcomes can be a good option in the first year or two. Stakeholders are learning how and why a programme works, and what activities need to come before others. This allows the programme to be adjusted, or the theory to be modified, as learning occurs. The attempt to link activities and outcomes throughout a programme initiative means theory-based evaluation can also guide those who wish to apply lessons to similar programmes in other settings.

Social Return on Investment (SROI)

Economic evaluation recognises the choices involved in spending limited resources and focuses on the non-monetary and monetary costs as well as benefits.

Cost-effectiveness analysis can be less demanding than a full cost-benefit analysis. It measures the outcomes and impacts of projects and programmes in non-monetary terms against the costs, for example cost per job created or client served. In a cost-benefit analysis you measure costs and outcomes in monetary terms.

The social return on investment methodology (SROI) was developed from traditional cost-benefit analysis. The methodology puts a monetary value on the social and environmental benefits of an organisation relative to a given amount of investment. The process involves an analysis of inputs, outputs, outcomes and impacts leading to the calculation of a monetary value for those impacts, and finally to an SROI ratio or rating. For example, an organisation might have a ratio of £4 of social value created for every £1 spent on its activities. SROI studies work with judgements at various points in calculating their ratio, but these should be well documented so as to be transparent.

SROI studies have now been applied to organisations producing social returns, such as helping ex-offenders into employment, where benefits can be seen as clients cease to receive benefits and start to pay taxes, all of which result in savings to the criminal justice system.

It is essential for organisations to have a good foundation of outcomes information on which to build an SROI. It is recognised that the methodology may not always be appropriate so, as with other methodologies, funders should assess its suitability to the particular funding situation and type of intervention and the context in which it is operating. Where value for money is a concern, other forms of economic evaluation might also be considered.

appendix 2
a good practice model for grantmakers

Where do you fit in?

The tables on pages 39 to 44 show the level of monitoring and evaluation that may reasonably be expected from funders of all sizes and resource levels, if they are aiming for good practice. It is not a system where organisations must progress from one level to the next. It seeks solely to indicate good practice features at a range of levels to which funders can aspire and measure themselves by, according to their capacity and the standards they seek to meet. The model should help you to ask and address three key questions:

1. Into which resource level group do you fall?

2. How well do you meet the requirements at your resource level?

3. How might you improve and develop your approach to monitoring and evaluation?

To determine which level is most appropriate for you, you will need to consider your specific remit, needs and resources. For example, if you have no paid staff and give £300,000 of grants per year, you will not expect to do as much as a funder with 10 paid staff and an annual grants budget of £50 million.

For specific funding initiatives, these tables should also be read together with the other key components of proportionate monitoring. These relate to:

• The purpose and type of grant

• The value of the grant

• The capacity of the organisation to meet information requirements with the resources made available to it.

The level and type of evaluation chosen by a funder will also depend, not just on its size and its resources, but on the extent to which it wishes to function as an 'engaged funder.'

The four resource levels are set out on the next page.

The concept of 'engaged funder' is discussed on page 20.

Resource Level 1	Resource Level 2	Resource Level 3	Resource Level 4
No paid staff, grants managed by Trustees and/or volunteers	1-2 paid staff dealing with the whole grants management process	Staff team of 4-6 people, including grants officers and administrative or secretarial support	Staff team of 10 or more people including grants officers and administrative or secretarial support
Access to database and word processing	Each staff member has access to word processing and database packages. Electronic contact with recipients available and website provides clear information about the funder and grants programmes	Some staff have a specific monitoring and evaluation role	Staff have specific monitoring, evaluation and developmental roles, for example specific programme or policy area responsibilities
Total grant-giving less than £300,000 per annum	Total grant-giving between £300,000 and £5 million per annum	Equipment consists of good computers for all with up-to-date database and grants manager software. A developed website provides clarification of funding priorities and access to relevant proformas.	Clear staff structure and support, including training and personal development
		Total grant-giving between £5 million and £10 million per annum	Latest IT equipment with sophisticated software packages to track all grants and ensure effective data flows. Website provides information on previous and current funding, evaluation reports and other learning documents, and may provide online application and reporting.
			Total grant-giving over £10 million per annum

Resource level 1

Policy	Resources	Proportionality policy	Reporting process	What is evaluated	What is done with the reports	Making use of the information	Risk
Funder specifies areas for which grants are available and the application process Grant is given subject to basic terms and conditions: funder requires confirmation that money is spent for purpose requested	No paid staff, grants managed by trustees and/or volunteers Access to database and word processing Total grant-giving less than £300,000 per annum	Funder keeps all grants administration to a minimum as a matter of course	Annual report and audited accounts required at the end of the grant Proforma report completed at the end of the grant confirming how the money was spent and its benefits		All reports are read; information is logged and stored	Significant points are recorded and considered	Funder has an informal idea of risk and contingencies for dealing with it

Resource level 2

Policy	Resources	Proportionality policy	Reporting process	What is evaluated	What is done with the reports	Making use of the information	Risk
Funder has a clear funding policy specifying areas, aims, objectives and criteria The need to monitor and evaluate is identified, and basic reporting requirements are stated	1-2 paid staff dealing with the whole grants management process Each staff member has access to word processing and database packages. Electronic contact with recipients available and website provides clear information about the funder and grants programmes Total grant-giving between £300,000 and £5 million per annum	Funder deploys resources on monitoring and evaluation, notionally in relation to the size of the grant and size and capacity of the organisation.	A written report on the project/activity funded is required, confirming how the money was spent, the results achieved, the benefits obtained and for whom Report may include information against specific outcomes, user feedback, and how the grant benefited the organisation's sustainability.	Funder selects some individual grants for further evaluation	Reports are read, compared with the application and issues are raised with the recipient if any disparity or variance is revealed	Funder has some internal process for making use of reported information, including for reflection on funding practice.	Working risk policy in place and monitoring and evaluation requirements are related to risk

Resource level 3

Policy	Resources	Proportionality policy	Reporting process	What is evaluated	What is done with the reports	Making use of the information	Risk
Funder has a clear funding policy, specifying areas, aims, objectives, targets and measures Monitoring and evaluation is clearly linked to funding policy; the reporting timetable of what, when and how is specified. Some discussion with applicants at the application stage to ensure their understanding; funder may engage in capacity building.	Staff team of 4-6 people, including grants officers and administrative or secretarial support Some staff have a specific monitoring and evaluation role Equipment consists of good computers for all with up-to-date database and grants manager software. A developed website provides clarification of funding priorities and access to relevant proformas. Total grant-giving between £5 million and £10 million per annum	Funder has a tiered approach in which grants are banded and then subjected to more exacting requirements as grants size and policy importance increases	A written report is required in line with a specified format This may include: • number of beneficiaries • benefits, including achievement against specific outcomes • problems and how addressed • users' involvement and feedback • financial information relating to original budgeted bid • organisational changes resulting from the grant • levered funding as a result of grant • plan for funding after grant ends • views on the funder's procedures Occasional meetings and/or visits Occasional external evaluation	Funder evaluates individual grants and specific programme areas on a selective basis according to current interest, priority or amount of funding.	Reports and feedback scrutinised for financial audit and policy development purposes. Feedback given to all recipients	Monitoring and evaluation reports are discussed at relevant committees within the funder's organisation, and further action may be decided. Evaluation findings may be made publicly available. Learning points are disseminated.	Risk is clearly defined and there is a written policy specifying how it can be dealt with through the monitoring and evaluation process

Resource level 4

Policy	Resources	Proportionality policy	Reporting process	What is evaluated	What is done with the reports	Making use of the information	Risk
As for Level 3. Funding and monitoring and evaluation policies regularly reviewed, improved and communicated. Discussion with applicants to help them with setting targets and measures, and to prepare for the reporting process. May involve partnership approaches and developed capacity building.	Staff team of 10 or more people including grants officers and administrative or secretarial support Staff have specific monitoring, evaluation and developmental roles, for example specific programme or policy area responsibilities. Clear staff structure and support, including training and personal development Latest IT equipment with sophisticated software packages to track all grants and ensure effective data flows. Website provides information on previous and current funding, evaluation reports and other learning documents, and may provide online application and reporting. Total grant-giving over £10 million per annum	The tiered approach is systematic and structured, supported by efficient administrative and IT systems	Comprehensive written report covering all aspects of the activity (as for Level 3) plus: • Additional assessment of outcomes, impact and value for money as appropriate • Evidence of self-evaluation • Feedback from consultation with users, partners and other stakeholders Structured process of engagement and personal contact, for instance, regular meetings and visits during the grant period. Process created whereby recipients make presentations on their funded activity. External evaluation carried out to specified brief by skilled and experienced agency.	All programme areas are routinely monitored and evaluated to show outcomes and impact in relation to policy aims and objectives and the overall benefit of funder's activity	Reports and feedback scrutinised for financial audit. Detailed analysis of reports in order to: • feed back to all recipients for their development • improve the funding policy and process • develop social policy in priority areas • share learning and experience whether internally across functions, or externally with others	Reports are discussed by decision-makers in the funder's organisation with a view to: • influencing internal policy and strategy • deciding action which is routinely and systematically followed up • passing on to a relevant agency with policy responsibility, to whom the funder is linked, whether by a line of accountability or mutual interest, as a contribution to public policy debate Funder uses web-based communications, publications, conferences and seminars to disseminate learning.	Risk is clearly defined and there is a written policy specifying how it can be dealt with through the monitoring and evaluation process

about charities evaluation services

Charities Evaluation Services (CES) is an independent charity with unrivalled expertise in monitoring, evaluation and quality assurance systems in the voluntary sector.

CES produces a range of publications, including PQASSO, the quality system specially designed for voluntary and community organisations of all sizes.

Phone us on 020 7713 5722 or email us on enquiries@ces-vol.org.uk for free advice.

What services does CES offer?

We offer training on monitoring, evaluation and quality systems to a wide variety of organisations. Our monitoring and evaluation training provides different levels and types of skills training to support organisations to demonstrate the difference that they make. Quality courses are all designed to help organisations show that they are quality organisations and provide quality services.

To provide flexibility, participants have the option of either attending our programme of training delivered from our accessible central London venue, or we can come to you and deliver training inhouse and tailored specifically to meet your needs.

We have extensive experience of working with funders and commissioners to train and support them and their funded organisations. Funding organisations that we have recently worked with include:

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British Council

Capacitybuilders

City Bridge Trust

Comic Relief

Drinkaware

London Borough of Greenwich

London Councils

Oldham Council

The Tudor Trust

Trust for London.

To find out more about the training available visit www.ces-vol.org.uk/training email training@ces-vol.org.uk or call 020 7713 5722.

Consultancy

Our consultancy service is flexible and provides support for funders and voluntary sector organisations that want to understand and implement monitoring, evaluation and quality systems.

External evaluations

CES has carried out evaluations of a large number of organisations over the last 20 years as well as working with funders to evaluate their programmes and funding strategies.

Other publications from Charities Evaluation Services

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