



New  
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Capital

## How are you getting on?: Charities and funders on communicating results

### A paper by New Philanthropy Capital

Charities often struggle to measure the results of their work and to communicate them to funders, though some organisations do both strikingly well. For their part, funders often struggle to use results information provided by charities. Some complain about the quality and quantity of this information. Others say that they lack the capacity to benefit from it. Some charities expend resources producing information that their funders do not use, and some funders turn down funding applications, or cancel grants, because they are dissatisfied with the results information they receive.

This picture comes from work New Philanthropy Capital (NPC) has done with charities, donors, and funders over several years, and from the research of others in this area.

The report<sup>1</sup> summarised in this paper, *How are you getting on?*, aims to update and improve this picture, in order to inform the work of funders themselves, charities, and third sector support providers. It presents findings from NPC's research into the communication of results information by charities to funders, and funders' use of this information. This research also focused on the external support charities receive for monitoring and evaluation and funders' financial and non-financial assistance for this work.

By understanding how funders use results information and what drives their satisfaction with it, charities can improve their funding applications and their reporting. By understanding the challenges charities face in this area and what other funders ask for and use, funders can make appropriate demands for results information and improve their own use of it. By understanding charities' and funders' concerns, support providers can improve their services for both groups.

*How are you getting on?* was commissioned from NPC by the National Performance Programme<sup>2</sup>. The National Performance Programme is funded by Capacitybuilders' National Support Services programme and is led by Charities Evaluation Services (CES) in partnership with acevo, the New Economics Foundation, NPC, and Voice4Change England.

Our research was carried out not long after the publication of *Accountability and Learning: Developing Monitoring and Evaluation in the Third Sector*, a report from Charities Evaluation Services described as the largest study so far of monitoring and evaluation in the UK third sector<sup>3</sup>. When appropriate, our findings were compared with those of this research. There was also a strong link between this research and NPC's two *Turning the tables* reports, which piloted standard reports as a way to reduce the reporting burden on charities.<sup>4</sup>

### Method and scope

Charities receive funding from a broad range of sources. The focus of this interim report was on grant-making trusts and foundations (GMTs), and any reference to 'funders' below reflects this, as will be clear from the description of the research method below. The term 'grantees' was used to refer to charities in receipt of funding from GMTs. Research within the 2009-2010 National

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<sup>1</sup> Available from our website:

[http://www.philanthropycapital.org/research/research\\_reports/Tools/Communicating\\_results.aspx](http://www.philanthropycapital.org/research/research_reports/Tools/Communicating_results.aspx)

<sup>2</sup> See <http://www.ces-vol.org.uk/index.cfm?pg=383>

<sup>3</sup> Available at <http://www.ces-vol.org.uk/downloads/cesresearchreportaccountabilityandlearning-320-328.pdf>

<sup>4</sup> [http://www.philanthropycapital.org/research/research\\_reports/](http://www.philanthropycapital.org/research/research_reports/)

Performance Programme will focus on the communication and use of results information in public funding agreements.

By results information we mean:

- in grants applications, information about the intended outputs, outcomes, and impacts of planned or ongoing charitable activities;
- in monitoring and evaluation, information about the realised outputs, outcomes, and impacts of completed or ongoing charitable activities.

Such information can be quantitative or qualitative. We define outputs as the products of an activity (eg, number of clients served, number of courses arranged, or number of helpline calls answered). Outcomes are defined as the short- and medium-term results of an activity (eg, raised awareness, increased confidence, fall in number of crimes). Impacts are defined as long-term outcomes.<sup>5</sup>

Field research for this report was carried out between June 2008 and February 2009. An online survey was sent to charities in receipt of grant funding. A second survey was sent to GMTs ('funders'). Paper copies were sent by post when we were unable to contact organisations by email.

The survey of funders was sent to 355 of the top 400 GMTs (by total value of grants made) in the Directory of Social Change's *Guide to the Major Trusts volume 1, 2007/08*.<sup>6</sup> The 355 recipients were selected by excluding GMTs either starting up or winding down or funding mostly outside of the United Kingdom, and by ensuring that GMTs with shared administration and decision-making processes received only one survey copy. This was therefore a survey of large funders (by total value of grants made). The response rate was good for a third sector research project: 149 of the 355 funders contacted responded (42%). This clearly does not mean that it was good enough to make the results academically rigorous.

The distribution of respondents in terms of total grant-making (for 2006/2007) was similar to that of the full sample frame of recipients (total grant-making known for 347 funders, 141 respondents), with two exceptions. Funders distributing less than £1m in grants in 2006/2007 were under-represented among respondents, and funders distributing between £5m and £10m were over-represented. The under-representation of funders distributing under £1m could be caused by their having fewer paid full-time staff members, and in many cases none.

For the survey of front-line charities, a random sample of 412 'operational' charities (excluding, for instance, grant-making trusts and foundations) with an income of over £100,000 in the last financial year and in receipt of grant funding was selected from the Charity Commission's register. These charities were identified, selected and analysed using the Guidestar Data Services database, which covers all registered third sector organisations in England and Wales ([www.gsds.co.uk](http://www.gsds.co.uk)). The sample was too small, and the 2009-2010 research will therefore use a larger sample.

The income threshold applied excluded three quarters of the charities on the Commission's register.<sup>7</sup> Note that the random sample approach means that there is no necessary connection between the charities and the funders surveyed. The survey of charities achieved a considerably less impressive response rate than that of funders, and its results therefore need to be considered

<sup>5</sup> [http://www.philanthropycapital.org/research/research\\_reports/Tools/charity\\_analysis.aspx](http://www.philanthropycapital.org/research/research_reports/Tools/charity_analysis.aspx)

<sup>6</sup> Traynor, T. and Lillya, D. (2007) *Guide to the Major Trusts volume 1, 2007/08*. 11th ed. Directory of Social Change.

<sup>7</sup> Charity Commission website, <http://www.charitycommission.gov.uk/registeredcharities/factfigures.asp> [accessed 1 March 2009]

as broadly indicative at best: 47 of the 412 charities contacted responded (11%). The findings presented below are consequently largely from funders, with qualitative feedback from charities included when appropriate.

Follow-up interviews with staff of charities and funders were conducted by telephone and in person to improve interpretation of the survey data and to provide anecdotal illustration.

All analysis was conducted in SPSS. There was no statistical analysis of the charity survey responses as the response rate was too poor to make this meaningful. When responses for groups of funders were compared, a Chi-squared test was used to see whether there were any significant differences. The differences were tested at confidence levels of 95% and 99%.

## Findings from funders

Grant-making trusts and foundations told us that results information from grant applicants and grantees is important in their decision-making. Nearly four out of five funders indicated that it plays an 'Important' or 'Very important' role. Big funders place greater weight on results information. Funders whose grant-making exceeded £1m per year were more likely to describe it as 'Important' or 'Very important' in their decision-making than smaller funders (87% compared to 61%,  $p < 0.01$ ).

Funders were asked whether they request results information from potential grantees during their application and/or selection processes. Just over half responded 'Always', and only slightly fewer (44%) responded 'Sometimes'. Only 5% of funders responded 'Never'. Funders whose grant-making exceeded £1m per year were almost twice as likely to say that they 'Always' make such requests as those whose grant-making was below this figure (52% compared to 28%,  $p < 0.01$ ).

More than two thirds of funder respondents to our survey say they 'Always' ask grantees for monitoring and evaluation information on funded activities, and over a quarter of them 'Sometimes' ask. Very few 'Never' ask for results information.

Over half of the funders who said they 'Always' ask grantees for monitoring and evaluation information on funded activities say only 'Some' of their grantees monitor and evaluate. One in three funders said 'All' of their grantees monitor and/or evaluate their work.

Interviews with charities and funders clearly suggested that results are getting greater attention over time. This is in line with findings from *Accountability and Learning*, where a majority of funders surveyed said they were placing greater emphasis on outcomes than they had five years previously.

Funders use results information for a range of purposes, from selecting grantees to influencing other funders and informing public debates. Funders can suggest many possible improvements to the results information they receive in applications and reporting. Many wish to see greater compliance with their processes and more sophisticated data and analysis from charities. Funders are also, however, broadly satisfied with the quantity and quality of information provided.

Three out of ten funders responding to this survey are dissatisfied with the quality of results information from grant applicants. Almost two thirds of the respondents stated that the quantity of information provided by potential grantees is 'Just right'. In interviews, several funders made the point that they are more concerned about raising the quality of information they receive than increasing the quantity of information.

Despite their interest in, and use for, results information, few funders consistently fund grantees' monitoring and evaluation work, and one in three never do. Nearly half of funders do not know if their grantees have received external support for monitoring and evaluation, and relatively few have funded such support. Somewhat more funders provide grantees with non-financial assistance, like signposting of resources, written guidance, and coaching.

Funders whose average grants were larger than £30,000 were over four times more likely to 'Always' fund monitoring and evaluation than those making smaller average grants (17% compared to 4%,  $p < 0.01$ ).

Funders are more satisfied with results information from grantees than with that provided by applicants: nearly three out of four said the quantity they receive is 'Just right'. Funders are similarly broadly satisfied with the quality of results information provided by grantees: two thirds of funders said they are 'Quite satisfied' and just over a quarter answered 'Quite dissatisfied'.

Interestingly, funders who said that they 'Always' fund grantees' monitoring and evaluation work were much more likely to be 'Quite' or 'Very dissatisfied' with the information provided by charities than those who 'Sometimes' or 'Never' do so (58% compared to 32% and 15% respectively,  $p < 0.01$ ). Interviews with funders suggest that this may be due to higher expectations: in other words, it seems that these funders are disappointed with results information because they feel they have invested in it, not that they invest in it because of dissatisfaction with what they receive.

Funders see clear benefits from external support for monitoring and evaluation from a range of providers. Such providers are seen as impartial and professional, providing an external perspective, skills, and extra resources. External support is also felt to have drawbacks, however. A number of funders described it as costly and variable in quality.

### Qualitative findings from charities

Charities also told us that results information plays an important role in their communication with funders. They confirmed that their funders have many and varied uses for such information, and are broadly satisfied with funders' demands for it as part of application and reporting processes. However, like funders, they would like to see a number of improvements. In particular, charities would like funders to make information requests more proportionate to the amount of funding available, and to recognise the challenges involved in monitoring and evaluation.

Many charities tailor the results information they provide to funders both in terms of content and presentation. This is onerous for charities, and supports the case for initiatives to reduce the reporting burden on them.

Charities said they would like more funding and more non-financial assistance for monitoring and evaluation work, but there is a clear preference for truly additional support, as opposed to support at the expense of current levels of funding.

Like funders, charities see both benefits and drawbacks from external support in this area. Such support was seen as costly both in terms of time and money, and there were complaints about support providers' lack of contextual or sector-specific knowledge. Charities highlighted the independence and credibility of support providers as well as their expertise as important advantages. They also noted the importance of outside perspectives on their work, and believed they could benefit from support providers' knowledge of funders' priorities.

### Conclusions and recommendations

Funders need to be clear about the quantity of information they want from grant applicants and grantees by spelling out their expectations and giving feedback when necessary. If they want results information to be more sophisticated, they should consider supporting grantees' monitoring and evaluation, or increasing their support if they are already doing so. This support can take the form of funding or direct assistance. Showcasing excellent examples of reporting is one way to help grantees improve.

Reporting different results to different funders in different ways is a significant burden for charities. History and common sense suggest sector-wide harmonisation of application and reporting processes is unlikely. However, funders can help grantees by being open to change, which may come in the form of standard reports created by charities for their funders.

Many charities need to get both the quantity and quality of their results information right. If funders do not provide instructions, charities should ask them how much information they are able to process and benefit from. If they have not, they should also take the step from data collection to analysis of their data, not just for funders' sake but for beneficiaries'.

Like any service providers, organisations and individuals helping charities monitor and evaluate their work need to listen to what their clients want. Funders and charities expect contextual knowledge about the sectors in which they work and intelligent analysis, but often feel that they receive products off the shelf. Training providers in particular need to make sure that they are delivering improvements that are clear both to charities and grant-makers.