

R2O

About R2O

brap manages the £1m Routes to Opportunity (R2O) programme. Funded by **Advantage West Midlands**, the programme is helping to develop and strengthen BME-led third sector organisations so that they can compete more effectively for public sector contracts and become more sustainable. These short case studies give a flavour of what the programme is helping BME organisations to achieve.

For more information about R2O contact:

Joy Warmington
joyw@brap.org.uk
0121 456 7400 or
Nisha Mehta
nisham@brap.org.uk
0121 456 7402

R2O Briefing 3

Measuring 'social impact': the growing pressure for evidence

A briefing for BME third sector organisations and those who wish to buy services from them



R2O is issuing a series of briefing papers highlighting key lessons that have been learnt during its first year of operation. This paper focuses on current trends in third sector policy and practise that make it increasingly necessary for TSOs to be able to measure the social impact of their work.

This paper looks at the arguments for assessing and measuring social impact, offers a brief overview of the techniques currently available to the sector, and closes with some tips that will help you improve your impact assessment.

Who should read this briefing?

This briefing is intended for all third sector organisations, including those already involved in some form of impact assessment and those that are new to the subject. It will also be useful for strategic partners working with the third sector, including those involved in infrastructure support, capacity-building and business and organisational development.

Key terms

The paper uses some terms that may be new to you – here's a quick jargon-buster:

Impact assessment: *is any technique that enables an objective assessment of the social, community or environmental impact of the outcomes of your work – i.e. what your work achieves.*

Outcomes: *outcomes are the changes, benefits, learning or other effects that happen as a result of your work (whereas outputs are the things you deliver).*

Social Return on Investment (SROI): *an SROI analysis is the process of understanding, measuring and reporting on the social, environmental and economic value that is created by an organisation. The SROI approach usually involves calculations that provide a 'SROI ratio' – a monetary measure of the social value that has been created, compared to the investment required to achieve that impact.*

Social Accounting and Audit (SAA): *the Social Audit Network defines SAA as "a process to create a flexible framework which enables your organisation to: account fully for its social, environmental and economic impact, report on its performance and provide the information essential for planning future action and improving performance".*

KEY CHALLENGES

The signs that measuring social impact is of growing importance are already all around us. Speaking to the Guardian in February 2008, the then-Minister for the third sector, Phil Hope, said that third sector organisations can't avoid what he called performance measurement: 'What outcomes are we trying to achieve, and how do we measure success? Everybody should be asking those questions. To those organisations that don't want to I say, "So why are you here, then?"'

This new agenda – for greater transparency and accountability in the third sector – is also reflected in the Charities Act 2006. This Act requires charities that advance education, religion, or relieve poverty to provide explicit evidence that what they do does indeed deliver public benefit. Previously, the law presumed 'public benefit' to be the case for these kinds of charities, but now they must prove it.¹

The new Community Interest Company (CIC) legal structure for social enterprises and not-for-personal-profit businesses introduced in 2005 also includes a similar requirement. CICs must accompany their annual accounts with a 'community interest statement' describing what they have done, who they have helped and how, and what has been done with any profits.²

More recently, the Office of the Third Sector (OTS) announced that it is backing research into more standardised methods for assessing and measuring social benefit and intends to issue guidance in the near future. The direction of travel, then, is pretty clear.

¹ The Charity Commission has issued guidance on *Charities and Public Benefit*: www.charity-commission.gov.uk/Library/publicbenefit/pdfs/publicbenefittext.pdf

² www.cicregulator.gov.uk/Leaflets/OverviewLeafletMarch2008.pdf

KEY OPPORTUNITIES

While impact assessment does pose some genuine difficulties for many TSOs in terms of method, approach, time, capacity and resources, it is also increasingly clear that doing nothing is not an option. Building up your skills in this area is an investment in your organisation's future and now is the time to get started. In the rest of this short briefing we offer a quick overview of the approaches that are available, beginning with a simple approach for those who are new to the whole area of impact assessment.³

Impact assessment for beginners – getting started

Impact assessment is essentially about two things: first, it is about identifying the key outcomes you try to achieve through your work; and second, it is about finding ways that these outcomes can be measured and reported on so that your stakeholders, funders, partners, users and of course your own staff and volunteers can have a better understanding of your performance.

If you are starting from scratch, you will need to identify the outcomes that are most important to your work. You will then need to decide what indicators will most readily help you provide evidence to support these outcomes. Finally, you will need to set up effective data-collection processes so that important information about what you have achieved is not lost to your organisation. Here are some basic principles that will help you.

Keep it simple – fit for purpose and fit for your organisation

- Start from 'where you are' and don't try to achieve everything in one go; most of all, don't over-complicate.
- Look for indicators that clearly reflect the priorities of your work and which entail achievable data-collection processes.
- Be realistic about your capacity and time.
- Build up gradually, keeping staff, trustees – and, if appropriate, volunteers too – on-board.

Credible and repeatable

- Bear in mind that ideally you are looking for data-sets – and processes – that are amenable to repetition, just as your financial accounting uses standardised, repeatable processes.
- Consistent, comparable data is central to impact assessment – indeed, to any kind of performance monitoring.
- Initially, gathering a limited amount of data consistently against a small number of key indicators will serve you better than collecting a vast amount of information that defeats analysis or comparison.

Verifiable

- Remember too that in the longer-term whatever impact assessment techniques you adopt should ideally be independently verifiable.
- This means working from data that can be checked, rather than from subjective personal opinion, no matter how favourable that opinion might be!
- It will also require your data to have an 'audit trail' – the sequence of paperwork (or computer entries) that helps to validate data by identifying where specific information has come from and how it has been arrived at.

The Charities Evaluation Services (CES) publishes a free guide, *Your Project and its Outcomes*. This useful introduction explains what outcomes are and how to identify them,

³ www.ces-vol.org.uk/index.cfm?pg=165. See also: *Practical Monitoring and Evaluation: A Guide for Voluntary Organisations*. <http://www.ces-vol.org.uk/index.cfm?pg=140>

how to assess what outcomes your project is achieving, and how to use the information you gather.

Impact assessment for intermediates

If you are already delivering some services under contract – whether to a public purchaser or as part of a grant-funded programme – then you will already be involved to some degree in impact assessment, even if only at a basic level of project monitoring and reporting.

You might not be maximising your use of the data that you do collect, however, or you may be looking for alternative techniques that will help strengthen your performance monitoring. Here are some suggestions for you.

The Proving and Improving partnership has produced a quality and impact toolkit for social enterprises and not-for-profit organisations that enables organisations to compare impact assessment approaches and get started on developing their own system of indicators and data collection processes.⁴

Social Firms UK (SF UK) offers a third sector 'performance dashboard', designed to enable any organisation within the third sector to monitor progress against objectives and report as appropriate both internally and externally.⁵ You may be able to use other techniques such as these in conjunction with your established project monitoring approaches to provide much more comprehensive and useable information.

Bear in mind too that it's always possible to do more with what you've already got. For example, perhaps you can make better use of the monitoring data you do have. By extracting key performance and achievement messages and publishing these on your website, in your annual report and in periodic newsletters you can turn monitoring data into a valuable marketing asset for your organisation.

Advanced impact assessment

Social Return on Investment (SROI) and Social Accounting and Audit (SAA) are recognised techniques with a growing body of research and practice and accepted standards and principles. While these techniques require a significant investment of time and expertise and will not be appropriate for everyone, properly implemented they are powerful tools that can contribute to both the performance and marketing of an organisation.⁶

Social Return on Investment (SROI) was until relatively recently more widely used by third sector organisations in the US. The SROI approach typically involves calculating a 'SROI ratio' – a monetary measure of the social value that has been created, compared to the investment required to achieve that impact. SROI UK, the national network promoting the use of SROI, offers DIY packs, training materials and mutual support.⁷

Social Accounting and Audit (SAA) has a longer history in the UK and has been in limited use since about 1993. SAA is arguably a more flexible framework for accounting for social, environmental and economic impact. Again, there is an established mutual support network – the Social Audit Network.⁸

⁴ www.socialfirms.co.uk/index.php/Section107.html

⁵ www.socialfirms.co.uk/index.php/Section107.html

⁶ See this case study of charity Bloomsbury Cyber Junction: www.bssec.org.uk/bcj.html

⁷ SROI UK: www.sroi-uk.org

⁸ Social Audit Network: [/www.socialauditnetwork.org.uk](http://www.socialauditnetwork.org.uk)