

‘How Will We Know If We Have Made A Difference?’

Note of a presentation to the Diocesan Secretaries’ Conference by Ian Theodoreson, Chief Finance Officer of the National Church Institutions

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Mr Theodoreson presented on the subject of evaluation, covering the context of evaluation, the need to identify suitable objectives, and potential impact measures in the Church context, incorporating the developed example of a church growth project in Essex.

Changing landscape of the charity sector

The changing landscape of the charity sector is one of the drivers behind the increased focus of the sector on evaluation and measuring ‘success’.

Since the 1980s charities have increasingly taken on responsibilities that traditionally fell to the state, winning local authority contracts and working in partnership with statutory authorities (e.g. on fostering/adoption). In a sense, they have come ‘full-circle’, as many public services were originally provided by non-state actors such as churches.

In parallel, the charity sector is having to adopt an increasingly business-like focus, leading it to imitate corporations in seeking to achieve specific outcomes rather than undertaking activities for their own sake. This is partly due to the increased challenge by the private sector to areas traditionally inhabited by charities and the public services such as social housing or care contracts. Consequently, charities have had to adapt to the language and *modus operandi* of the private sector, and are even beginning to think in terms of ‘profit’ and ‘bottom line’.

Due to the need to meet regulatory requirements, and the influence of the commercial world, charities have become increasingly professionalised. Charity work as a career option is a reflection of this. Charities are becoming acclimatised to tenders, due diligence, winning contracts, acting as part of consortia and other business-like activities that were traditionally outwith their scope. This has impacted on smaller charities that can find themselves unable to operate on such a level.

There has also been a shift in the nature of donors’ relationships with the charities they support. The public does not now automatically accept that charity is a ‘good thing’, and donors are increasingly asking what their donation is ‘buying’, rather than taking it on trust that their donations are contributing to the greater good. Third sector scandals such as allegations made against War On Want in the 1980s and the Church Commissioners’ “£800M loss” debacle of 1992 have caused - and reflected - both concern about larger charities becoming faceless business-like organisations and the desire for increased accountability.

Charities have not been immune from cultural change: supporting charities is increasingly a lifestyle choice rather than an absolute moral imperative, and the internet-savvy generation is able to research extensively in order to decide what

cause to give to. In return for its money this group, often cynical in principle about public bodies, expects its donation to 'buy' something – again, seeking impact – and is likely to be less loyal than previous generations to whatever cause it adopts, as evidenced by a drop in incidences of continued giving. Readily available internet sources of information like Charitywatch emphasise the importance of effectiveness, encouraging potential donors to invest in success, thereby applying free market principles explicitly to the third sector. Charities' methodology of attracting support reflects this, as they encourage donor loyalty through branding and marketing, including building an internet presence.

As well as pressure from potential donors to explain how their money will be spent, charities must also comply with an increasing range of regulations. In the UK, the Charities Acts of 1992 and 1993 and the development of SORP reporting requirements, along with increased powers for and scrutiny by the Charity Commission have led to the need for a considerable level of detail in charities' annual reports. Trustees must now assess their performance against their strategic objectives, which involves making objective statements about what has been 'good' and 'bad' about their performance. Impact must now be evaluated in order for charitable status to be attained or held, given that public benefit is now a requirement, and focusing on activity alone is not enough in this regard.

The cumulative effect on charities of all this is a shift from providing regulators, supporters and the public with a simple breakdown of expenditure to explaining what *impact* they are having in their areas of operation: are they achieving its aims, and how do they know this?

Is the Church immune?

The Church is not immune from the need to demonstrate impact. Cynicism, consumerism and regulation are already impacting upon us: for instance, now that a charity's day-to-day activity cannot be an end in itself but must be contributing towards the achievement of an outcome, the Archbishops' Council has declared its aim to the Charity Commission as "spiritual and numerical growth", a bold statement by C of E standards. As PCCs and the Church Commissioners move towards Charity Commission registration, we'll need to become still more explicit about where we're going.

Aside from regulatory compliance and adapting to a shifting culture, there are two other drivers for change, both of them internal to the Church. First is the need to secure the continued support of the person in the pew ("stakeholder engagement" in charity finance speak). The Church has been good at this in recent years: for instance, giving rates have gone up as people move towards sacrificial giving levels. Secondly, a sense of purpose is required for effective mission (Proverbs 29:18, "where there is no prophecy, the people cast off restraint"). In this sense, regulatory and cultural impetus is actually an opportunity for the Church to define its mission-aims rather than continuing to go forward with a vague notion of what it is trying to achieve.

Developing impact measures

Impact can take a long time to achieve, but this doesn't mean we should abandon measuring outcomes as we work towards it, in order to establish whether we're heading in the right direction. In the field of charitable activity, actual impact often occurs long after work commences: for instance, Thomas Guy began campaigning for public hospitals in 1724 but his aims were not achieved until 1948. Assessment of outcomes and impact does not necessarily mean we have to become short-termist, only that we must be clearer about what we're working towards.

In the Church context, the closest thing we have to a mission statement – Matthew 28:19, “Go therefore and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything that I have commanded you” – has not yet been achieved, although significant steps have been taken towards it. The Church's steps towards this goal each need to be thoroughly assessed.

“Measuring effectiveness ... providing an objective assessment of how much impact a charity has had on the lives of those its trying to help.

“Good measurement should seek to quantify what difference the existence of a particular charity makes ...

“Quantification makes some people uncomfortable but is the only way that we can see whether services have improved or whether some approaches are worse than others.”

Martin Brookes – Chief Executive, New Philanthropy Capital

Identifying what works is crucial if charities are to improve – but few are really doing it. They don't often look to learn lessons, as this might involve identifying mistakes made, which doesn't sit well with charities' traditional culture of avoidance when it comes to difficult internal conversations. The Church Commissioners has made some progress here, e.g. conducting a review of the impact of their Mission Development Funding which identified the need for additional evaluation to allow learning across the Church; and experimental New Housing Areas Funding that requires evaluation measures to be provided up-front by dioceses before grants are paid. But these funding streams only account for a fraction of the national Church's overall expenditure, and cultural change is required before evaluation can really get going.

Practical tips

There are some basic questions that can be applied to any change/growth project or programme undertaken in a church or diocese. These include:

1. What is the impact we are hoping for?
2. If this is to come about, what change needs to take place?
3. Is the 'change theory' credible? (Modify?)
4. What time-scale is likely?
5. Are there measurable points within the time-scale that might indicate progress?

What measures to use?

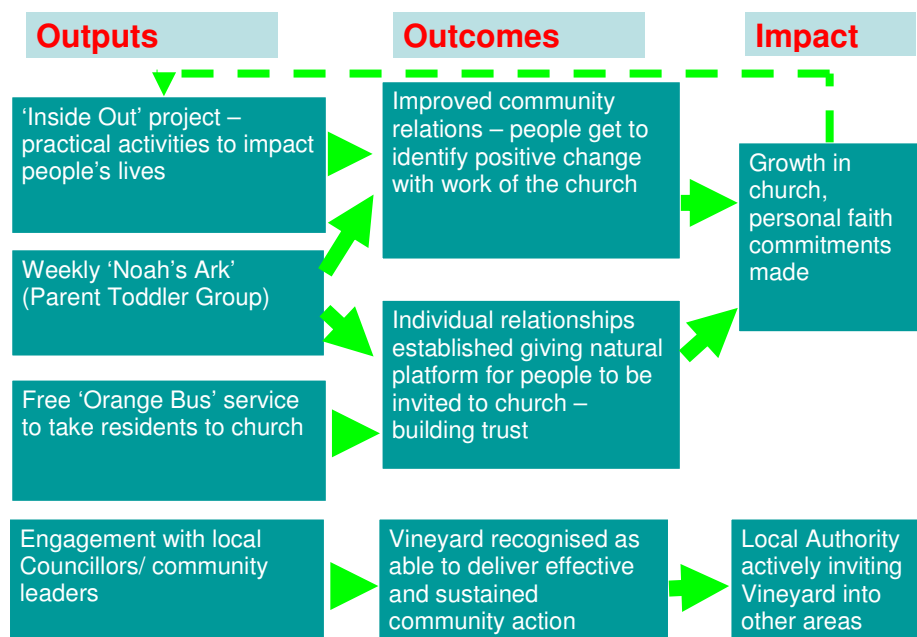
Micro- or macro- measures may both be appropriate: it's important to get a sense of the big picture but also of whether something at the immediate level isn't working. Quantitative (statistics and numbers) are helpful but there's a danger of measuring only what is available, or of measuring in a selective way, which can distort the overall picture. Similarly, when using qualitative measures (e.g. case studies), selectivity can occur, as the tendency is for charities to choose success stories rather than failures: this leads to a soft, unreflective analysis of work undertaken. Objectivity is essential in order to guard against these pitfalls. Fundamentally, we need to:

- Be clear about what we are trying to achieve;
- Set out to measure whether we have achieved or are on our way towards achieving it;
- Be ready to make changes depending on what data comes out (learning and improving).

Independent verification can prove helpful to add objectivity and ensure critical questions are asked. If we are genuine, we will change our actions based on our self-evaluation and evaluation by others, and perhaps – for instance – stop undertaking certain activities if they are shown to be non-contributory to mission.

A worked example: Vineyard Church, Loughton – Community Transformation Project

The Vineyard Church in Loughton, Essex – a member of the Evangelical Alliance group of churches – has begun a project which aims to increase Vineyard's involvement in the local community, thereby causing the church to grow, bring faith to people's lives and establish credibility with the Local Authority. This is a long-term strategy that distinguishes between outputs, outcomes and impact – while recognising that they're all related – as below.



The strategy has been, to an extent, reverse-engineered, but this is fine as long as the church learns from it and incorporates its learning into its ongoing development of the strategy. Things change on the way, but the church has been able to adapt because it knows what its strategy is and is able to estimate what needs to happen for it to continue to move towards its goals.

Final thoughts

There are no 'right' answers and nobody has a monopoly of knowledge in this area, but there are great prizes to be won for organisations that get the best out of evaluation. Evaluation is vital in delivering our aims and making best use of the resources God gives us – and relying on the Holy Spirit should complement, not be seen as an alternative to, proper planning and dispassionate evaluation.

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