

Steps to Recovery



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IMPACT REPORTING: WHAT A BOARD OF TRUSTEES/DIRECTORS NEED TO KNOW

Why should trustees/directors care about impact reporting?

A charity or organisation's impact should be of central concern to its trustees and directors

The Board is the guardian of their organisation's mission. They are responsible for being clear on what their organisation is there to achieve and ensuring they are on track to achieving it. Doing this job successfully requires trustees and directors to learn and improve, embrace change and work effectively (on an evidence-based basis) with others in order to secure improvements for the people and the causes served. So this means trustees should be supporting their organisation to report on impact. More importantly, trustees should be using the findings to help guide decisions and in developing their business plans.

...So impact reporting is a vital tool in a board's toolbox

Impact reporting means communicating the difference your organisation made to the people you are trying to help, or to the social issue you are trying to improve. Charities are also expected by the Charity Commission to report on their impact (requirements are somewhat broader than mere financial regulation!). Community Interest Companies report to Companies House and have to submit annual returns. Good impact reporting will help trustees/directors do their jobs better. As well as being a celebration of the organisation's achievements, good impact reporting can:

- Galvanise key volunteers and workers, helping them to focus on results as well as adapt and improve projects/services;
- Inform and inspire beneficiaries, to whom charities and CICs have an obligation to show their results;
- Engage individual donors and other funders, helping the organisation raise valuable income;
- Help to develop more effective strategies by understanding and communicating what an organisation is achieving, and what it is not; and
- Ensure lessons are shared with other partners in the organisation's area of benefit.

It can help the board focus the organisation's activities and drive it towards its mission

Impact reporting is often done in an annual report, or is viewed as a shiny document to send to donors. But it can have a major function in the organisation's day-to-day work. Good *internal* reporting—such as board reports, management information, and organisational reviews; internal communications with staff and volunteers—enable the organisation and their trustees/directors to increase their self-understanding, improve projects, manage performance, identify best practice, and stay accountable to its social mission and charitable objects.

It also boosts accountability and can attract vital funding and support

Good *external* reporting—feeding back to beneficiaries about successes and learning, or reporting to funders, supporters etc—can help a organisation be accountable to its donors, attract and encourage new income, promote the charity, engage stakeholders, and contribute to knowledge and development within the sector itself. Without this vital information, in a highly competitive charity marketplace, the organisation will struggle to make a strong case for new or continuing support for its work.

For impact reporting to be useful, the organisation needs to make sure it understands what its audience needs so they can tailor their reporting effectively. It's helpful to recall Aristotle's ABC of effective communication: **audience, brevity and clarity**. In addition, where messages are difficult to communicate, it can be helpful to consider being creative in the way impact data is presented. Design and visual language/imagery can really lift the final document, making it more accessible and engaging – this makes a considerable difference with one of your main audiences: funders.

Good impact *reporting* is not possible without good impact *measurement*. So before beginning to think about how the trustees can support their charity/organisation to develop impact reports, it is important to understand how the organisation is currently measuring the results of its activities.

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Ensure any data collection is proportionate and useful

Impact reporting should aid, not hinder, progress towards your organisation's goal. It is important to make sure staff do not feel overburdened by the tasks of data collection and analysis.

Trustees/directors can help this by ensuring enough resource is committed to impact measurement and performance management.

It is also vital that data collection and analysis is proportionate. While of central importance, it should not overtake frontline delivery. It is advisable that your organisation prioritises the most important outcomes to measure—you do not need to measure everything!

What should a good impact report cover?

'A charity's accounts focus on its financial position and financial performance. In isolation this information does not give the user a rounded overview of what has been achieved from the charity's activities and the resources used in their delivery. The report and accounts taken together should provide a picture of what the charity has done (its outputs) or achieved (its outcomes), or what difference it has made (its impact).'

Charity SORP

In order for your Board to support its staff in these activities it is important to know what good impact reporting looks like. There are five key areas an impact report should address including: need, activities, outcomes, evidence and lessons learned. These five areas are relevant for a formal impact report as well as the creation of 'cases of support' documents and of course for funding grant applications. The kind of information trustees should be looking to see in their impact reports are:

- **Need: What are the problems that you, as a charity/organisation, are trying to address?**
Trustees must look for clarity on who the issue affects, *how many* people it affects, and *what impact* it has on those affected. As well as giving a sense of the scale of need, it can also be useful to find out the *level of demand* for your services/project work. For instance, this can involve talking to actual (or potential) beneficiaries and/or partner organisations, surveys or focus group feedback. Detailed research is vital, and an evidence-based approach militates against 'groupthink'. Some charities undertake large-scale consultations and hold workshops/conferences to underscore need identification. It is always important to revisit this information regularly to check it remains up to date.
- **Activities: What are you doing to address this issue or need?**
Charities and CICs should be able to explain what each of its activities aims to achieve, how many people it supports, and how these activities fit together to achieve the organisation's mission. This would include information on your outputs—such as numbers of people receiving advice, support, attending workshops etc or hours of advice and guidance provided to community or faith groups etc. The clear voice of beneficiaries should shine through impact reporting, their experiences of accessing help and support – funders are very interested in the 'lived experiences' of beneficiaries, and their views on the benefits they have received.
- **Outcomes: What are the results of these activities?**
Information on outcomes is crucial to understanding the change that an organisation's work brings about in people's lives and should be central to its reporting. Charities and CICs often say they find it difficult to attribute impact to its activities especially when outcomes are complex—like improvements in people's mental health, for example. This is why they often report on outputs instead of outcomes. If charities/organisations are struggling to measure impact, trustees/directors should encourage their organisation to invest in impact measurement tools. This will improve impact reporting and, in turn, enable the Board to discern if the organisation is delivering on its mission.
- **Evidence: How do you know you've made a difference?**
It is valuable for trustees/directors to know how their organisation measures its achievements to ensure their impact reporting is robust and credible. This includes **quantitative** data, for example from feedback surveys, record-keeping etc and also **qualitative** data for example from interviews or focus groups.
- **Lessons learnt: How will you change your work for the better?**
After impact data is collected and analysed, the question that is most often forgotten is *'what have we learnt and how can we improve?'* This is one of the most important things for trustees/directors to think about as they set the strategic direction of their organisation. Understanding the changing needs the charity or CIC is addressing goes hand in hand with this. To improve support for your beneficiaries—and to justify spending time and money on measurement and reporting—it is essential to analyse and use that data.