'ee value for money? Who says'

Funders' views on economic evaluation

Evaluation Support Scotland

This handout summarises the survey findings of funders' views on economic evaluation undertaken by Evaluation Support Scotland 2015 - 2016

Having supported self-evaluation in the third sector for 11 years and taken note of feedback from the 'Looking back Looking forward' conference, we know that economic evaluation is a concern to some third sector organisations (TSOs). Often because they think it is what funders want and believe that if they can prove the financial impact of their work it will help them secure more funding.

Why ESS?

Evaluation Support Scotland (ESS) works with third sector organisations and funders so that they can measure and report on their impact and use learning to improve practice and influence policy. We decided it was important to explore whether we have a role in supporting economic evaluation and what that role might be. We had previously been part of an economic evaluation roundtable hosted by The Robertson Trust in 2013.

What we did?

This research, conducted in autumn 2015, comprised a rapid literature review and an online survey of 11 multiple questions with opportunities to comment.

Respondents

The survey was sent to 176 people working for independent charitable funders, commissioners of third sector services and Scottish Government staff with funding responsibilities. We got **79 responses** (45%); an average of 66 responded per question (range 40 – 79). Respondents were evenly divided between independent charitable trusts and public sector funders, and between frontline staff and those with strategic and managerial roles.

Summary of findings

1. Funders have an interest in economic evaluation but are no clearer about it than the third sector.
2. The level of funders' knowledge of economic evaluation is often basic. However, local authority (LA) funders seem to be better informed about economic evaluation than independent charitable funders and other public sector funders.
3. Social Return on Investment (SROI) and Cost Benefit Analysis (CBA) are the methods most often sited. However, more funders in the survey did not know or did not state a particular method which they considered should be used by TSOs.
4. Current methods of economic evaluation do not meet all funders' expectations. Funders' comments show a lack of confidence in the reported results of economic evaluations.
5. Funders think that the method should be relevant and proportionate to the amount of funding provided and size of organisation receiving the grant.

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6. There are differences between types of funders – local authority funders report being better informed and more likely to: think TSOs should report economic value, request economic information from TSOs, and think it equally important when decision-making however, some independent charitable funders hold these views too.
7. Funders acknowledge the difficulties of economic evaluation for TSOs. They are concerned about the time and resources needed, the lack of knowledge and skills, and the particular challenge for smaller third sector organisations.
8. Some funders believe that future economic pressures will mean more demand for economic evaluation and evidence of value for money.
9. Funders do not appear to wish to see economic evaluation as the only factor in funding decision making and see outcome reporting as an important element of evaluation. Some funders who have concerns about current methods of economic evaluation want to find a proportionate and relevant way that shows the whole story. This would include showing value for money alongside the difference made to beneficiaries.
10. There is no difference in funders' concerns and need for training compared with the Robertson Trust findings in 2013. However, there seems to be more awareness of different methods and a stronger sense amongst funders that they, and other funders, may request more economic information in response to more budget restraints.

What next?

1. ESS proposes to communicate the following key messages to TSOs:

- Economic evaluation is **of interest to some funders but not all**.
- It is **not** something that all **funders want all the time**.
- Having an economic evaluation **alone will not increase** an organisation's **chances of funding.**
- All evaluation should be **relevant and proportionate to the size of grant and funded organisation.**
- Funders want to know what difference has been made. **Outcomes are important.**
- Funders do **not** always **know the best method** to use and they are very aware of the challenges that economic evaluation brings especially to smaller organisations.
- **Talk to your funder** about what they want and what you can do.

2. Produce a simple guide for funders and third sector on 'How to have the conversation about economic evaluation'.

This could include questions for both sides about what both sides want from evaluation generally.

ESS would like to thank all of those who took the time to answer our survey.

This information comes from the summary of the full report of "ee value for money. Who says?" - the results of the online survey of funders and commissioners of third sector services. **Please email enquiries to ESS info@evaluationsupportscotland.org.uk**