

current trends



Demonstrating impact

Is a new 'charity inspectorate', as proffered by New Philanthropy Capital's Martin Brookes, the best way to demonstrate the sector's effectiveness to funders? No, says Ben Wittenberg, and could in fact be a complete disaster

Charities often find themselves regulated many times over for the same activities. In addition to their statutory requirements, every funder invariably requires a level of assurance of internal processes and capacity in advance of funding, followed by specific monitoring and reporting processes to assess the work carried out with their money. Rarely are the monitoring requirements of multiple funders complementary, adding layer upon layer of externally imposed procedures that largely sit separate to the organisation-wide infrastructure that convinced the funder to support them in the first place.

DSC has argued that, for the most part, SORP should be enough to satisfy the requirements of most funders in most cases. Where it is not, funders should seek to shape their requirements around existing monitoring mechanisms, rather than impose arbitrary requirements.

Discussion about how individual donors engage has been growing in recent years. Intelligent Giving, for example, has sought to use transparency of major fundraising charities to inform prospective donors, and enable them to make a more informed decision on how and where to give. And now a new discussion has begun, with Martin Brookes of New Philanthropy Capital arguing in a recent speech that in order to effectively demonstrate the effectiveness and impact of charities to donors, a new charity inspectorate should be established.

At the bottom of this proposal lies an assumption that charity donors are simply consumers, looking to shop between competitive products – as if charities were just brand names competing in a marketplace of how best to address social needs.

Donors do want to think their money is being used effectively, and charities should seek to demonstrate this. But the act of donation primarily comes down to whether a particular cause resonates with the donor's own values and interests, and ultimately a certain amount of good faith that the cause will be supported or improved by donating. If donors see evidence of malpractice or feel the charity is wasting money they will not donate and the organisation will suffer accordingly.

However, an 'effectiveness league table' would not serve the sector or donors, and is more likely to skew and reduce 'public' understanding than to improve it. Public motivations for giving are varied. Brookes is right to highlight some of the less openly discussed motivations for doing so, but would greater scrutiny affect this? Would you give to the environmental charity with an efficiency rating of 10 or the hospice that cares for your mother that only gets an efficiency rating of 7?

The role Ofsted plays with regard to inspecting schools is an apt parallel for the contrary argument. "Ofsted are coming" pushes pupils a long way down the agenda after scrambling to meet the needs of inspection.

With regard to league tables, schools and LEAs spend much of their time jumping syllabuses, strategically entering pupils for examination early, opting for NVQs over GCSEs and other tactics to gain a higher league position. Playing the game comes first in many cases.

We need to move away from funders, whether government, trusts, corporates or individuals, being the drivers of measurement and monitoring, and instead focus on giving charities the skills and capacity to monitor their own performance and effectiveness on the terms that best enable them to serve their beneficiaries. That has to be what drives improvement, and what allows organisations to learn and develop in the best interest of the people and causes they exist to support.

Greater transparency is a good thing; my opposition to a supplementary regulator is not out of fear of public discussion and debate about how donors engage – or not – with the recipients of their donations. Many charities also need to get better at demonstrating and celebrating the impact of their good work. But the last thing we need is greater intervention by the state. Greater regulation through another new agency would not only be a huge waste of public money, but a disaster for charities and a massive barrier to increasing voluntary action.

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