

Submission on a stronger, more diverse and independent community sector

3 November 2023

Acknowledgement of Country

SIMNA acknowledges Traditional Owners of Country throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander Elders past, present, and emerging. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

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Introduction

The Social Impact Measurement Network Australia (SIMNA) welcomes the Federal Government commitment to supporting and to strengthening the sustainability of the community sector – so that this sector can continue to deliver programs and services that improve the wellbeing of individuals and families in Australian communities. SIMNA also welcomes the Government commitment to afford grants that reflect the **real** cost of delivering quality services.

To this end, SIMNA strongly recommends that the Australian Department of Social Services allocate a reasonable portion of program and service budgets to outcomes measurement, enabling the establishment and implementation of comprehensive monitoring, evaluation, and learning (MEL) mechanisms. This investment in social impact measurement will pay dividends, ensuring that grants drive meaningful change, contribute to improved social outcomes, and strengthen the impact of funded programs.

Adequate funding for MEL work empowers grant recipients to demonstrate:

Accountability and Transparency: Effective MEL work guarantees accountability and transparency, allowing community sector organisations to demonstrate responsible governance and ensure grants serve their intended purpose.

Continuous Improvement: MEL drives continuous learning and improvement, allowing community sector organisations to identify effective strategies and best practices while learning from any shortcomings, thus enhancing the overall impact of funded projects.

Data-Driven Decision-Making: Access to comprehensive data and insights are crucial for informed decision-making. Adequate funding for measurement activities enables collection, analysis and reporting of valuable data that informs operational and strategic decision making, as well as future grant allocations and policy development.

Demonstrating Social Impact: Demonstrating the social impact of funded programs and services helps build public trust, encouraging adoption and adherence to interventions that create positive change in society.

Stakeholder Confidence: Adequate funding for MEL work reassures organisations and their stakeholders that funders are committed to ensuring the success and sustainability of supported programs and services.

Effective Resource Allocation: Embedded MEL mechanisms help community sector organisations and funders to identify successful initiatives that merit continued funding while redirecting resources away from programs and services with limited impact.

The Role of Social Impact Measurement in Delivering Quality Services

Delivering quality programs and services is a purposeful endeavour that relies on a cyclical process of designing for impact, implementing with fidelity and monitoring, evaluating and learning (MEL) to drive continuous improvement.

These activities, which nest under the broad umbrella of social impact, are not only integral to supporting community sector organisations to deliver programs and services that improve wellbeing of individuals and families, but they are also increasingly an expectation from funding bodies. In particular, demand for data collection and demonstrable outcomes translates into rising costs for service providers, which are often not covered, or covered adequately, through grant funding arrangements.

SIMNA welcomes the increasing emphasis on 'outcomes', with initiatives such as Measuring What Matters, and the Australian Centre for Evaluation highlighting the importance of an outcomes focused future.

However, as acknowledged in the issues paper underpinning this submission, underfunding of charities and community sector organisations jeopardises quality outcomes (SVA & CSI, 2022), with inadequate funding weakening the capacity of these organisations to deliver impact. The importance of accounting for often invisible costs in funding arrangements has been compellingly presented in the Paying What it Takes (SVA & CSI, 2022) and Partners in Recovery (SVA & CSI, 2021) reports, and Governments will need to look at how social impact measurement work, including monitoring and evaluation of programs and services, is funded into the future.

'Charities employ around 1 in 10 workers and deliver many of the services that both prevent people experiencing disadvantage and support them to get back on their feet. They also get around half of their income from governments and so if we want to see big reductions in disadvantage we have to properly fund the evaluations of these services' (Social Ventures Australia, 2023).

As a general rule, funding agreements account for 10-20% for indirect costs. Yet indirect costs such as IT, finance and HR, comprise 33% of the total cost of running a not-for-profit enterprise (SVA & CSI, 2022). Monitoring and evaluation are increasingly an added cost of quality service delivery.

What Quality Social Impact Measurement Work Looks Like

Driving and demonstrating social impact relies on outcomes measurement, which 'is only effective as part of a wider ongoing process' (Ramia et al, 2021).

Quality social impact measurement work in the context of grant funding involves an intentional and systematic approach to achieving meaningful and measurable outcomes in addressing social issues, including:

Clear Goals and Objectives: Effective social impact work begins with well-defined goals and objectives. It is essential to articulate what you aim to change with the grant funding, such as reducing homelessness, improving access to education, or enhancing community well-being.

Community Engagement: Quality social impact work actively involves the communities it serves. Listening to the needs and insights of those directly affected by social issues is critical for designing and implementing effective interventions and building community support.

Data Collection and Analysis: High-quality social impact measurement work relies on outcomes data to inform decisions. This includes baseline data to measure the initial state of the issue, ongoing monitoring data collection to track progress, and evaluation data to assess the impact of interventions. High standards must be applied to ensure data is collected and analysed ethically, consistently, and accurately.

Evidence-Based Design: Quality impact work is grounded in evidence-based interventions. This means selecting and implementing strategies that have been shown to be effective through research and evaluation. It is about selecting approaches based on what works, for who, in which context – and not just choosing what sounds good.

Partnerships and Collaboration: Effective social impact often requires collaboration with other organisations, community groups, and stakeholders. Collaborative efforts can leverage resources, share expertise, maximise reach and broaden the impact of grant-funded programs and services.

Monitoring and Evaluation: Robust monitoring and evaluation are at the heart of quality impact measurement work. This includes defining key performance indicators (KPIs), regularly tracking progress, and conducting thorough evaluations to assess the effectiveness of funded initiatives.

Continuous Learning and Adaptation: High-quality impact work involves a commitment to learning and adapting. If something isn't working as intended, it is essential to identify why and adjust strategies accordingly. Learning and continuous improvement are key to achieving lasting impact.

Reporting: Organisations working towards social impact must operate transparently and be accountable for the funds they receive. Regular reporting, both to funders and the public, builds trust and ensures responsible use of resources.

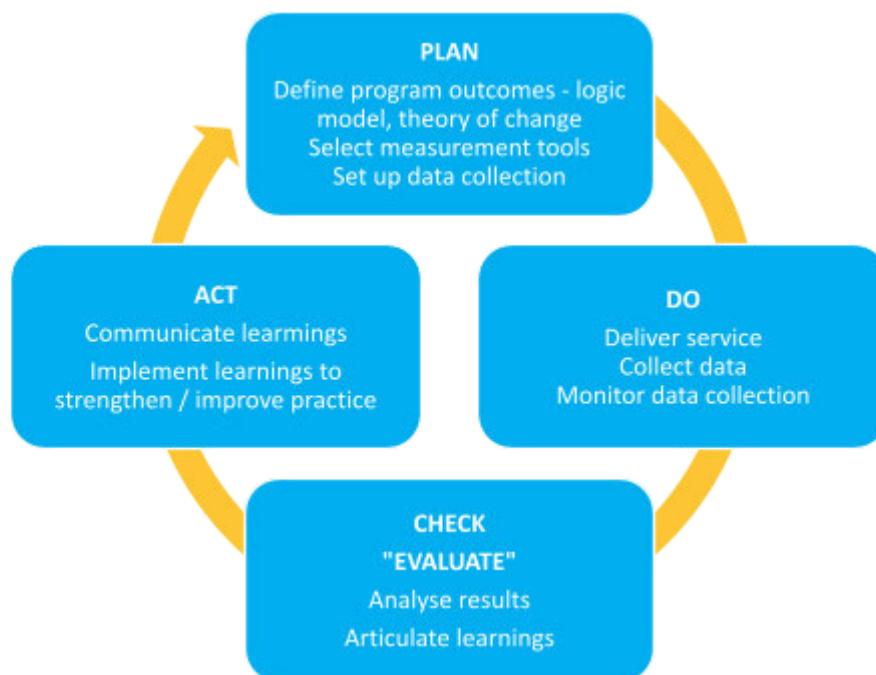
Sustainability: Strategic social impact work considers the sustainability of programs and services beyond the grant period. This involves planning for the long-term impact of initiatives, securing additional funding sources, and ensuring the continued benefits of interventions.

Communication and Advocacy: To drive social change, quality impact work includes communication and advocacy efforts. Sharing success stories, research findings, and advocating for policy changes based on evidence are crucial components.

Cultural Competence: In diverse communities, cultural competence is essential. Quality impact work respects cultural differences, engages with sensitivity, and ensures that programs and services are context specific, tailored to the needs of different cultural and demographic groups.

Equity and Inclusion: Quality social impact work actively addresses issues of equity and inclusion. It seeks to reduce disparities and ensure that vulnerable populations have access to opportunities.

See **Plan Do Check Act Diagram for Integrated Approach** for an example of what this might look like



Accounting for the Real Costs of Social Impact Measurement Work

As well as providing a framework for understanding the integrated and cyclical nature of measurement for social impact, the PDCA cycle offers a lens through which to unpack traditional approaches to funding for MEL related activities, many of which have to date been considered ‘indirect’ costs in funding agreements.

	Plan	Do	Check	Act
Direct costs	Service development – Theory of Change / Program Logic	Service implementation	Service Evaluation	
Indirect costs	Data management, including business intelligence			
	Measurement framework and plan	Service Monitoring – ongoing data collection, analysis, synthesis and reporting	Service Review – learning and continuous improvement	
	Organisation capability building in social impact measurement (e.g. training)			
	Oversight of this work through dedicated role(s)			

Building on arguments put forward in the Paying What it Takes: Funding Indirect Costs to Create Long-Term Impact report (2022), SIMNA advances that all MEL related functions contribute to social impact and are essential to improving individual, family, and community outcomes, feeding effective service design that better targets need. Going forward, SIMNA argues that funding for these functions should be accounted for as direct contributions to quality service delivery.

For organisations delivering social and community services, the building and sustaining of results-based systems for social impact measurement requires commitment, time, effort, resources, and champions – and an understanding that the MEL system itself is a continuous work in progress. SIMNA advocates for recognition of social impact measurement work as direct work that enables delivery of positive outcomes to individuals, families and communities, and calls for adequate funding of this foundational work.

References

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Social Ventures Australia and the Centre for Social Impact (2021) Partners in Recovery: Moving beyond the crisis?

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About SIMNA

Social Impact Measurement Network Australia ([SIMNA](#)) exists to rapidly connect the ideas, people and resources that will drive positive social and environmental impact into the core of organisations and decisions. Our aim is to work with members to build a powerful community of practice that can lead and shape the development of social impact measurement both in Australia and around the world. SIMNA is a Joint Member Network of Social Value International.