

REPORT SUMMARY

Counting for More:

A report of the Value Added by Voluntary Agencies (VAVA) Project

The VAVA Project was initiated in 2002 to provide economically valid measures of the work of voluntary organisations - specifically in terms of inputs, outputs and outcomes.

Since the first VAVA report, *Counting for Something* (2004), which involved participation by 10 national voluntary agencies, the size and diversity of our sector has become more visible through other projects such as the Study of the New Zealand non-profit sector. Publications such as Statistics New Zealand's Non-Profit Institutions Satellite Account (2007) have reinforced that the benefits added by our sector, through inputs such as the contribution of volunteers, are well above the amount that is funded by the taxpayer.

Counting for More is focused on a pilot study of outputs and outcomes and is a major milestone for the VAVA Project. As with the first stage of VAVA, *Counting for More* is a recognition that annual accounts alone do not adequately reflect the full value that community and voluntary agencies add to social well-being and the economy of Aotearoa New Zealand. That added value is a result of voluntary contributions and the way that services are linked directly to the needs of the people who use them.

For the first time we are now able to present practical methodology, templates and a framework for putting the measurement of outcomes (and effectiveness) in our sector within reach. Based on intensive work with participants Literacy Aotearoa and the Royal New Zealand Plunket Society, *Counting for More* provides solid evidence that the return on investment in social services does count for more!

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Shifting our thinking

Measures of success... an increasingly used measure of organisational success is the extent to which an organisation either directly or indirectly affects its identified outcomes. Outcomes for voluntary organisations are often not measured in such a way. The emphasis is on inputs and budgets, and while the quantitative or qualitative nature of their outputs is sometimes specified in funding contracts, it is often not measured.

Understanding inputs, outputs, outcomes... understanding the relationship between inputs, outputs and outcomes is vital to understanding the Value Added by Voluntary Agencies (VAVA) Project. At its simplest the relationship is:

Inputs \longleftrightarrow Outputs / Services \longleftrightarrow Outcomes

Every voluntary agency uses the combined inputs of time, money and goods to produce outputs/ services. Outputs add value to the inputs, and the outcomes (the ultimate goal) from the use of those outputs add more value still.

What we know... we know from the first stage of VAVA that, in our sector, added inputs include volunteers' time, voluntary contributions and in-kind donations. The value of inputs in the voluntary sector are magnified or multiplied by the fact that every dollar spent attracts voluntary inputs that can be applied to the provision of additional benefits in the form of more services and service delivery focused on client needs. For every dollar provided to a voluntary agency between \$3 to \$5 worth of services was being delivered in the community, largely because of the contributions made by volunteers. Those inputs counted for something!

Moving ahead

Showing the next set of links... having established the magnitude of inputs, the next challenge has been to articulate and demonstrate the links between outputs and outcomes. The big question: Does the value being added keep growing?

Applying an expert lens to two 'case study organisations'... the stage of the VAVA Project leading to this report, *Counting for More*, has employed the expertise of PricewaterhouseCoopers (PwC). It could not have proceeded without the committed participation of two distinctly different organisations, Literacy Aotearoa and Plunket, and financial assistance from the Office for the Community and Voluntary Sector.

An iterative approach... the information gathering and analysis carried out during this stage was, as would be expected for a pilot study, as much about the 'learning process' of the approach taken as it was about the 'results'. Both the case study organisations had processes in place for collecting data on outputs. By participating in the study those processes were extended and more robust and descriptive levels of information were collected, supported by the use of input and output templates and workshops with PwC.

What have we learnt?

Outcomes mapping... the achievement of outcomes is a dynamic process, subject to many assumptions and variable factors. Selected outcome(s) ideally have a high level of attribution back to an organisation's outputs and directly reflect the nature of the services they provide. While an organisation can and should recognise its estimated impact on higher level outcomes such as social well-being and environmental impacts, it is useful to use more precise lower level outcomes to measure performance against.

Cases in point... measures used for outcomes described in this study included - in Plunket's case - rates of unintentional injury for children under 15 and reduced family violence, and - in the case of Literacy Aotearoa - income, education and employability, self-confidence, improved home life and health. In the case of Plunket a relationship was drawn, for instance, between its Car Seat Rental Scheme service and the reduction of harm to children in car accidents. The length of time estimated for outcomes to be obtained over, was 15 years for Plunket - equating to the life of a child to adulthood - and 30 years for Literacy Aotearoa - representing the productive life of an adult.

Participating in the VAVA project enabled significant learning for our organisation.

Plunket

VAVA has been significant, valuing our contributions and providing a framework for future planning and evaluation.

Literacy Aotearoa

Significant net economic benefit... whether from savings in public costs, or economic gains due to employment and income, the return on investment identified by this study was conservatively estimated at between \$14.30 and \$39 for

every dollar invested, over time periods of 15-30 years. The net economic benefit of the selected activities was estimated at more than \$750 million, from an investment of direct government funding of less than \$50 million.

What next for the VAVA Project?

Exploring the options... as of December 2007, the VAVA Project is open to expressions of interest in options such as conducting workshops based on the pilot studies and rolling out wider use of the tools created so far at a reasonable cost, and/or embarking on a larger study with one or more partners. (See back page for contact details). Efforts are also being made to link up with other outcome related studies for wider research and sector goals. The development of tools to facilitate the collecting of meaningful, useful and relevant information for use by organisations in our sector in their own context has always been an important facet of the VAVA Project. *Counting for More* has again affirmed that applying the VAVA templates and framework to document and track inputs, outputs and outcomes makes a considerable difference to the ways that organisations measure their activities. It provides new insights, new points of dialogue, new confidence and a new understanding to inform their strategic goals and directions. It becomes a basis for performance management, for building business cases and for sharing good practice.

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Summary conclusions

Organisations in the Tangata Whenua, Community and Voluntary sector are often recognised for their “intrinsic” value and important contributions, but the economic value of their activities has gone unrecorded and unappreciated.

Gauging economic return...

The *Counting for More* report highlights the economic return that funders/ investors of voluntary agencies can expect to receive. It demonstrates the significant cost saving these agencies are making across the fields of health, social wellness, justice and education. It also clearly indicates the added economic benefit of investment into voluntary organisations, indirectly through the wider community, directly to clients and through volunteering and volunteers.

Counting for More demonstrates the degree to which outcomes for people who use services provided by voluntary welfare organisations have been significantly understated, and continue to be significantly understated. This despite the evidence that the value added by voluntary agencies far exceeds the initial investments made by their funders, whether private or public.

The ability of voluntary welfare organisations to finally be able to identify and communicate the economic return they are generating, should mean that government funding and policy decisions can be more robust, based on a much better idea of the outcomes being purchased and the returns being generated.

It's not over...

The two VAVA reports published so far are only a starting point. Based on the examination of the two case study organisations, key learnings have been identified and recommendations formulated to continue to improve the process for collecting outputs and outcomes data. It is clear, for instance, that much work can be done in terms of improving data collection internal to organisations. Over time our aspiration is that this approach will result in a strengthened sector-wide knowledge base, including elements of standardised data that could be aggregated across the sector.

The NZ Federation of Voluntary Welfare Organisations acts as a networking agency and catalyst in the sector. As the initiator of the VAVA Project, we have set out our plans for keeping the VAVA Project alive below.

New Zealand Federation of 
Voluntary Welfare Organisations

Please contact NZFVWO if you are interested in:

- Ordering the VAVA reports: *Counting for More* (2007) and *Counting for Something* (2004)
- Participating in a workshop to consider being part of further study with larger sample size
- Sharing information, based on your experience and interest, about other outcome related studies & activities
- Making other suggestions for communication and follow up of these pilot studies

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