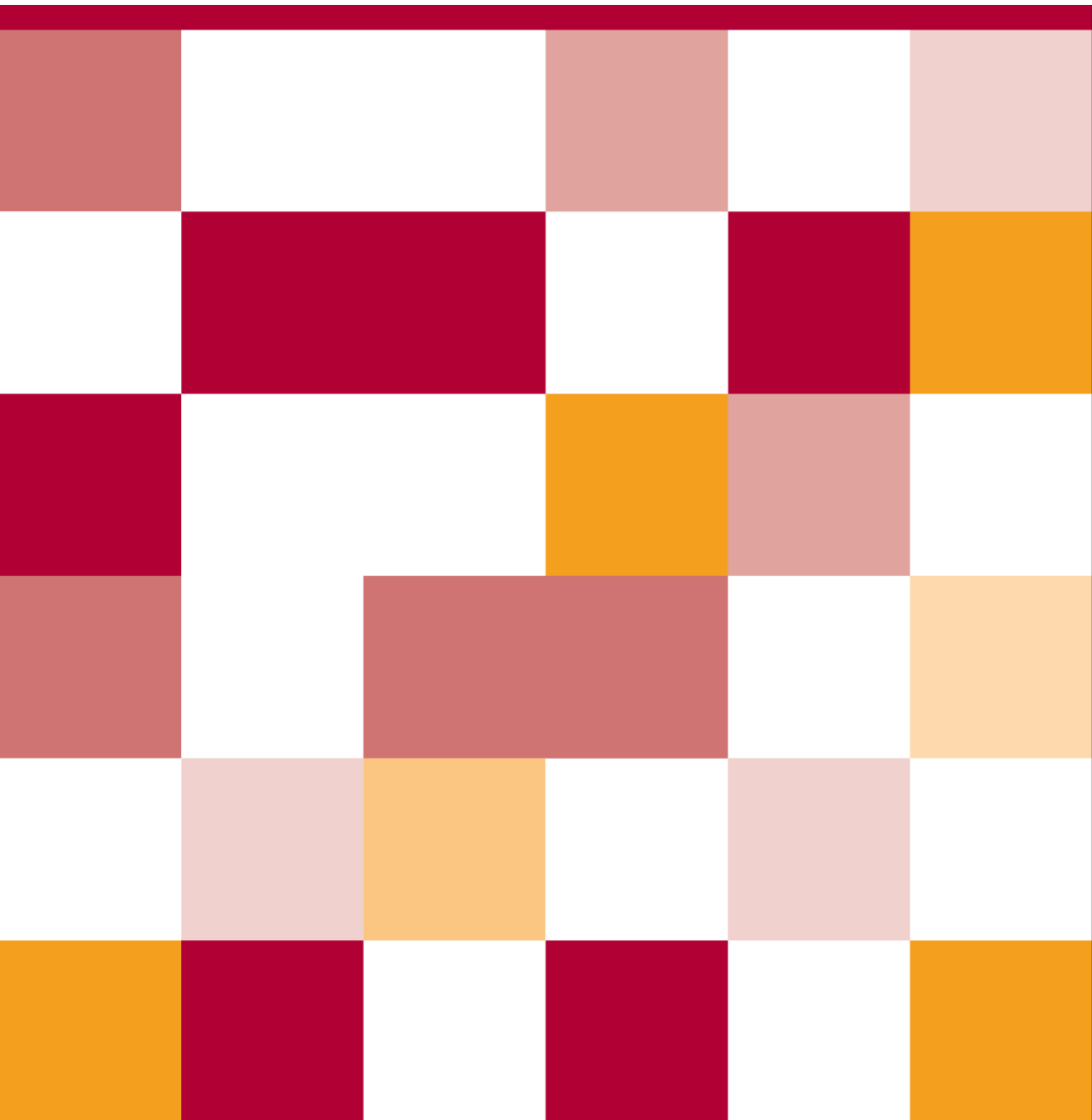




Briefing for Local Strategic Partnerships on NI 7: 'ENVIRONMENT FOR A THRIVING THIRD SECTOR'





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Briefing note for Local Strategic Partnerships on NI 7: 'ENVIRONMENT FOR A THRIVING THIRD SECTOR'

The new local government performance framework

The new local government performance framework includes a single set of the 198 National Indicators. These indicators cover all the national priority outcomes which local authorities will be responsible for delivering, either on their own or in partnership with others. These indicators will be used to measure performance in all areas over the next three years.

New local area agreements (LAAs) form the heart of the performance framework. They are the agreement between central government, local authorities and their partners to improve services and the quality of life in a place. Although performance will be measured in an area against all 198 indicators, new LAAs will be the only vehicles for agreeing shared targets with central government. Each LAA will have up to 35 national priority targets with specific improvement targets set for each.

More information on the new local government performance framework can be found on the Communities and Local Government (CLG) website at: www.communities.gov.uk

National Indicator 7: Environment for a thriving third sector

This briefing note is to provide Local Strategic Partnerships (LSPs) with more information one of the 198 National Indicators: NI 7 – 'Environment for a thriving third sector' and complements information on this indicators provided by CLG.

The note is structured as follows:

- A.** Why NI 7 has been included in the National Indicator set
- B.** How performance against NI 7 will be measured
- C.** The proposed new survey of third sector organisations
- D.** Guidance on agreeing NI 7 improvement targets

Annex A contains information that will help in the process of agreeing improvement targets.

For further information:

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**Office of the Third Sector
February 2008**

A. WHY NI 7 HAS BEEN INCLUDED IN THE NATIONAL INDICATOR SET

What is the overall purpose of NI 7?

- NI 7 will measure the contribution that local government and its partners make to the environment in which independent third sector organisations can operate successfully.

Why has this indicator been included in the National Indicator set?

This indicator has been included as a government priority in the National Indicator set in recognition of:

- **The importance of the third sector to strong, active and empowered local communities.** A vibrant, diverse and independent third sector is a vital part of a fair and enterprising society. It can help communities to be more cohesive and inclusive, and help individuals to have more say over issues that affect them.
- **The value of the third sector to responsive and effective local government.** The third sector can help local statutory agencies to address a wide range of community concerns, from strengthening community cohesion; to increasing environmental sustainability; to tackling many of the causes and consequences of social and economic disadvantage. Third sector organisations can often have links into parts of the community that statutory agencies can struggle to engage with, and may be especially good at providing holistic solutions to complex or deep rooted problems.
- **The value of local government to the third sector.** There are many factors that contribute to a thriving, independent local third sector. Many of these are rightly beyond the influence of local government and its partners. Local statutory agencies can, however, be influential in shaping the environment in which third sector organisations work. This influence might be through, for example, their approaches to partnership working, consultation, funding relationships, or in the ways they commission and procure services. Sometimes this influence is direct and specific. In other circumstances it may be diffuse and broad. Taking account of this range, NI 7 is designed to capture the overall contribution made by local statutory agencies to the environment in which third sector organisations operate.

Why should LSPs choose this indicator for inclusion in their LAAs?

A stronger third sector would be an asset to every local authority area, and the fastest route to achieving this would be to make NI 7 a specific LAA priority. Unlike some other indicators, NI 7 is both an end in itself, and a means for LSPs to achieve other ends. It is cross cutting in nature, and could be used to support a much broader programme to transform local services.



In particular, LSPs might want to make NI 7 a specific priority where:

- **They need to address historical weaknesses in this area:** LSPs in this category should be able to learn quickly from the best and improve;
- **They want to unlock the full potential of the third sector:** some LSPs may already have good relationships with a local third sector that is already thriving. These LSPs might choose this indicator where they think that there is still more that the third sector could contribute. This might be, for example, in helping statutory agencies engage with citizens more effectively, transforming service delivery, or developing the role of social enterprise; or
- **As a means to address other priorities:** some LSPs will have identified important local priorities for which third sector organisations are likely to be key delivery partners. These LSPs might choose this indicator to strengthen their capacity to deliver on these other priorities.

Performance against NI 7 will be measured and reported in every area, whether or not it has been included as an LAA priority. This means that every area should give careful consideration to the steps that it needs to take to improve performance.

B. HOW PERFORMANCE AGAINST NI 7 WILL BE MEASURED

How will performance against this indicator be measured?

Performance against NI 7 will be measured using a specially designed, new perceptions based survey of third sector organisations.

Like many indicators in the National Indicator set, NI 7 is an outcome based indicator that is broad in scope. For many such indicators (such as NI 2¹ or NI 4²) it is the direct experience of individuals of the outcome in question that is most useful in assessing performance. There are 20 'citizen perspective' indicators that will be measured in this way, using the new Place Survey to collect the views of individuals.

Similarly, with NI 7 it is the direct experience of third sector organisations of the outcome that is most useful for assessing performance. This information will be collected through the proposed new survey of third sector organisations. This centrally administered, national survey will provide data to measure performance against NI 7 in 149³ top tier local authority areas.

The survey will include a question that will be used to measure performance against NI 7. All third sector organisations included in the survey will be asked:

“...how do the local statutory bodies in your area influence your organisation’s success?”

Respondents will be encouraged to take a wide view of the influence of local statutory agencies on their success. **The indicator will be scored according to the proportion of third sector organisations who answer ‘positive’ or ‘very positive’ to this question, on a five point scale.**

In addition to assessing performance against NI 7, the survey will also capture third sector organisation’s views on a range of relevant local issues, which together might contribute to a supportive environment. These will include:

- The strength of local partnership arrangements;
- The availability of local resources – including human resources (volunteers, employees, trustees), and financial, management and other support services;
- Funding opportunities and relationships (grants and contracts);
- Opportunities to influence local decisions; and
- The support available from other (second tier or umbrella) third sector organisations.

¹ NI 2 measures the percentage of people who feel that they belong to their neighbourhood

² NI 4 measures the percentage of people who feel that they can influence decisions in their locality

³ The indicator will not be measured in the Isles of Scilly, as the population of third sector organisations is too small to provide reliable results.

Where this indicator is chosen for inclusion within an LAA, LSPs and Government Offices (GOs) will be responsible for negotiating an improvement target increase across that period.

Why will performance against NI 7 be measured in this way?

This method of measuring NI 7 was chosen following detailed development work and a feasibility study.⁴ The challenge was to find a single measure that could capture a broad and complex outcome in a simple, yet comprehensive and nuanced manner. The development work considered a range of options for a suitable perception measure that could be included in a new local survey, as well as the use of existing sources of data.

The development of a suitable perception measure was guided by cognitive interviews with leaders of third sector organisations and local statutory bodies. A range of possibilities were tested in a pilot survey before this method of measuring the indicator was chosen.

In considering the use of existing information, a range of 'hard' economic measures that could be used to capture *aspects* of the local environment were identified, including regulatory data and other statutory databases. Hard data was not recommended to measure the indicator. Often such data tend to be focused on inputs and processes, rather than outcomes. In addition, there was no single piece of information available that could be used to measure the indicator, and composite measures are not considered appropriate. Nevertheless, it is anticipated that hard data will provide useful contextual information about the sector at a local level, in conjunction with findings from the survey.

As well as being the most appropriate method for measuring performance against this indicator, the new survey can provide a valuable source of information about the experience of third sector organisation locally. This information will be useful for diagnosing where problems are occurring and identifying where solutions might lie.

⁴ More information on how the indicator has been selected will be available from the Office of the Third Sector website shortly: <http://www.cabinetoffice.gov.uk/thirdsector>

C. THE NEW SURVEY OF THIRD SECTOR ORGANISATIONS

How will the survey operate?

The survey will be centrally administered, but will be capable of gathering and reporting information in 149 top tier local authorities.⁵ It will be a postal survey, using robust and tested methods, and will be mailed to approximately 97,000 third sector organisations, with telephone follow up to support response rates. The survey will not require additional administration by local authorities.

This approach has been piloted and achieved a satisfactory response rate, suggesting that a return of around 55,000 completed forms for the main survey is realistic. The survey will be conducted in two waves, in September 2008 and September 2010, with headline indicator results published in January 2009 and 2011.

What organisations will be included in the survey?

The survey aims to be as inclusive of third sector organisations as possible, while maintaining the methodological robustness essential to provide a fair appraisal of performance in each area.


The survey will be sent to a sample of third sector organisations drawn at random from comprehensive lists of registered charities and a range of other incorporated organisational types including Community Interest Companies (CICs), Companies Limited by Guarantee (CLG) and Industrial and Provident Societies (IPSs). It will also include Housing Associations.

Will the survey include unregistered or unincorporated organisations?

No. Achieving coverage of the unregistered and unincorporated parts of the sector (sometimes described as 'below the radar') was a primary consideration for the design of the survey as these organisations can play important roles in many local communities. However, there is currently no way of sampling such organisations in a consistent and comprehensive manner across all local authority areas. Consistency is essential to the integrity of the survey as a whole, allowing meaningful comparisons between areas and over time. This is important at both national and local levels: without having a comparable survey population, areas cannot monitor their own performance over time, or compare their performance with other areas.

Given the requirements for consistency, we are satisfied that what we are proposing is the best that is possible at present. However, we are obviously keen to improve on the current situation and are seeking to broaden the scope of the organisations captured for future waves of the survey (without of course undermining comparisons with the baselines set

⁵ The indicator will not be measured in the Isles of Scilly, as the population of third sector organisations is too small to provide reliable results.



this year). We want to encourage greater consistency in the way that local lists are compiled, and to bring more organisations within the scope of national lists. We have already agreed to work with a number of organisations – including NAVCA, Voice4Change England, ACRE, Urban Forum, Bassac, Community Matters, and NCVO – to achieve this. We would welcome the involvement of others who are able to contribute. In addition we are keen to work with local authorities who might wish to poll local organisations outside of the main survey.

Will the survey be biased towards large national charities?

No. The survey will be representative of different types of organisation – large and small, local and national – and the responses of small organisations will count as much as those of larger organisations.

D. GUIDANCE ON AGREEING A PERFORMANCE TARGET

There is no baseline for this new indicator. How should LSPs determine if NI 7 should be a priority?

In common with other indicators in the National Indicator set that will be measured using new sources of data, there is no baseline data for this indicator. Areas will need to use other methods to determine whether NI 7 should be a priority for their area. This could be done in a number of ways, such as through analysis of existing hard data; by reviewing current policies and processes against best practice; and through local consultation. Areas may have different motivations for wanting to include NI7 in their LAAs, and so may find a range of sources of information helpful in determining whether this indicator should be a priority. The baseline will be set by the first wave of the survey, to be conducted in Autumn 2008.

How should improvement targets be set in the absence of a baseline?

We advise that the most suitable and robust improvement target should be a **measurable increase** in the indicator score between the first and second waves of the survey. By 'measurable' we mean a statistically significant increase – an increase that is unlikely to be the result of sampling variation.

Two things should be noted:

- First, in accordance with the LAA operational guidance from CLG, a prime focus of the first annual review of LAAs in 2008/09 will be on
*"confirming/reviewing any designated targets set against indicators for which there was no baseline at the time of negotiation."*⁶
- Second, while the LAA cycle will cover 3 years, the new survey of third sector organisations will be conducted every two years. This means that the baseline for each area will be established in Autumn 2008, and the improvement target will need to be reached by Autumn 2010. This, in turn, will set the baseline for the next round of LAAs, due to be agreed in 2011.

Will there be any flexibility in the way that improvement targets are set?

We have recommended a measurable improvement as the most suitable and robust improvement target. However, precise improvement targets will be agreed in negotiations between areas and the relevant Government Office. It could be the case that information from other sources is agreed as the basis of demonstrating improvement in an area. Where this approach to target setting is chosen, the improvement that is needed should be agreed in advance and verifiable.

⁶ *Development of the new LAA framework, Operational Guidance 2007*, Department for Communities and Local Government, November 2007, page 27. This document is available at www.communities.gov.uk

What will a 'measurable increase' mean in practice?

This will vary from area to area. In general, what will constitute a 'measurable increase' will depend on:

- The total number of third sector organisations in the sampling frame in each area;
- The baseline level for the indicator in each area, as established by the first wave of the survey; and
- The number of third sector organisations that take part in each wave of the survey in each area.

The survey has been designed to reduce, as far as possible, the differences between areas in the improvement that will be needed to demonstrate measurable change. It will sample a higher proportion (or even attempt a census) of third sector organisations in areas where there are fewer organisations in the sampling frame.

To offer a guide as to what amount of change may be needed to demonstrate a measurable increase in each area, we have calculated estimates using the best information that is available to us now:

- The number of organisations we expect will be on the sampling frame in each area;
- Findings from our pilot suggesting an expected baseline of 22 per cent; and
- Findings from our pilot survey which suggest an expected response rate of 55 per cent.

These *indicative* estimates of the improvement targets for each area are shown in Annex A, Table 1.

The size of the pilot meant that it has not been possible to distinguish between areas in the estimates we have used for the baseline (22 per cent used for all areas) or the response rate (55 per cent used for all areas). Of course, the whole point of the survey is that we will expect to see variation in the baseline across areas once the first wave of the survey has been completed. There is also likely to be some variation in the level of response to the survey between areas.

Once the first wave of the survey has been completed, areas will know their actual baselines, and the level of response to that wave of the survey. It will then be possible to make more tailored estimates of the local improvement target for each area (assuming that the level of response in the first wave will be maintained in the second wave). We will be able to give definitive figures only after the second wave of the survey has been completed and we know the actual level of response.

The higher the level of response in an area, the easier it will be to detect a measurable change. The estimates in Annex 1 are based on an anticipated response rate of 55 per cent. All areas can also help themselves by promoting a good response from the sector to the survey. This will reduce the size of the improvement on the indicator that is needed to show a measurable change.

When looking at the estimates in Annex A, Table 1, two things should be emphasised:

- These are indicative estimates only. The pilot survey was conducted nationally and did not give estimates of expected response to the survey, or expected baselines for individual areas. More accurate figures for each area will be available following the first wave of the survey.
- The differences in the indicative estimates for different areas in Annex A **do not** reflect differences in the performance of areas against this indicator. They are driven solely by differences in the number of third sector organisations in the sampling frame for each area.

These indicative estimates suggest that in all but 9 areas the change required for a measurable increase will be between 4 and 7 percentage points. For a small number of areas the improvement target may be as high as 9 percentage points.

In the initial pilot the number of organisations responding positively to the indicator question was 22 per cent, leaving ample room for growth. It is possible that this figure will be slightly higher in the main survey, as we draw on learning from the pilot to ensure the question has broadest possible relevance.

Isn't it unfair that the improvement targets are higher in some areas than others?

The indicative estimates do suggest that bigger improvements will be needed in some areas than in others to demonstrate measurable improvement. This does not, however, mean that the higher targets required in some areas are unduly challenging or unfair. A higher indicative estimate of the improvement needed is driven by the fact that there are fewer third sector organisations in the sampling frame in those areas. An area with fewer organisations in the sampling frame may find it easier to take steps to improve the environment in which those organisations are operating.

ANNEX A

Indicative increases in performance against NI 7 required by each local authority area to demonstrate a measurable change between the first and second waves of the new third sector survey

The first wave of the new third sector survey will be conducted in Autumn 2008 and the second wave in Autumn 2010. We are recommending that targets for improvement between the two waves of the survey should require areas to demonstrate a statistically *measurable increase* in their performance against NI 7.

The table shows indicative estimates of the improvement targets for each area which, until the first wave of the survey is complete, is being estimated using information that is available to us now:

- The number of organisations we expect will be on the sampling frame in each area;
- Findings from our pilot suggesting an expected baseline of 22 per cent; and
- Findings from our pilot survey which suggest an expected response rate of 55 per cent.

Once the first wave of the survey has been completed, areas will know their actual baseline and the level of response to that survey. It will then be possible to make more tailored estimates of the local improvement target for each area, assuming a similar level of response can be maintained in the second wave of the survey. We will only be able to give definitive figures after the second wave of the survey has been completed.

Two things should be emphasised:

- These are indicative estimates only. The pilot survey was conducted nationally and did not give estimates of expected response to the survey, or expected baselines for individual areas. More accurate figures for each area will be available following the first wave of the survey. In particular, the higher the response rate in an area, the easier that it will be to detect a measurable change. All areas can also help themselves by promoting a good response from the sector to the survey. This will reduce the size of the improvement on the indicator that is needed to show a measurable change.
- The differences in the indicative estimates for different areas in Annex A **do not** reflect differences in the performance of areas against this indicator. They are driven solely by differences in the number of third sector organisations expected to be in the sampling frame for each area.

Example: The estimates in Table 1 indicate that, for Derbyshire, an increase of 4.1 percentage points from a baseline of 22.0 percent to 26.1 per cent would be a statistically measurable change. However, for an area with fewer third sector organisations in the sampling frame, such as Barking and Dagenham, a shift from 22.0 to 28.5, or 6.5 percentage points, would be required.

Table 1

Authority	Required change (percentage points)	Authority	Required change (percentage points)
East Midlands		London (continued)	
Derby	4.8	Lambeth	4.1
Derbyshire	4.1	Lewisham	4.2
Leicester	4.2	Merton	4.9
Leicestershire	4.1	Newham	4.2
Lincolnshire	4.1	Redbridge	4.6
Northamptonshire	4.1	Richmond upon Thames	4.1
Nottingham	4.1	Southwark	4.1
Nottinghamshire	4.1	Sutton	5.1
Rutland	7.4	Tower Hamlets	4.1
		Waltham Forest	4.6
East		Wandsworth	4.1
Bedfordshire	4.1	Westminster	4.1
Cambridgeshire	4.1		
Essex	4.1	North East	
Hertfordshire	4.1	Darlington	7.5
Luton	5.8	Durham	4.1
Norfolk	4.1	Gateshead	5.4
Peterborough	5.2	Hartlepool	9.0
Southend-on-Sea	5.9	Middlesbrough	7.2
Suffolk	4.1	Newcastle upon Tyne	4.1
Thurrock	6.8	North Tyneside	5.7
		Northumberland	4.1
London		Redcar and Cleveland	7.0
Barking and Dagenham	6.5	South Tyneside	8.2
Barnet	4.1	Stockton-on-Tees	6.3
Bexley	5.5	Sunderland	5.3
Brent	4.2		
Bromley	4.1	North West	
Camden	4.1	Blackburn with Darwen	6.4
City of London	4.1	Blackpool	8.5
Croydon	4.1	Bolton	5.2
Ealing	4.1	Bury	5.2
Enfield	4.3	Cheshire	4.1
Greenwich	4.5	Cumbria	4.1
Hackney	4.1	Halton	7.2
Hammersmith and Fulham	4.4	Knowsley	7.5
Haringey	4.1	Lancashire	4.1
Harrow	4.1	Liverpool	4.1
Havering	5.4	Manchester	4.1
Hillingdon	4.6	Oldham	5.4
Hounslow	4.8	Rochdale	6.0
Islington	4.1	Salford	4.6
Kensington and Chelsea	4.1	Sefton	4.5
Kingston Upon Thames	5.2	St. Helens	6.6

Authority	Required change (percentage points)	Authority	Required change (percentage points)
North West (continued)		South West (continued)	
Stockport	4.4	Torbay	5.9
Tameside	5.6	Wiltshire	4.1
Trafford	4.8		
Warrington	5.4	West Midlands	
Wigan	5.5	Birmingham	4.1
Wirral	4.1	Coventry	4.5
		Dudley	4.1
South East		Herefordshire	4.1
Bracknell Forest	6.7	Sandwell	5.4
Brighton and Hove	4.1	Shropshire	4.1
Buckinghamshire	4.1	Solihull	5.0
East Sussex	4.1	Staffordshire	4.1
Hampshire	4.1	Stoke-on-Trent	5.5
Isle of Wight	4.7	Telford and Wrekin	5.7
Kent	4.1	Walsall	5.4
Medway	4.8	Warwickshire	4.1
Milton Keynes	4.2	Wolverhampton	5.1
Oxfordshire	4.1	Worcestershire	4.1
Portsmouth	5.5		
Reading	5.0	Yorkshire & Humberside	
Slough	7.8	Barnsley	5.3
Southampton	4.5	Bradford	4.1
Surrey	4.1	Calderdale	4.6
West Berkshire	4.1	Doncaster	4.6
West Sussex	4.1	East Riding of Yorkshire	4.1
Windsor and Maidenhead	4.6	Kingston upon Hull, City of	5.3
Wokingham	4.8	Kirklees	4.1
		Leeds	4.1
South West		North East Lincolnshire	6.9
Bath and North East			
Somerset	4.1	North Lincolnshire	5.0
Bournemouth	5.6	North Yorkshire	4.1
Bristol, City of	4.1	Rotherham	5.1
Cornwall	4.1	Sheffield	4.1
Devon	4.1	Wakefield	4.9
Dorset	4.1	York	4.1
Gloucestershire	4.1		
North Somerset	4.2		
Plymouth	4.5		
Poole	6.3		
Somerset	4.1		
South Gloucestershire	4.1		
Swindon	5.0		