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# Thriving Third Sector

Creating an environment in which charities, voluntary and community groups and social enterprises can thrive

A user guide for the National Survey of Third Sector Organisations

Office of the Third Sector

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Office of the Third Sector

# Foreword



I am exceptionally proud of this government's record on building a coherent evidence base about the third sector, its organisations and the value of their work. We now have two national indicators relating to the third sector – measuring in every local area how many people volunteer and how well the third sector is doing overall.

We also have the results of a new National Survey of Third Sector Organisations, which generates one of these national indicators (NI7) and captures the views of around 50,000 third sector organisations in England, making it the largest ever survey of civil society. Around two-thirds of all local authority areas have chosen a third sector indicator in their local area agreements.

Taken together, the survey and the national indicators can be used to drive up local performance – shining a light on good practice and highlighting areas where more could be done to ensure a thriving third sector and a healthier civil society.

However, these tools are relatively new and many local areas are getting to grips with the information that is now available to them locally. I want to encourage the use of this data, so that the performance of local partnership working can be improved, and so that we can help design and deliver tailored and responsive services to those in most need.

I have commissioned this guide to help local councils and the providers of other statutory services, Local Strategic Partnership members, third sector organisations and the general public to take a fresh look at the survey results and the national indicators. The aim is for this practical, step-by-step guide to help everyone think about how performance can be improved locally so that, together, we can meet the needs and aspirations of our local communities.

A handwritten signature in black ink that reads "Angela Smith".

Angela Smith, Minister for the Third Sector

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# Introduction

This booklet brings together a number of ideas for improving the local environment for third sector organisations in England. It is addressed primarily to local authorities and their partners on Local Strategic Partnerships, including third sector representatives themselves.

The ideas arise from the government's desire to improve the way that the third sector is affected by the actions of local statutory bodies – local authorities, police, health agencies, education and all the other public services.

'Environment for a thriving third sector' was set as a national indicator in the local government performance framework for England established in April 2008. A survey (the National Survey of Third Sector Organisations (NSTSO)) to establish the baseline both nationally and in each principal local authority area was carried out in September 2008. The results are available in full at [www.nstso.com](http://www.nstso.com). The survey is due to be repeated in autumn 2010.

The first half of the booklet explains broadly what the survey consists of, and how the data can help direct efforts to improve the intersectoral relationship. The second half draws on Ipsos MORI's statistical analysis of the survey results. This analysis shows five key areas that are strongly related to the NI7 indicator and which between them could not only drive up the indicator but also improve cooperation and mutual development between the third sector and local public bodies on many fronts. Key facts, ideas and examples are featured in

separate panels throughout the booklet. Annex A provides a short checklist in order to enable a simple self-assessment of local relationships and partnership working based on these key issues.

# How does the survey help?

The indicator itself (NI7) is a single question:  
***'Taking everything into account, overall, how do the statutory bodies in your local area influence your organisation's success?'***  
(Q23)

Unlike some of the other indicators in the local government framework, this question is placed within the context of a many-faceted survey. Ipsos MORI carried out the survey on behalf of the Office of the Third Sector with Guidestar leading on the sampling.

When the results had been collected, statistical analysis was carried out on the relationship between how people answered the indicator question and how they answered other questions in the survey. This showed the issues most strongly related to a positive NI7 score. This information is set out in Box 3.

These issues go a long way to explaining the indicator score and so they also help to suggest how it can be improved. The information in the survey also illuminates many other areas of interest, irrespective of the indicator itself.

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# Looking at the survey

Examining surveys is not everyone's cup of tea. Many people concerned with the third sector are not aware of the survey, and many of those who are, just want to know the main score on NI7, either nationally or in their locality.

This survey, however, offers exceptional rewards to those who are prepared to look a little further. It not only shows what's behind the indicator, it also illuminates numerous other questions about the sector: Which sections of the population do organisations serve? What issues do they work on? What roles do they perform? What resources do they need in order to perform those roles? What help, support and advice do they need and what do they get? What funding do they receive? How many volunteers do they have? How well do they feel they have achieved their objectives over the past year, and how optimistic are they about the year to come?

And that's not all. The results are available online at [www.nstso.com](http://www.nstso.com) and this website offers an interactive facility with enormous potential for users to examine correlations across the national sample by cross-tabulating results from different questions with a few clicks.

It is important, however, to note what the survey does *not* claim to do.

(i) It does not claim to have asked every question that would be of interest. Surveys have to achieve a balance between information and length. After a certain point, the more you ask the fewer replies you get, and respondent fatigue compromises the quality of the data. The success

of this survey, with a 47% response rate from a sample of 104,391, is in no small measure due to the careful choice of length, wording and the appearance and appeal of the questionnaire, which motivated respondents to reply.

(ii) It does not offer cross-tabulations at local level. The interactive facility is only available across the whole national sample, not within each local authority area. The numbers of returned questionnaires at a local level are too few to support statistical conclusions, and a more detailed breakdown of answers might make some respondents identifiable, thus breaching confidentiality.

(iii) The survey cannot have captured the views of all unregistered groups. In designing and trialling the approach to sampling, it became clear that there are thousands of small, informal organisations which are hard to locate unless you are on the spot. Locally held lists vary too much in quality and scope to provide a consistent and comparable national sample frame. This meant that the sampling and survey team could not create a systematic way of locating all these groups nationally. Therefore, the sample frame could only include those third sector organisations on national registers in order to provide a robust and consistent sample frame across all local areas.

But the potential absence of some unregistered groups does not invalidate the survey. The fact that over half the survey respondents have no paid staff and little money shows that many

smaller groups are listed and were captured by the survey. The survey cannot tell us what proportion of the sector consists of small informal groups, but it can tell us a great deal about the nature of these groups.

Finally, as with all surveys, NSTSO data is subject to sampling tolerances because it is based on a sample of third sector organisations, not all of them. It also measures perceptions which reflect the personal views of independent respondents.

#### **Box 1: Why is 'environment for a thriving third sector' included in the Indicators?**

This subject 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;
- **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. Third sector organisations can often have links into parts of the community that statutory agencies can struggle to engage with, and may be good at providing holistic solutions to complex or deep rooted problems;
- **the value of local government to the third sector.** Local statutory agencies can be influential in shaping the environment in which third sector organisations work. This influence might be through, for example, partnership working, consultation, funding relationships, or in the ways they commission and procure services.

Source: the survey website, [www.nstso.com](http://www.nstso.com)

#### **Box 2: The main result**

The starting point for using the survey is the national score on NI7. These are the main facts:

- Total sample: 104,391.
- Total respondents: 48,939.
- Response rate: 47%.
- NI7 result nationally: 16% 'positive' or 'very positive' to the question: **'Taking everything into account, overall, how do the statutory bodies in your local area influence your organisation's success?'**
- Range is 9%–27%.
- 'Neither': 51%; 'negative' or 'very negative': 14%; 'don't know'/no answer: 19%.

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# Local and national

Most people will naturally want to know first about their local score. The [www.nstso.com](http://www.nstso.com) website gives full downloadable results for each top tier local authority area ([www.nstso.com/analysis/surveyresults/](http://www.nstso.com/analysis/surveyresults/)). It's a good idea to print out the whole of your local results so that you can see easily the full range of questions and answers. For each of the 38 questions you can also, through another section, get comparisons between the answers in your locality and the national average figure ([www.nstso.com/analysis/tool/](http://www.nstso.com/analysis/tool/)).

But it's important not to get too preoccupied with the level of your local score. The whole survey is a baseline – the first time all this information has been collected.

Every locality is unique but many of the clues to improvement are found in the national analysis. Ipsos MORI used statistical analysis techniques to work out which responses to which of the other questions mainly influenced the NI7 scores, identifying what are sometimes called 'key drivers'. The overall national average result is shown in Box 2 and the nine key drivers are shown in Box 3.

At the national level you can examine how far issues are related to one another: Do organisations with more money have more staff? Do organisations with more staff mobilise more volunteers? Are national organisations more optimistic about their future than local ones? Hundreds of such question combinations can be examined.

Some people are understandably frustrated that they cannot get the same answers at local level. This was not possible, as has already been mentioned. But the national figures are still important and useful for generating local understanding. In particular they show that any problems between the sector and public bodies are very largely issues across the country. It is arguably more important to use the national analysis to help understand the overall dynamics of the sector than to compare scores between localities.

Action for improvement in any locality is best informed by a combination of the national analysis and local factors. Local factors cannot be analysed statistically in the same way – the number of survey returns are too small. But by comparing your local figures with the national ones you can see whether your local authority area is a little better or a little worse on any given issue. Equally important, you will undoubtedly draw on local intelligence about issues and facts that cannot be captured in a national survey.

### Box 3: National analysis – correlation of NI7 with other questions, in order of strength

1st **INFLUENCE** Ability to influence local decisions (Q22)

2nd **CONTACT** Current direct dealings with any local statutory body at (Q25)

3rd **VALUED** Local statutory bodies value the work of your organisation (Q21.1)

4th **SUPPORTED** Satisfaction with support available in your local area (Q18)

5th **ACT ON OPINIONS AND CONSULTATION** Local statutory bodies act upon your organisation's opinions and/or responses to consultation (Q21.7)

6th **RESPECT INDEPENDENCE** Local statutory bodies respect your organisation's independence (Q21.3)

7th **GRANT AND CONTRACT ARRANGEMENTS** Satisfaction with local statutory grant funding/contract bidding arrangements (Q16)

8th **FUNDING STATUS** Local grant funding (several questions combined)

9th **FINANCIAL GUIDANCE** Help, advice and support provided when applying for grants or bidding for contracts (Q14.6)

Source: Ipsos MORI *NSTSO National Analytical Report* (the model explains a total of 43% of the variance in responses to Q23 (NI7))

### Box 4: The two main drivers

#### INFLUENCE (Q22)

16% are satisfied with their ability to influence local decisions relevant to their organisation; 27% are dissatisfied; 21% are neither satisfied nor dissatisfied. 27% say it is not applicable to them.

#### CONTACT (Q25)

26% say their organisation currently has direct dealings with any statutory bodies in their local area; 35% say not very much; 34% say none at all.

'Where the two principal drivers are combined together, we see significant differences for NI7 results across the groups that emerge. For example, **where third sector organisations are both satisfied with their ability to influence local decisions and have some contact with local statutory bodies**, 75% report that local statutory bodies have a positive influence on their success (i.e. NI7 = 75%), with only 2% citing a negative influence. However, **where there is dissatisfaction with the ability to influence local decisions, plus little or no contact with local statutory bodies**, only 3% of TSOs (third sector organisations) cite that local statutory bodies have a positive influence on their success (i.e. NI7 = 3%), compared to 35% citing a negative influence.'

Source: Ipsos MORI *NSTSO National Analytical Report*

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# Improving the relationship: five areas

There is no single way to drive improvement. All factors interact on the ground. But there are major issues that affect all areas, and in the second half of this booklet we have collected together ideas for action under five headings.

All of these areas are linked to several of the nine key drivers identified by Ipsos MORI in analysis of the survey results as having an impact on the environment for a thriving third sector.

Figure 1 illustrates some of the main links between these five sections and the nine key drivers identified by Ipsos MORI in the national analysis. By using this analysis of the national survey data, together with knowledge of your local area, it is hoped that these key action areas can provide a guide for investigating potential ways of improving local working.

Key action area 1: **Strengthening partnership working**. This is clearly a necessity for any concerted approach, and relates to all nine key drivers.

Key action area 2: **Improving communication and influence**. This highlights in particular the top driver, whether respondents felt they could influence decisions affecting their organisation. In practice this is likely to be closely connected with consultation (the fifth strongest issue) and feeling valued (third strongest).

Key action area 3: **Bringing hidden contact alive**. This refers particularly to the second strongest issue – whether organisations felt they had any direct contact with public bodies.

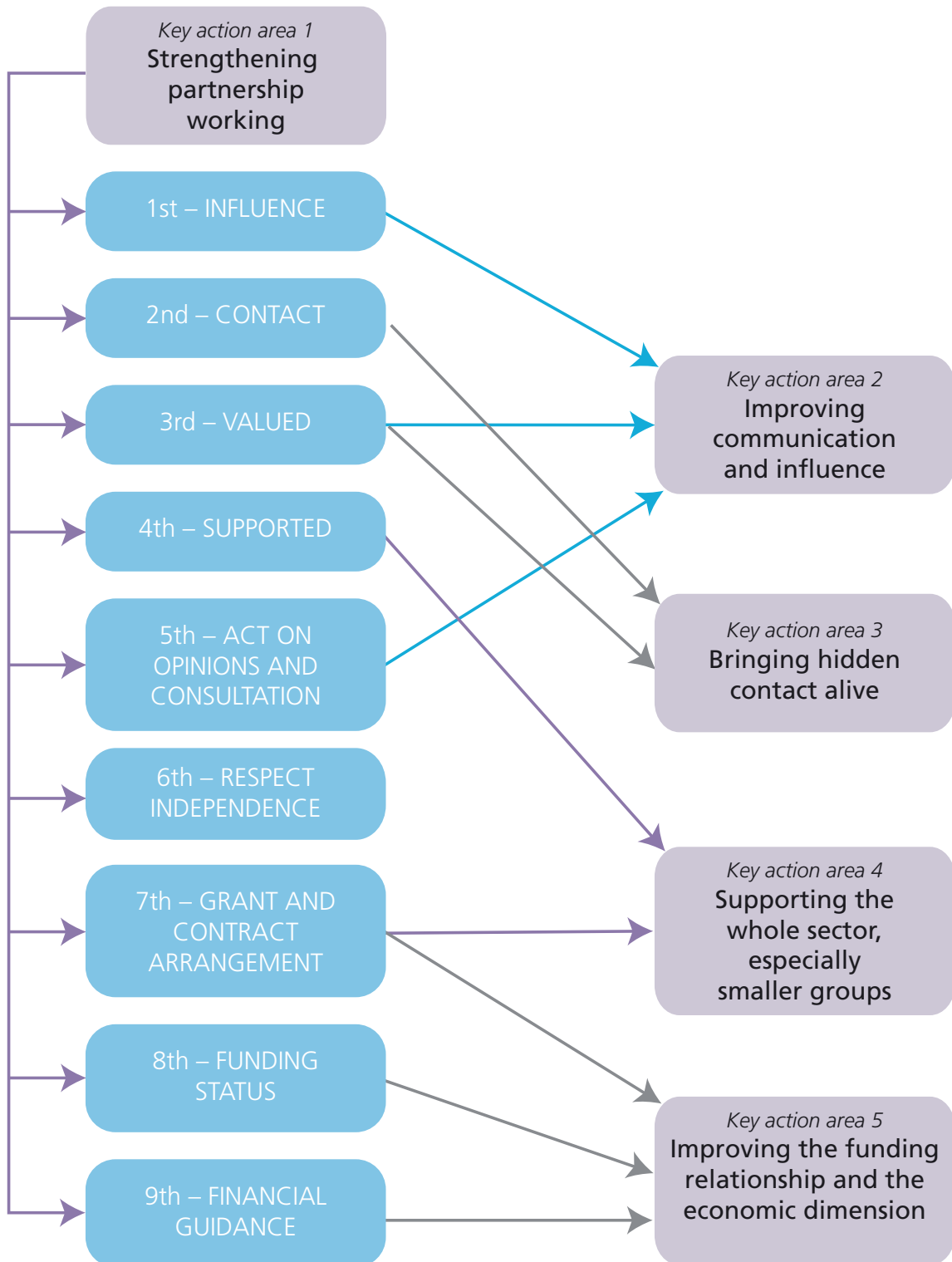
Clearly this would also be likely to interact with communication and whether the organisation felt valued (third issue).

Key action area 4: **Supporting the whole sector, especially smaller groups**. Support (of all kinds) was the fourth strongest issue, and may also relate to grants (seventh).

Key action area 5: **Improving the funding relationship and economic dimension**. Perhaps surprisingly, funding shows up below the other key drivers of the public sector–third sector relationship, but along with other financial issues it makes up the remaining three.

The NI7 results are a baseline, not a judgement or a league table. There is room for improvement all over the country. The other questions contain a wealth of information that could lead to such improvement.

**Figure 1: Relating action to issues**



	<i>Key action areas</i>
<i>One</i>	<b>Strengthening partnership working</b>

The Local Strategic Partnership (LSP) is the starting point for action to improve the environment for the third sector. Within the LSP, there needs to be a core group of champions to formulate these actions and drive them forward. It is also important that elected members can feel fully involved and that the key infrastructure bodies of the third sector itself play a key role.

Third sector champions, such as Compact champions, need to get their messages across to the full spectrum of public bodies: not just the local authority and its individual departments, but also the local police, health, education, environment and other agencies.

The challenge is to convince the whole spectrum of public bodies and agencies that – even under heavy pressure on resources – they have more to gain than to lose from widening their contact with third sector organisations and from being more responsive to their influence. This requires a major cultural shift in many agencies.

Leading players should familiarise themselves with the main points of the national survey

analysis as well as local results, and consider ways of attracting interest to the main drivers of improvement.

Meetings could be proposed with each of the bodies or major departments to discuss with them how they might review their relationships with the sector, map their active and dormant relationships, and consider the mutual benefits to be gained by greater contact, responsiveness to influence and action on other key national factors or local priorities.

These are some areas which third sector champions could explore with their partners and colleagues to encourage a more active, outward-facing approach to the sector:

- Many agencies already deal with numerous third sector organisations through their front-line staff but do not look at these relationships strategically. Engaging with the third sector better may not be a matter of new obligations but of improving existing relationships and becoming more aware of the role they play in facilitating the particular service they are concerned with.
- Every agency or department can energise the third sector organisations which are working on its issues by showing that it responds to their influence.
- Widening the relationship with third sector organisations does not always have to be about grants or contracts; dialogue and contact are important to the sector too.

	<i>Key action areas</i>
<i>Two</i>	<b>Improving communication and influence</b>

Third sector organisations' perception of their ability to influence local decisions was more strongly related to NI7 scores than anything else. Consultation is one of the main vehicles for influence, so getting consultation right is a key to increasing the number of third sector groups and organisations that feel they are exerting influence on local decisions. The Office of the Third Sector has published a guide to improving consultation with the third sector which can be accessed at:

[www.cabinetoffice.gov.uk/third\\_sector/consultations/improving\\_consultation.aspx](http://www.cabinetoffice.gov.uk/third_sector/consultations/improving_consultation.aspx)

The Compact between government bodies and the third sector ([www.thecompact.org.uk](http://www.thecompact.org.uk)) is a key reference point on consultation principles, as well as on related matters such as shared values between the sectors, equality and diversity, social and economic inclusion, funding and contracts and third sector input into policy development. The Compact sets out the key undertakings which the government has agreed with the third sector on these issues. Although the Compact is voluntary, there is an expectation that government will uphold the commitments

made in the Compact. The sector advocacy programme will advocate on behalf of third sector organisations who feel that they have not been treated in accordance with the Compact.

Checking out how well the Compact is working in your area might be a good starting point for improving consultation practice, looking particularly at adequate time and a transparent process for consultation. Other aspects to address include:

- making sure the process is open to all the groups and organisations that might be affected;
- making sure you are asking people their opinions on items that they can have some influence over;
- using plain English, and translation where needed; and
- making sure that all respondents know what has happened as a result of the consultation.

The belief that local statutory bodies value the organisation and respect its work were important factors correlating with NI7 scores – the third and sixth strongest factors.

The view that the third sector forms of a public authority is not just through formal partnerships, support or consultations but also through the day-to-day relationships, attitude and skills of front-line staff.

Local authorities and other large local organisations come into contact with a vast range of third sector organisations. All these relationships could be made more positive and rewarding by better communication. For example departments could set out guidelines for all their staff on how to be more aware of the nature and needs of the third sector, how to communicate better with them and how to show that value is being placed on their activities.

#### **Box 5: Representing the sector**

'Third sector representatives carry far more weight with LSP partners when they are accountable to the wider sector, and they have greater legitimacy when they have consulted and communicated widely ... Representatives with an authoritative voice... strengthen the sector's participation in LSPs, enabling partners to:

- use the experience, knowledge and skills of local groups to help design and deliver more effective services;
- achieve a better quality debate at local level on the relative values of giving grants and commissioning services, as well as on the value of transferring local authority assets;
- create an environment within which third sector organisations can engage in active planning with the statutory sector;
- strengthen relationships and enhance collaboration.'

Source: Communities and Local Government (CLG), Office of the Third Sector (OTS) and National Association for Voluntary and Community Action (NAVCA) *Principles of Representation*, CLG 2008

#### **Box 6: The need to follow up**

'In this county there were many consultations around establishing the new unitary authority but people who were consulted did not know what happened to their views. It felt like ... they had been consulted on things that they could never influence.'

'As a CVS [Council of Voluntary Service] we were so busy we thought everyone knew who we were. It was quite a surprise to discover that certain groups were not making use of us because they did not know who the CVS were or what they had to offer.'

Source: Focus group participants from community groups and Councils of Voluntary Service

	<i>Key action areas</i>
<i>Three</i>	<b>Bringing hidden contact alive</b>

Current direct dealings with any local statutory body greatly increase the chances of a third sector organisation giving a positive response on NI7. This was the second strongest driver according to Ipsos MORI's analysis. However the level of current direct dealings also increases the chance of a third sector organisation giving a negative response to the indicator question. This suggests that while a good central strategy at the LSP level is vital, it is not a substitute for positive and high quality direct relationships between every public sector agency and third sector organisations large and small. Relationships with councillors are also part of this role.

There is an interesting parallel between the fact that the majority of third sector organisations do not feel that local public bodies have a positive influence on their success and the fact that the majority of third sector bodies do not access help from another third sector body. In both cases a wide swathe of the organisations are likely to be overlooking a variety of forms of indirect

help. They may be using community buildings, facilities or advice which are provided by the local authority, and benefiting from services provided or policies negotiated by the local infrastructure organisations, without paying much attention to how these things come about.

Thousands of third sector organisations make use of council amenities and services without thinking of this as 'contact' with a statutory organisation. Often the council may be equally passive about ensuring that its amenities convey its own positive identity and support. Yet use of council amenities is probably the largest regular interface with the sector.

Some council venues are run on their behalf by third sector organisations themselves. In these cases, users are benefiting from both council support and support from other third sector organisations – but may not have thought much about this when answering the survey questions about support and contact.

Third sector organisations without premises of their own – the great majority – rely on cheap or free meeting space at council-run or council-supported venues such as community centres, village halls and sports clubs. This is a fundamental contribution to the groups' ability to function – but doesn't seem to be reflected in the survey results.

Equally the council and other public bodies may take for granted the fact that these groups and organisations knit the community together and provide a host of activities for the welfare and

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enjoyment of local residents, without which the council's job would be impossible. More recognition and appreciation on both sides could go a long way to change this unnoticed interdependence into a sense of active collaboration.

Both authorities and third sector bodies who run public amenities could consider these actions:

- Encourage staff to express appreciation on behalf of the authorities about what the groups are doing, and create opportunities to discuss ideas for improving the relationship. For example managers of local venues used by community groups could hold periodic open meetings for all users to discuss how the venue serves their needs.
- Ensure that there is a genuine listening voice in the authority to pick up suggestions, and with scope to follow them through.
- Inject this ethos into staff inductions and job descriptions, for example by including reference in these to fostering cooperation with local third sector organisations.
- Make sure that leaflets and literature connected with the venues convey the message that these facilities are a major part of the authority's support for the sector, and that the sector's work is highly appreciated.

	<i>Key action areas</i>
<i>Four</i>	<b>Supporting the whole sector, especially smaller groups</b>

The condition of the community sector, both the registered and unregistered groups, is important to the health and well-being of localities in multiple ways.

Having wide networks of community groups helps overcome isolation, maintain health and facilitate residents' participation in local governance (Putnam, 2000; Home Office, 2004). Local authorities, health authorities, housing associations and other bodies therefore support this part of the sector through various forms of community development, either carried out by their own staff or commissioned from third sector infrastructure organisations (Lifelong Learning UK, 2009).

Small groups undertake a range of activities to deliver the impacts above. For example they offer support to people in their community,

fill gaps in service provision, bring people together from different races or faiths, help their community take control on issues that affect them and help people influence local decision-making. Typically these organisations do not tend to bid for contracts to deliver formal services, though some of the larger ones might negotiate a service level agreement. Also included in this part of the sector would be many small organisations which are not registered charities, operate informally and have a low profile other than in their immediate area. Support in the form of advice, encouragement, help and possibly small grants is important for the smaller groups and organisations.

It is possible to see to what extent the survey has captured the views of small organisations. To judge by the levels of income and number of employees (see Boxes 7 and 8) a large proportion of survey respondents were small community groups. However as explained in the 'Looking at the survey' section (p.10), when the survey was being developed it became clear that it would not be possible to reach all of these organisations if the sample frame was to be comparable across all local areas. It is essential to keep this in mind when looking at the survey results. It is acknowledged that a whole stratum of thousands of small groups will unavoidably have fallen out of the scope of the survey method. OTS is continuing to investigate the nature and extent of unregistered groups, and the Third Sector Research Centre is also conducting studies of this stratum of activity (McCabe and Phillimore, 2009).

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Does the absence of the unregistered groups mean that the survey is unrepresentative of the community sector, and therefore irrelevant to local strategies for community engagement, involvement and empowerment? Not at all. Almost two-thirds of the respondents to the NSTSO are community sector organisations. This can be seen by the fact that they have a local focus, extensive activity and volunteers but little income and few or no paid staff. The information gathered here on the community sector alone is much greater than is available from any other source.

Even though the survey probably underestimates the size of the community sector, it captures a vast amount of information about its nature. Most unregistered organisations are likely to have a great deal in common with registered organisations which have no employees and little money.

With the cross-tab facility at [www.nstso.com](http://www.nstso.com) you can, at national level, separate out the information on the community sector from the results as a whole, on the basis of income or employees. You can then compare and contrast them with the results for larger third sector organisations. For example, organisations with incomes of less than £25,000 a year scored only 12% on the NI7 indicator, as compared with 21% for organisations with more than £25,000 a year. The level of satisfaction with support available in the local area (whether from statutory bodies or from other third sector organisations, Q18) was the fourth strongest

factor correlating with the indicator score. This shows that there could be a need to target support to smaller organisations to improve the health and well-being of localities and deliver the impacts set out at the start of this section.

Local authorities should consider how they can provide more effective community development support, either directly or through third sector facilities, to build up the strength of local community groups. This could be by better training for community development or use of a wide variety of empowerment techniques, strengthening community groups to build up social capital, community cohesion and community influence (CLG, 2008).

Given pressure on resources, it may be possible to spread such techniques further through their use by other front-line workers, guided by expert staff (Homes and Communities Agency (HCA), 2009).

The survey contains more information than we have ever had before on the community sector, and 56% of respondents had no staff and little money. These organisations are likely to be similar in many respects to unregistered organisations.

**Box 7: Locating community groups within the third sector survey****EMPLOYEES (Q30)**

56% of organisations have no (full-time equivalent) employees

8% have one

6% have two

9% have three to five

6% have six to ten

11% have more than ten

**INCOME (Q33)**

86% of respondents stated the overall annual income of their organisation. Of these 58% were below £25,000 a year and 42% above. Those below scored 12% on NI7 compared with 21% for those above.

**HOW LOCAL? (Q8)**

Two-thirds of respondents are locally focused

34% of organisations say the main area they work in is their neighbourhood

33% say their local authority area

31% say regional, national or international

**Box 8: Income of third sector organisations (Q33)**

5% of respondent organisations have no income

9% have between £1,000 and £2,000 a year

9% have between £2,000 and £5,000

13% have between £5,000 and £10,000

13% have between £10,000 and £25,000

9% have between £25,000 and £50,000

8% have between £50,000 and £100,000

13% have between £100,000 and £500,000

7% have over £500,000

	<i>Key action areas</i>
<i>Five</i>	<b>Improving the funding relationship and economic dimension</b>

A cluster of concerns with grants, contracts and financial guidance are the seventh, eighth and ninth strongest drivers of the NI7 indicator score.

Society rests on two types of economy: the economy of money and the economy of unpaid work, volunteering and mutual aid. The third sector plays a role in the monetary economy, through social enterprises and other trading activity. The NSTSO finds social enterprises scoring higher than average: 20% positive on NI7 (compared with 16% average). But they also scored higher on the negative: 20% (compared with 14%). In other words, social enterprises show lots of satisfaction and dissatisfaction about their relationship with statutory bodies, and less 'neutrality'. Between the two, 40% of respondents in this category are either getting or looking for a good relationship. Further analysis

of social enterprises' responses to the survey will be published by Ipsos MORI and can be accessed through the Office of the Third Sector website ([www.cabinetoffice.gov.uk/third\\_sector.aspx](http://www.cabinetoffice.gov.uk/third_sector.aspx)).

Authorities need to maintain and improve this relationship through high quality commissioning. IDeA is working with national third sector organisations to develop a programme of training and advice for organisations of different types on how to make the most of commissioning opportunities (see IDeA, National Programme for Third Sector Commissioning, [www.idea.gov.uk/thirdsector/](http://www.idea.gov.uk/thirdsector/)).

Volunteering, whether for a small or large organisation, is a largely hidden but vital contribution to the local economy. The third sector is the main vehicle for mobilising volunteering. The 56% of respondent organisations with no full-time equivalent staff are likely to have a number of volunteers. This is almost certain to be equally true of most unregistered organisations. Apart from a small number of very large organisations which deploy hundreds of volunteers, small organisations with few or no staff mobilise as many volunteers as organisations with relatively large staff establishments. This hidden contribution to the local economy needs to be valued by authorities.

Public authorities help build the sector's special contribution to the local economy through both grants and contracts. Third sector organisations which deliver specialist services need clear contracts and fair opportunities to bid for the work in the open market. Community groups,

however, operate a mutual aid economy and only seek grants to help with related cash costs. So far from being 'grant-dependent', they are mostly only looking for a fraction of the value of the activity they deliver.

Ironically, small grants are therefore often the most cost-effective form of financial assistance. But because this is little understood, they are also often the first thing to be trimmed. It is important to look at the full value of grants and contracts in terms of both public service and mutual aid outcomes when making decisions about supporting the sector.

Decision-making on financial aspects of third sector activity should also link strongly with influence, communication and consultation. Third sector bodies need to be given the opportunity to share in decision-making when times are hard just as much as at other times. Experience within the sector is an important consideration to help ensure that maximum value is obtained from limited resources. And the survey shows that groups and organisations are not simply looking for money from the authorities – what they value is clear processes, advice and guidance around grants and contracts.

#### **Box 9: The complementary functions of grants and contracts**

Brighton and Hove City Council (BHCC) delivers a £1.5 million a year programme of discretionary grant funding to support small, medium and large voluntary and community organisations. The programme is critical to support vital services in the city and also represents a commitment to supporting a vibrant and independent third sector. BHCC has also commissioned a programme of community development activity to the value of £350,000 to support the development of projects, groups and activities in response to locally identified need.

BHCC also procures over £25 million in contracts from the third sector. A strategy to support social enterprise in the city has been developed, and moves are under way to develop an asset transfer strategy.

'There is a need to ensure that a sensible balance can be struck between grants and contracts to ensure that we can continue to play to the strengths of the sector in terms of supporting independent endeavour that will explore new ways of working and that will add value.'

Source: Brighton and Hove City Council and Brighton and Hove Community and Voluntary Sector Forum, via IDeA Communities of Practice website

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# Annex A: Improvement checklist

This list summarises the main suggestions in the booklet in the form of questions about what you (a local authority, LSP or partners) may decide to do, and can be used to monitor key points in your local plan of action to create the right conditions for a thriving third sector.

## 1. Strengthening partnership working

### *Driving force*

- Is it clear who is driving forward the NI7 agenda in your local area? If not consider raising the issue on the agenda at the LSP or most relevant Local Area Agreement (LAA) theme board.
- Do you have or can you obtain representatives or contacts across all the relevant agencies? Use the Compact as a means to engage wider membership, perhaps inviting relevant partners to join the Compact steering group (if it exists).
- Is there a timetable for action?

### *Getting the story straight*

- Are you familiar with the survey? If not, look at [www.nstso.com](http://www.nstso.com)
- Have you analysed the survey and made an initial assessment of the local results, the national results and their relevance in your locality?

- Are you clear:
  - that the national figures are important to understand local processes;
  - that the dynamics of the sector overall are more important for local strategy than small differences in the score between one local authority and another;
  - that although unregistered groups are an important part of the sector, they could not be included in the survey;
  - what the survey is not attempting to do, to avoid the wrong expectations?

### *Mobilising partner agencies*

- Have you set up cross-sector or bilateral meetings with both public sector and third sector partners to discuss, compare and jointly plan what to do regarding NI7, or incorporated this in the agenda of other meetings?
- Have you asked each public agency to review its relationship and range of contacts with the third sector?
- Are you aware of what other local authorities in your region are doing to create a better environment for a thriving third sector, and have you considered sharing information or collaborating? If not, consider joining the IDeA's online third sector community of practice ([www.communities.idea.gov.uk/welcome.do](http://www.communities.idea.gov.uk/welcome.do)).

## 2. Improving communication and influence

### **Communication**

- Have you made use of all appropriate media to mobilise action around NI7, such as newsletters, local press, local radio or leaflets at public venues?
- Have you considered using websites and email lists to reach some groups and individuals better?
- Have you ensured that third sector organisations which benefit from your amenities or support can effectively communicate back to you through those facilities and are heard and responded to?

### **Consultation**

- Do you and your partners take account of national and local Compact guidelines? ([www.thecompact.org.uk](http://www.thecompact.org.uk))
- In consulting third sector organisations do you and your partners make clear the scope and limitations for them to influence your service? One way to do this would be to circulate the learning framework for boosting these skills developed by the HCA, and to get in touch with the HCA about courses that are likely to follow from this ([www.hcaacademy.co.uk/empowerment-skills-for-all](http://www.hcaacademy.co.uk/empowerment-skills-for-all)).
- Do you feed back the results of consultation so that third sector organisations know what happened to their views?

## 3. Bringing hidden contact alive

- Have you taken steps to ensure that all staff who interface with the third sector understand the value of cultivating a positive relationship with it?
- Have you ensured that staff of amenities and facilities that you provide for third sector organisations are transmitting a more active sense of your relationship with user organisations?
- Are elected members fully involved in the overall strategy and dialogue with third sector organisations in their ward?

## 4. Supporting the whole sector, especially smaller groups

- Have you considered whether you are providing sufficient community development support, either directly or through third sector projects, to build up the strength of local community groups?
- Have you considered how strengthening networking amongst community groups could contribute to wider social capital and community influence?
- Have you considered how community development techniques could be spread further through other front-line staff?

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## **5. Improving the funding relationship and economic dimension**

- Have you done everything you can to ensure that your funding and contract arrangements in relation to the third sector are as fair and transparent as they can be?
- Have you ensured that there is an appropriate balance between grants, contracts and service level agreements?
- Have you ensured that help and guidance is available to groups and organisations at all levels to understand the funding/contract arrangements and use them appropriately?
- Have you ensured that where grants or contracts are declined, useful feedback is given and communication is maintained?

# Annex B: Acknowledgements and references

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