

Measuring a Thriving Third Sector – feasibility and development work Specification

Introduction

1. The Office of the Third Sector (OTS) is seeking to commission a development and feasibility study to recommend indicators and measures of a thriving third sector. (See Appendix 1).
2. It is also seeking suitable indicators and measures of (a) the quality of funding relationships and (b) the quality of consultation/engagement between the third sector and local statutory bodies. This could help inform Audit Commission's new Comprehensive Area Assessments (CAA).
3. These aims are summarised in Appendix 2. The feasibility and development work should recommend suitable indicators and measures, and also the proposed methodology for measuring them.
4. OTS would like specific consideration given to the development of a new bespoke local survey of third sector organisations (TSOs). The proposed indicators could also be measured using existing data sources or through a new survey of citizen's perceptions, and these could be explored. But the majority of effort should be spent exploring proposals for a new survey.
5. The OTS definition of the third sector is given at http://www.cabinetoffice.gov.uk/third_sector/about_us/ and it is intended that this work will exclude housing associations.
6. The proposed indicators should relate to local authorities. Ideally it would also be possible to combine the associated measures at the LA level to give a national picture.
7. Where possible the work should be coherent with other pathfinder research, in particular Northern Rock Foundation's development work in the North East and Cumbria.

Outline of a proposed local survey

8. The local survey of TSOs should be conducted in all 150 upper tier councils¹ in England and provide measures for each of these LAs.

¹ The upper tier refers to unitary, metropolitan and county councils (not district councils)

9. We envisage one centrally administered survey, rather than one run by each local authority separately. This is to cut down the measurement burden on LAs, to increase comparability between LAs, and for cost-effectiveness. However, LAs and other local bodies may be involved eg in providing a means of accessing TSOs for the survey, in promoting TSOs' engagement with the survey.

Outline of Phases I and II

10. The work will be composed of two phases. The first phase of this work will explore, evaluate and recommend possible indicators, and develop, test and evaluate suitable questions/ways of measuring:
 - a thriving third sector;
 - the quality of the funding relationship; and
 - the quality of consultation.
11. It will also suggest and develop suitable and simple ways of classifying organisations for analytical purposes.
12. Phase I will also evaluate and recommend robust methodology. For the local survey this will include how to sample local TSOs, including investigating sampling registers (national, regional and local), and recommending coverage, sample and research designs, and modes of data collection.
13. Phase II will be a small pilot survey of around 450 TSOs, to take forward an agreed shortlist of measures, sampling registers and data collection methods to test their feasibility, establish indicative baseline measures, evaluate the quality of contact information on registers, and test alternative modes of contact and data collection. The evaluation criteria will include factors such as response rates and cost effectiveness.
14. Phase I is to report by 6 September 2007, and Phase II by 15 November 2007.
15. The proposed main survey, which will be subjected to a separate tender exercise, is expected to be conducted in Autumn 2008, and this should allow comparisons between local authorities. The survey would be repeated 2 years later in Autumn 2010 to monitor change over time on these indicators within local authorities.

Policy Background

OTS activity

16. The third sector plays an increasingly important role in both society and the economy. The OTS has been set up to drive forward the

Government's role in supporting a thriving third sector. The third sector includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

17. The OTS works as an advocate for the third sector across government. For instance, it works closely with Communities and Local Government (CLG) on embedding the role of the third sector in building stronger communities and delivering local services.

Thriving local third sector indicators

18. As part of CSR 2007 we are looking at ways of measuring the state of the local third sector and relationships between the sector and local statutory bodies. This could help inform the Audit Commission's Comprehensive Areas Assessment and the Local Government Performance Framework.
19. This indicator will focus on a thriving third sector. One of the issues the feasibility study will need to explore is how a thriving third sector can be defined, and it is anticipated that this will be measured through perceptions questions eg about third sector satisfaction with the local area as a place to operate in, or simple-to-answer questions on resources. The contractor should explore suitable indicators.
20. It should be noted that the OTS is separately considering developing a local performance indicator on volunteering. This would be measured through a local citizen survey, and is outside the scope of this development work.
21. OTS is also separately considering ways to collect hard information on 3 year funding through LAs, LSPs etc., and this also out of the scope of this study.

Comprehensive Area Assessment

22. In parallel with the OTS, the Audit Commission is developing a new Comprehensive Area Assessment² (CAA) which will take over from the Comprehensive Performance Assessment (CPA) of local government in 2009.
23. The feasibility study will need to develop indicators and identify possible measures around the quality of funding relationships and of consultation/engagement with the sector.

² For more information see <http://www.audit-commission.gov.uk/cpa/cpatransition.asp>

Aims of Phase I of the development work and feasibility study

24. The work will explore, evaluate and recommend possible indicators of local third sector activity relating to:
 - a thriving third sector;
 - the quality of the funding relationship; and
 - the quality of consultation.
25. These must meet government guidance on developing effective performance indicators (see Appendix 1).
26. It will develop, test and make recommendations about suitable measures and questions for the proposed indicators. Phase I exploration and testing should use qualitative/cognitive methods rather than quantitative ones.
27. These measures should be: practical to operationalise, and meaningful to a range of TSOs, relevant to the indicators, and meet the analytical requirements of the performance frameworks.
28. It should be clear how local policy levers could impact on these measures.
29. Phase I will also suggest and develop simple ways of classifying organisations for a local survey. This may draw on information held in existing registers or collect compatible information through short and simple questions. The classifications should allow links to existing data sources for statistical extrapolation, but may not be comprehensive.
30. Phase I will also evaluate and recommend robust methodology for measuring these indicators, including detailed proposals for a local survey. The requirements for this work are described in detail in the following section, and include investigating sampling registers (national, regional and local), and recommending coverage, sample and research designs, and suitable modes of contact and data collection. A shortlist of these methods will then be tested in the Phase II pilot survey.
31. It will suggest ways of obtaining local buy-in to the survey, creating interest, and maximising the engagement of local bodies and TSOs. These could be evaluated in Phase II.
32. The suggested methodology for measuring the indicators:
 - must be robust with the capacity over two years to measure real change;
 - must allow comparability between LAs, and within LAs over time (Autumn 2008 and Autumn 2010);
 - must minimise burdens on LAs or other bodies, or have benefits that encourage their participation;

- must represent value for money (the cost of producing the indicators and cost of covering a wide range of TSOs should be acceptable relative to the benefit of the information collected);
- must be achievable in practice over the timescale outlined; and
- allow simple comparisons between different types of TSO, though these may not be statistically significant at the local level.

33. We intend to keep any survey questionnaire short and simple to complete eg up to 15 questions.

Methods for use in Phase I

34. It is envisaged that Phase I will use the following methods:

- Desk reviews of existing studies and registers. For example, on local indicators related to the health of the sector; effective local survey designs including under the radar organisations and social enterprises; registers/local lists as sampling frames;
- Consultations as required eg with holders of registers of TSOs locally and nationally (and possibly regionally); with Audit Commission, Government Offices for the Regions (see Resources section), and local bodies.
- A quantitative evaluation of the potential for coverage of different types of organisation including those below the radar, and an estimation of the work and cost involved;
- Focus groups/cognitive/qualitative interviews with TSOs or other bodies. Tenders should state how much fieldwork will be done and show the costs separately;

Sample and survey design considerations

35. The feasibility study will need to explore options for, and propose the optimum method of measuring the thriving third sector indicator through a local survey of third sector organisations which is expected to be administered centrally. The study will need to consider the following sample and survey design issues and requirements in detail and suggest the most appropriate approach. This will involve desk research, consultations and desk-based evaluation of lists in Phase I, and quantitative piloting in Phase II, leading to recommendations.

36. It is critical that the methodology will be fit for the purpose of comparing LAs and monitoring change. It should identify real change as significant, and distinguish it from change arising from other possible causes (eg changes over time in the comparability of the samples/or in the composition of the panel if a longitudinal design is chosen).

Sampling frame

37. The new survey would require a locally representative design such as cannot be met through the State of the Sector Panel Survey, although

the Panel is available for questionnaire development purposes (see Resources section).

38. The feasibility study should consider various options for a sampling frame and drawing the sample. Thought should be given to the inclusion of unregistered organisations and social enterprises. These could include databases from the Charity Commission, the lottery or other national lists, or other regional and local lists. This must allow indicators based on surveys from the frame to be comparable between LAs and over time. Possible approaches to including these need to be considered eg based on Area Profiles work. These options and combinations should be evaluated and compared, and lead to recommendations. Criteria for assessment include:
- Timing: Is the database available for use now? Will it be ready for Autumn 2008?
 - Accessibility of lists in all 150 LAs.
 - Cost/burden of compilation
 - Coverage and omissions, added value of combinations
 - Quality of contact information available; this will have a significant impact on fieldwork costs
 - Implications for analysis of indicators.
39. Where national/regional lists are considered, the study might suggest proposals for how to capture branches as well as head offices, and how to deal with organisations operating in multiple areas.
40. Where local indicators are considered, which agency is to lead on the local identification of organisations?

Survey design

41. The work should include an evaluation of the case for a repeated cross-sectional or a panel design; and for random or quota sampling. This should reflect recommendations regarding coverage and possible sampling frames, and desk research on response and attrition rates.
42. A recommended design that satisfies the measurement needs should be specified in detail.
43. The study should recommend sample sizes and, for random samples, it should consider the sizes required for statistically significant analysis of the proposed measures (comparing LAs and for tracking change).
44. If a panel study is proposed, consideration should be given to births and deaths, attrition, and understanding the impact of attrition on estimates of change.

45. If a quota method is used, how would the quota be defined and how would this operate? ³ This approach should be evaluated against random sampling methods, based on the options for sampling frames and the proposed indicators.
46. Survey responders would ideally be identifiable so that details from the sampling registers can be used, and non-response bias might be factored into estimates.

Method of administering the survey and response rates

47. The feasibility study should explore the different options for administering the survey: postal (with telephone and/or postal reminders); Internet; telephone etc. This will include an evaluation of the quality of contact information (e.g. telephone numbers for 'named' contacts; personal e-mail addresses). Quantitative assessment should be conducted under Phase II.
48. It will need to estimate response rates, explore the implications of the recommended approaches on response rates and describe how the response rate will be achieved. This will require a review of existing work in Phase I and piloting in Phase II.
49. Phase II should allow for all reminder stages and any hybrid forms of data collection to be tested, so that response rates can be compared on a fair basis.
50. The possibility of using the Internet to administer the survey should be explored, possibly in conjunction with other methods.

Phase II - Pilot

51. Although the findings from Phase I may suggest other forms of data collection or analysis of existing data to measure these indicators, Phase II will be a pilot of a local survey which is largely perceptions-based.
52. The pilot will need to test out all stages of the proposed local survey: samples, response rates, questions, and to indicate broadly what estimates we might expect as baseline measures, what degree of change is expected and, where relevant, what suitable targets would be.

³ For example, the BVPI requires a fixed number of responses (1,100 residents) in each Local Authority irrespective of the size of the LA. Sampling continues until this number is reached 1,100, regardless of whether the corresponding response rate is 100% from 1,100 people or 50% from 2,200 or 30% from 3,300. www.bvpi.gov.uk

53. To draw a sample at the pilot stage, it would be preferable to use lists along the lines proposed as sampling frames. The cost of any paid-for frames should be shown separately.
54. The size of the pilot is set at 450 to enable comparable costings from tenderers (see Costs section), but it will be finalised following recommendations from Phase I.
55. The pilot will need to consider the questionnaire length, the optimal number of closed questions and scope for any open questions; the appropriate format for the survey; the use and content of a covering letter, and who will be answering the survey etc.
56. The output should include an assessment of different data collection modes, with an evaluation of the response achieved (including subjective assessments of data quality) and the numbers of responses, non-contacts and refusals associated with various stages of reminder/follow-up. We would like indicative estimates of the relative response rates for different modes of data collection. To allow response estimates according to these modes to be comparable, pilot fieldwork windows may need to be extended beyond the timetable for final reporting on Phase II. In this case, an update on the report will be required.
57. Consideration will need to be given to the scale which will be used for measures of perception them, and to the degree of variation in measures between TSOs.
58. The pilot should gather evidence for the evaluation of alternative questions eg by looking at correlations between them, and with other existing data eg on the sampling frame.
59. A permission to recall question should be added.

Outputs

60. Following initial consultations with OTS, Audit Commission and CLG to clarify the needs around the indicators, the study should deliver the following outputs at these stages:
 - **Interim Phase I review:** focuses the direction for more detailed investigation. Outputs should be a short paper and presentation of approaches/findings for discussion and decisions. Then in consultation with OTS, Audit Commission and CLG, the direction for the next phase will be agreed eg establish whether suggestions would be fit for purpose, and which to take forward for more detailed investigation. Round tables of other experts could also be considered.
 - **Phase I end review:** written report evaluating and recommending indicators, questions and a detailed methodology for measuring these

indicators successfully; and a proposal for what could be piloted at the next phase. There will be a presentation to OTS, Audit Commission, and CLG for discussion of recommendations, and for decisions on what to pilot or take forward in another way.

- **Phase II – pilot:** Outputs comprise a written end report as well as a review meeting to suggest the best indicators/measures, approaches and methodology. An update may be required to allow full testing of response rates.

Resources available

61. We retain a statistical advisor/survey sampling methodologist and analyst who will be available to give advice to the project team's own sampling/survey design members. The advisor has expertise in PSA indicators, survey design (including panels), sampling and weighting methods, and quantitative analysis. Bidders who wish to use this expertise are invited to agree a number of days for input. This should be made clear in your costing. Contractors are advised that OTS will consult with this expert in evaluating the findings of Phase I and II of the research, and in interim meetings/discussions.
62. Although the State of the Sector Panel is not suitable for a new local survey, Panel members may be approached for Phase I indicator and question testing work. The cost of selecting a sample for this and obtaining contact details from the Panel survey contractor will be covered by OTS and should not be included in your costs.
63. Audit Commission contacts would be available to the successful bidder for discussion in developing suitable indicators that may help inform the CAA.
64. CLG and OTS have contacts in two Government Offices whom we would like to have consulted.

Criteria for those wishing to tender

65. Given the nature of the brief, we expect to appoint a multi-disciplinary research team. We are happy to receive tenders from consortia or partnerships, but our funding agreement must be with a properly constituted body. Tenders from partnerships and consortia must include clear governance arrangements and clarity about ultimate responsibility of work.
66. Those wishing to tender must have a demonstrable track record in undertaking similar research projects with the voluntary and community sector.

67. The project team needs to have a track record of proven knowledge and expertise covering all of the following:

- The voluntary and community sector/Third Sector
- Local Government performance
- Question development and testing
- Sampling and survey design, and analysis of quantitative survey data
- As well as the ability to work together well as a team and a willingness to work with an advisory group and other stakeholders

Tenders

68. Tenderers should include the following information in their bid. This is in addition to specific issues identified elsewhere in this specification.

- a. Understanding of the policy context and the purpose and scope of the research requirements
- b. Precise nature of the work proposed. This should cover:
 - consideration of the suggested research design
 - any suggestions to enhance the elements proposed in the approach described, including a justification for the approach and methodology
 - explanation of how the proposed approach will meet the objectives of the research
 - an assessment of the main risks and challenges foreseen and how they will be tackled
 - expected outcomes from the research (including timescale)
- c. A description of how you will manage and monitor the work
- d. Details of quality assurance arrangements
- e. Any potential conflicts of interest.
- f. The names and relevant experience (including CVs) of the researchers involved, the number of days they will spend on the project and their responsibilities within it;
- g. Which parts, if any, of the project will be sub-contracted, details of the subcontractor and the number of days they will spend on it.
- h. A timetable;
- i. Details of costs.

69. Tenders will be evaluated against the following criteria:

- a. Track record of proven expertise and knowledge within the project team as described above.
- b. Understanding of the policy context and requirements and development of appropriate proposal
- c. Ability of the proposed work to provide outputs which meet the requirements for local indicators

- d. Ability to meet the timescale
 - including the first deadline which will be 6 September 2007
- e. Value for money
- f. Overall quality of the proposal

Costs

70. The total cost of the project should exclude VAT and a detailed breakdown should be provided showing
- Day/hourly rates for each project team member to be involved in fulfilling the contract
 - Costings for different stages of the work to be undertaken with fieldwork costed separately (see below)
 - Costs should include meetings and consultations.
71. Costs should be broken down by:
- Phase I project team time and costs
 - Phase I fieldwork costs: cognitive/qualitative indicator setting/question testing work
 - Phase II project team time and costs including designing, managing, and reporting on the pilot survey
 - Phase II costs of any paid-for sampling frames (please specify)
 - Phase II fieldwork costs: eg of fieldwork company to administer the questionnaires and producing datasets. The exact nature and size of this phase will be determined after Phase I has reported. Fieldwork costs should be estimated on the following basis for comparability between tenders: obtaining a sample of 450 TSOs with equal numbers (150) subject to an a) all postal, b) all telephone, and c) all email survey.
72. Tenderers are encouraged to present a summary table showing the cost breakdowns above.

Questions seeking clarification

73. Questions seeking clarification of the nature of the work, or the interpretation of the tender documents, should be addressed, in writing, to Baljit Gill at Third Sector Research Team, Communities and Local Government, 6/K10 Eland House, Bressenden Place, London, SW1E 5DU, or by email to baljit.gill@communities.gsi.gov.uk. The deadline for questions seeking clarification is noon on Tuesday 24 July 2007.

Registering interest

74. Those intending to submit a tender are asked to register their interest by email with Baljit Gill so that responses to any requests for clarification and any updates may be circulated anonymously to all.

Submitting bids

75. Organisations that meet the criteria are invited to submit tenders by **12 noon on Monday 30 July 2007**.

76. Four hard copies of the bid should be submitted in an envelope clearly marked **Tender for Measuring a Thriving Local Third Sector** to:

Baljit Gill
Head of OTS Research Team
Communities and Local Government
6/K10 Eland House
Bressenden Place
London
SW1E 5DU

77. An electronic version of the bid should also be sent in an e-mail entitled **Confidential: Tender for Measuring a Thriving Local Third Sector** to:

baljit.gill@communities.gsi.gov.uk and
marianne.law@communities.gsi.gov.uk

78. It may be that a short-list of successful tenderers will be invited to present their proposal to a small panel. The date for this will be Friday 3 August.
79. As a guide, please aim to keep the content of your proposal to a maximum of 25 pages of A4, with further relevant information (e.g. CVs) included as appendices.

Timeframe

80. We aim to work to the following timetable as far as possible

Stage:	Date:
ITT issued on the OTS website	Thursday 12 July 2007
Deadline for clarification questions	12 noon Tuesday 24 July
Deadline for receipt of tenders	12 noon Monday 30 July 2007
Tender interviews (if applicable)	Friday 3 August 2007
Work commissioned and detailed discussion of the requirement	Monday 6 August 2007
Project initiation meeting	Monday 13 August (negotiable)
Phase I report received	Thursday 6 September 2007
Final report received	Thursday 15 November 2007

Project management

81. This project will be managed by the Third Sector Research Team in close collaboration with policy makers in the OTS.

Further Information

82. Further information

- For further OTS information, see www.cabinetoffice.gov.uk/third_sector/index.asp
- For further local government information, see <http://www.communities.gov.uk/>

83. If you would find it useful to contact us to discuss this OTS project, please contact :

baljit.gill@communities.gsi.gov.uk and
marianne.law@communities.gsi.gov.uk

Checklist for indicators

The following criteria are based on the requirements for indicators in the Local Government performance framework, which states that indicators should:

1. Satisfy criteria for robust indicators

HMT's CSR07 guidance provides the following advice on selection of indicators. Indicators should be

- Focused on outcomes, not inputs, outputs or processes
- Specific not vague
- Use robust data subject to quality control eg the suggested approach for measuring the indicators needs to be methodologically robust and to measure real change.
- Reflect departmental performance
- Allow comparison over time
- Be sufficiently accurate and reliable as to enable decision-making
- Be relevant to the departmental strategic outcome

And should not

- Create perverse incentives
- Be impossible for the Department to influence
- Aggregate different data that is not directly comparable

More specifically, indicators for the Local Government Performance Framework

- Should enable decision-making and target-setting through the LAA
- Should not be about enforcing statutory duties unless these are also a national priority
- Should not invite yes/no answers
- Should not be composites
- Should not be quality checklists

2. Be meaningful at the local level

- Data must be available at the appropriate spatial level eg local authority, or can be collected with minimum burden
- Indicator must make sense at the local as well as national level
- Should be useful for local managers to understand their performance in delivering outcomes.

3. Ideally also be suitable to be combined to give a national picture.

Appendix 2: Aims of a feasibility study looking at the state of the local third sector: what to measure and how to measure it (and what is out of scope)|





