



All Inclusive?

Third sector involvement in regional and sub-regional policymaking

By Michael Johnson and Katie Schmuecker

July 2009

Institute for Public Policy Research

Challenging ideas – Changing policy

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Registered Charity No. 800065

This paper was first published in January 2009. © ippr north 2009

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Acknowledgements

We would like to thank John Adams, Jenny Berry, Richard Caulfield, Jo Curry, Mike Kenny, Georgina Kyriacou, Rob Macmillan, Erin McFeely, Rick Muir, Carey Oppenheim, Judy Robinson, Jane Streather and Steve Woolett for their helpful comments on an earlier draft of this paper. However, the views expressed here remain those of the authors. The publication of this report has been made possible by generous support from ACEVO and Capacitybuilders.

Executive summary

Regions and sub-regions play an important, if often unseen, role in policymaking. Influential decisions linked to regeneration, planning, housing, economic development and the allocation of European funding are all taken at these levels by a complex web of quangos and partnerships. The Conservative Party has committed to abolishing some elements of regional governance while maintaining a streamlined version of Regional Development Agencies (RDAs). It has also emphasised the importance of sub-regions and city regions to economic development. It seems that these tiers of governance will remain in some form whoever wins the next general election.

Neither the Conservatives nor Labour have plans for direct democratic accountability at the regional or sub-regional level¹. Recent changes to give local government and Parliament a more central role are welcome, but they could be complemented with greater stakeholder engagement. The greater the plurality of voices present in decision-making processes, the greater the range of evidence and experience available to decision-makers at these levels.

Both the Government and the opposition have emphasised the part that the third sector should play in influencing policymakers generally. This report considers the third sector's role as a key stakeholder in decision-making at the regional and sub-regional level, with a particular focus on economic development. It draws on focus groups and semi-structured interviews conducted with third sector leaders and public policymakers, along with the results of an online survey. This survey was completed by 137 individuals from infrastructure and frontline third sector organisations. Respondents were more likely to be from organisations with a large turnover, and 93 per cent were already engaged at the regional or sub-regional level in some way. It is important to interpret the results presented here keeping in mind respondents were not a representative sample of the wider sector and were nearly all already active in some way at the regional or sub-regional level.

The report paints a broad-brush picture of engagement between policymakers and the third sector, depicting some of the challenges and opportunities. It concludes with a set of practical recommendations, both for the third sector and for the public sector, for more effective engagement.

Why focus on third sector engagement at the regional and sub-regional levels?

The regional and sub-regional levels are currently in a state of transition. Key regional changes include the establishment of Integrated Regional Strategies (IRS), which bring together economic development and planning, along with Local Authority Leaders' Boards, which will be jointly responsible with the RDA for drawing up the IRS. At the sub-regional level, the introduction of pilot statutory city regions in Leeds and Manchester is a key development. These changes present an opportunity for the third sector to ensure that it is actively involved as a key stakeholder from the outset.

Moreover, this research finds that at least a portion of the third sector views the regional and sub-regional levels as being important to their work: 86 per cent of respondents to our survey viewed these levels as important or very important to the work of their organisations.

1. Some sub-regions are coterminous with county councils where there is direct democratic accountability. It is sub-regions that cross local authority boundaries (for example, in many of the metropolitan areas) that are of particular interest here.

Yet despite this, over 60 per cent of respondents thought the sector was either not very well established, or not at all well established, in policymaking at these levels. Furthermore, 57 per cent found it not very easy, or not easy at all, to feed views in at the regional level, while 72 per cent thought this of the sub-regional level. This leads to three key questions:

- How open and responsive is public policymaking at these levels?
- How well organised and skilled is the third sector in seeking to engage?
- How effectively is current engagement communicated within the sector?

Already, there are examples of successful third sector engagement at the regional and sub-regional levels. Models are emerging that the sector can use as the basis of dialogue with the public sector at regional and sub-regional level, such as the North West Leaders' Board (4NW) and the Voluntary and Community Sounding Board of the Pennine Lancashire Leaders and Chief Executives (PLLACE). However, there is substantial variation in the way regional and sub-regional structures are emerging. Undoubtedly this flexibility is beneficial for achieving local buy-in, but it makes direct transference of learning difficult for stakeholders seeking to engage.

Respondents to our survey suggested that the third sector has an important contribution to make as a stakeholder. There is considerable consensus that collectively it offers decision-makers 'a greater understanding of community circumstances'. This implies a distinct perspective from which the sector can claim that its engagement will enrich the decision-making process. The challenge is to develop this into an evidence-based case for involvement. This offers a much stronger position from which to argue than a statutory duty to engage. However, experience at the local level suggests that statutory duties do have a role to play. Third sector engagement is generally better established at the local level, partly due to the requirement for third sector engagement with Local Strategic Partnerships, the duty to involve and the inclusion of third sector engagement as part of a performance management framework.

This research identifies three principal issues to address in order to improve engagement between the third sector and policymaking at the regional and sub-regional level:

- The governance of partnerships at these tiers is sometimes opaque and frequently difficult to navigate.
- The public sector wants to hear a more coherent voice from the third sector, which will require greater coordination and collaboration within the sector.
- Skills and capabilities for effective engagement need to be developed both by public sector officials and third sector leaders.

Issues and steps for the public sector

The public sector widely regards the third sector as a key stakeholder, but in this research public sector and third sector participants alike raised questions about how deeply rooted third sector organisations are as stakeholders. Typically, participants more keenly sought the engagement of the private sector. This may have been partly due to the focus of this research on economic development. However, public sector interviewees also claimed that the private sector has proved more adept at developing consensus over key themes and charging its representative bodies – such as the Confederation of British Industry – with delivering these messages.

This question of developing more coherent voice is a challenging one for the third sector. However the public sector's expressed desire to hear the voice of the sector also suggests

that there is a lack of understanding of the third sector and its diversity. There is a need, through training and induction processes, to increase understanding of the third sector – what we term ‘third sector literacy’ – among public sector officials.

Around half of the survey respondents felt well informed of policy development and decision-making at the regional and sub-regional levels. This proportion seems low considering that this was a highly engaged group, suggesting that transparency and communication are issues for the public sector at these levels. However, there are differences in opinion about how well informed infrastructure and frontline organisations consider themselves to be, raising a question about communication within the third sector. Recognising the limited resources of the third sector, the public sector needs to identify the means by which the third sector wishes to be engaged and should make it as easy as possible to do so.

Issues and steps for the third sector

When it comes to engagement, generic infrastructure organisations act both as an intermediary and as a filter between frontline third sector organisations and the public sector. This is a particularly important part of their remit at the regional and sub-regional levels. For smaller organisations with limited capacity, this can be their only realistic means of engagement.

In theory, generic infrastructure organisations offer a key route through which engagement should occur, but in practice there are two other means of engagement that cut across this model. First, some (usually larger) organisations deal directly with the public sector, and sometimes come to be regarded as a representative of the sector when they are not actually performing this role. Second, an array of specialist infrastructure organisations and networks has been established to work in particular policy areas, or with a particular group of beneficiaries. This adds to the complexity of the sector and to the public sector’s complaint of the lack of a coherent voice.

Diversity is one of the strengths of the third sector, but developing more transparent, simple and collaborative structures is likely to aid its engagement with the public sector. In this respect, large frontline third sector organisations, which often have greater capacity than infrastructure organisations, should work collaboratively with generic infrastructure organisations to coordinate activity. Furthermore, policy officers should be expected to make links to infrastructure organisations.

Generic infrastructure organisations, such as the regional forums, should continue to forge links with specialist infrastructure and thematic networks operating in their area. Where they have not already done so, they should audit activity and seek to lead a debate on streamlining, prioritising those areas that are most pertinent to the regional and sub-regional levels.

But the key debate for the sector must be how highly its wants to prioritise engagement at the regional and sub-regional level. Our research suggests that some organisations regard engagement as very important for their work. The question for these organisations must be how to ensure sustainability of the coordination and representation function currently provided by infrastructure organisations. The forthcoming squeeze on public finances, and the possibility of a future Conservative government that is unlikely to commit public money to support infrastructure organisations, make for challenging times ahead. This is particularly the case when we consider that funding and capacity are already acknowledged as presenting difficulties for infrastructure organisations, with feedback on the outcomes of engagement usually being the first casualty.

It is important that infrastructure organisations are able to provide evidence of their value, and the continued roll out of quality assurance and impact assessment is welcome in this respect. Such evidence enables infrastructure organisations to make a case for public sector support, through mechanisms such as Service Level Agreements. But relying only on the public sector to resource regional and sub-regional engagement would be precarious. Organisations should carefully test the market for delivering some of their services as a social enterprise. For example, there may be potential for policy officer posts to be funded by a consortium of frontline organisations working in the same policy area.

When it comes to engagement, people are as important as structures, and continuing to develop the skills and competencies of third sector leaders is integral to more effective engagement. Key areas for development identified by this research include:

- **Strategic skills**, described as:
 - honing shared messages
 - building strategic alliances, including with the private sector
 - scanning the policy horizon for emerging issues and priorities
 - looking beyond the immediate, local and day-to-day
 - clarity regarding which policy debates to enter, and why.
- **Influencing skills**, described as:
 - thorough understanding of where decisions are taken (in theory and in practice)
 - understanding and responding to small 'p' politics
 - measuring outcomes and impacts as the basis for building a robust evidence base
 - campaigning skills to develop and target key messages, providing a more coherent voice for the third sector.
- **Communication and interpersonal skills**, described as:
 - developing and sustaining professional relationships, importantly ones that are not premised on fund seeking
 - communicating professionally, concisely and persuasively.

Conclusions and recommendations

Ultimately engagement is a two-way process, and if the purpose of improving stakeholder engagement in economic development at the regional and sub-regional levels is to improve policy outcomes, then it is essential that this is a shared goal. Improving engagement must be a shared responsibility between the public and third sectors. While structures, processes and skills are important for this task, they will only develop engagement so far. Engagement is essentially about building relationships, requiring a deepened sense of shared understanding, mutual purpose, and the building of inter-organisational social capital.

We have identified a number of steps for the public sector, for the third sector and for them both collectively, in order to improve engagement at the regional and sub-regional levels.

1. Building engagement into structures

Public sector

- Whitehall should send a clear signal to the public sector about the expectation of engagement with the third sector along with other stakeholders. The existing 'duty to

engage' should be extended to a duty to involve stakeholders, and regional and sub-regional performance frameworks should include an assessment of stakeholder engagement.

- The non-departmental public body CapacityBuilders should prioritise engagement with city regions more highly and support this through its 'engagement with the public sector' stream of work.

Third sector

- The third sector should use the emerging examples of good practice as the basis for a dialogue about structures for engagement at the regional and sub-regional levels.
- Large individual third sector organisations should collaborate more with infrastructure organisations and feed in their expertise to thematic networks.
- Generic infrastructure organisations should audit and seek to streamline and coordinate thematic networks, focusing on the policy functions most pertinent at the regional and sub-regional level. Removing duplication will also result in better use of third sector organisations' limited time resources.
- Where it is of value to their work, third sector organisations should collectively buy the time of policy officers based in infrastructure organisations.

2. Supporting regional and sub-regional infrastructure

- There must be an open debate within the third sector about how high a priority regional and sub-regional engagement is, and how it can be delivered sustainably given the current uncertainties.
- The third sector and the public sector should develop Service Level Agreements (SLAs) between themselves to support and sustain third sector engagement.
- Infrastructure organisations should test the market for services, in order to explore the potential of social enterprise to generate sustainable income.
- Third sector infrastructure organisations should continue to roll out quality marks, performance management frameworks and impact assessments, and should introduce 360° appraisal to demonstrate the difference they make. To embed these ways of working, funders should require them.

3. Skills and competencies

- Training materials must be developed to provide both generic information about functions performed at the regional and sub-regional levels, and specific localised information about structures, processes and small 'p' politics.
- Programmes should be developed to deliver key skills to third sector leaders, particularly focusing on strategic skills, influencing and campaigning skills, and interpersonal and communication skills. Training and induction processes should be used to spread third sector literacy among public officials.

A key element of effective engagement is building social capital, shared understanding and shared purpose across sectors. The public and third sectors (along with the private sector) should organise joint activities and training to provide time and space for interaction. This should include developing a pilot programme drawing lessons from the Partnership Improvement Programme at the local level.

Glossary

CapacityBuilders – A non-departmental public body established in 2006. Its purpose is to support and develop the capacity of the third sector by improving the support available to the sector. One of its aims is to increase third sector influence in policymaking.

ChangeUp – A ten-year plan managed by CapacityBuilders to support frontline third sector organisations by building the capacity of infrastructure organisations to deliver sustainable, effective support services.

City regions – An area, usually centred on an urban core, that is defined by its functional economic geography as characterised by the labour market. A city region usually encompasses more than one local authority area, and might also be referred to as a sub-region. The first statutory city regions were announced in the 2009 Budget.

Frontline organisations – Third sector organisations whose purpose is to deliver services. The size of a frontline organisation can vary significantly, with larger organisations typically better equipped to engage with policymaking than smaller organisations.

Government Offices – With geographic boundaries that mirror the Regional Development Agencies, the Government Offices represent the 10 Whitehall departments across the regions of England. They deliver central government programmes, often in partnership with local agencies.

Infrastructure organisations – Organisations that provide services to frontline third sector organisations. One of their core functions often includes representing the interests of third sector organisations. They can either centre on a particular policy theme (specialist infrastructure organisations) or represent a broad spectrum of interest (generic infrastructure organisations). Infrastructure organisations can be funded through membership fees or from alternative sources.

Integrated Regional Strategy (IRS) – A new form of regional strategy that each of the nine Regional Development Agencies (RDAs – see below) is required to produce. Following three rounds of regional economic strategies, the RDAs are in the process of developing their first Integrated Regional Strategies, which will have a broader remit, covering economic, social and environmental objectives.

Local Authority Leaders' Boards – A board that will be established in each of the nine English regions to co-produce and approve the new Integrated Regional Strategies (see above). The instructions governing these boards allow regions flexibility over the sectoral composition of their membership.

Regional Development Agencies (RDAs) – Nine bodies that were established in 1999 to develop robust and sustainable economies across the regions of England.

Service Level Agreement (SLA) – A negotiated agreement between a service provider and a customer. The agreement is like a contract, but its terms are open to negotiation.

Third sector – A term used to group together organisations that fall in neither the public nor private sectors. This encompasses a wide range of organisations, including voluntary and community organisations, social enterprises, charities, cooperatives and mutuals.

1. Introduction

The regional and sub-regional tiers of governance play an important – if largely unseen – role in how England is governed. Their role is particularly significant in relation to economic development, setting the strategies and frameworks that shape communities and the priorities for investment (HM Treasury *et al* 2007). These are not simply technocratic decisions, but ones that directly affect the lives of people within the regions. As we grapple with the recession, these tiers of governance will have a role to play in shaping the foundations of our future economy, as well as the future development of our regions and sub-regions.

It seems that these tiers of governance will remain in some form whoever wins the next general election. In particular, there is cross-party consensus that the sub- or city-regional level has a key role to play in economic development (HM Treasury *et al* 2007, Conservative Party 2009). But there are difficult questions about the accountability of the regional and sub-regional levels, which are dominated by quangos and partnerships. Moves to strengthen the role of Parliament and local government are welcome in this respect, but these can be further complemented by including a wider range of voices in the decision-making process.

The third sector² could have a key role to play here, and both the Government and the opposition have emphasised the role that the sector should play in influencing policymakers generally. The Government's *Third Sector Review* made this clear when it set out some bold aims for the future of the third sector:

‘The vision for partnership over the next ten years is to ensure that third sector organisations are able to play a growing role in civic society, better engage with decision-makers and are never hindered from speaking out and representing their members, users and communities.’ (HM Treasury and Cabinet Office 2007: 11)

A defining feature of the Government's approach has been its support to third sector infrastructure organisations through the ChangeUp programme, now delivered by CapacityBuilders (a non-departmental public body). The programme aims to support capacity building in the third sector by improving infrastructure organisations, which in turn deliver support services to frontline third sector organisations. A core function of infrastructure organisations is to provide a voice of the third sector to public policymakers, and one of CapacityBuilders's five strategic priorities up to 2014 is to develop third sector engagement with the public sector (CapacityBuilders 2008).

This emphasis on the value of the third sector's input into policymaking is shared by the Conservative Party. Its *Voluntary Action in the Twenty-First Century* Green Paper states:

‘... one of the most important ambitions of the next Conservative government will be to expand the role and influence of charities, social enterprise and voluntary organisations in our society.’ (Conservative Party 2008: 8)

This ambition is further reinforced by the Conservative Party's idea of a ‘post-bureaucratic state’ that pushes power to individuals, communities and civic institutions. It would seem that the third sector's input into policymaking will remain on the agenda regardless of which

2. The term ‘third sector’ refers to a wide range of organisations including voluntary and community organisations, social enterprises, charities, cooperatives and mutuals. We use this term as a short hand to refer to the sector, reflecting the terminology used by policymakers and public officials. We do, however, acknowledge the objections towards the phrase by some within the sector.

party wins the next general election. However, the way in which the sector organises itself in order to perform this role may change if the Conservatives form the next government, as their Green Paper suggests that further significant public sector support for infrastructure organisations is unlikely. Instead, they advocate frontline organisations being empowered and resourced to commission the support services they need from infrastructure organisations wherever possible (Conservative Party 2008).

This report considers the role for the third sector in influencing the direction and content of public policy – particularly in relation to economic development³ at the regional and sub-regional levels. This focus is timely given the recession currently being experienced in the UK, and the debate about what a greener, more socially aware economy might look like in future. We cannot return to the former status quo, and laying lasting foundations for a more sustainable economy requires a range of voices be heard in the debate.

The third sector has a number of important contributions to offer to this task. Not least, it has an important perspective on the needs and experiences of marginalised communities, and on-the-ground service delivery (Blunkett 2009). This amounts to a rich vein of expertise to contribute to the policymaking process.

With this context in mind, this research explores the engagement of the third sector with public sector economic development decision-making at the regional and sub-regional levels in England (outside of London⁴). We focused on engagement at the regional and sub-regional levels for three reasons. First, the regional and sub-regional levels have an important strategic role to play in shaping communities and setting the priorities for investment in economic development and regeneration – issues of interest to parts of the third sector. Second, while there is a rhetorical commitment to engagement between the public and third sectors at these levels, there are a number of questions about whether and how this is translated into practice. Finally, compared to that at the local and national levels, research examining the engagement of the third sector with the regional and sub-regional levels of governance is sparse.

To explore engagement between the public sector and third sectors in relation to economic development at the regional and sub-regional levels, we developed a number of research questions as follows:

- What is the rationale for third sector engagement with public sector decision-making at the regional and sub-regional levels in England?
- What is the perception of strategic partnership working at the regional and sub-regional level among third sector leaders and infrastructure organisations, and among the public and private sectors?
- What are the skills, traits and competencies that enable the third sector to engage with the regional and sub-regional levels?
- What steps could the public sector and third sector take in order to further develop engagement?

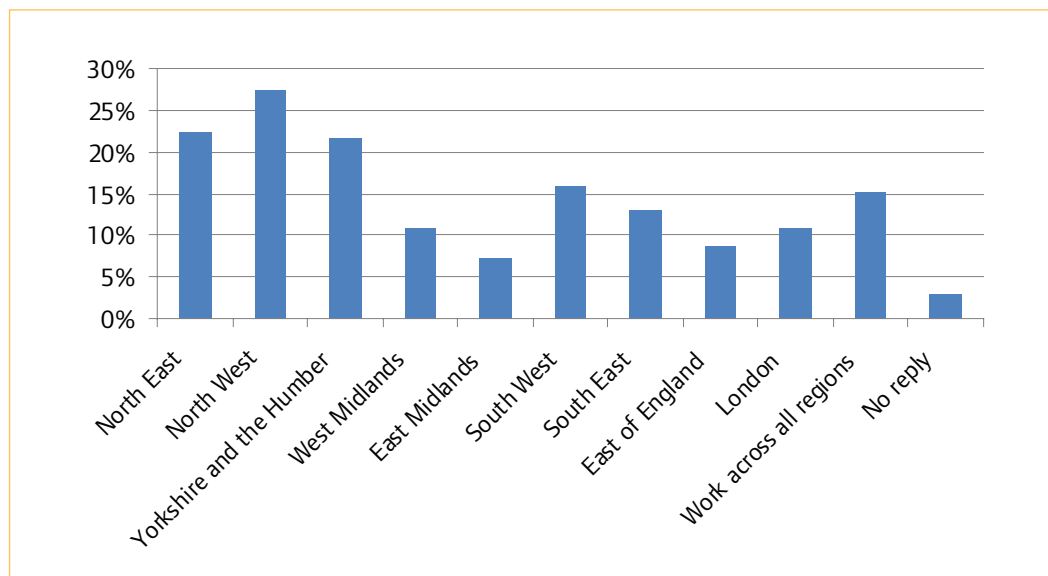
3. We interpret economic development in a broad sense here, to include aspects of skills, housing, transport, planning, and welfare-to-work policies.

4. This research does not focus on London, as the governance structures are significantly different in the capital with the existence of the directly elected mayor and Greater London Assembly.

We employed a range of methodologies to address these questions. First, we conducted two focus groups with third sector leaders and infrastructure organisations in order to scope the subject and identify the key issues. We then carried out semi-structured interviews with third sector leaders and infrastructure organisations, as well as with public and private sector officials active at the regional and sub-regional levels. We also conducted an online survey of third sector frontline and infrastructure organisations, which elicited 137 responses from a range of organisations. Further details of the research methodologies that we employed can be found in the appendix.

Before going on to outline the findings of the research in more detail, it is important to note some characteristics of those responding to the survey, and their implications for the conclusions we can draw. Importantly, organisations active in each of the English regions responded to the survey (as Figure 1.1 shows), ensuring wide geographical coverage, along with 15 per cent that considered themselves to be national organisations. When asked what type of activities they engaged in, 53 per cent chose service delivery, 12 per cent campaigning, and 45 per cent infrastructure organisation. This diversity in terms of geographical spread and function offers a fair cross-section of views from different parts of the sector.

Figure 1.1: The geographical distribution of survey respondents



However, analysis of the survey findings must recognise that participants were atypical of the third sector in two key respects. First, while a range of different-sized organisations responded, substantially more respondents were large organisations as assessed by turnover: 25 per cent had an annual turnover of less than £250,000, 27 per cent between £250,001 and £1 million and 46 per cent an annual turnover of more than £1 million. Only 8 per cent had a turnover of less than £100,000.

Also, perhaps unsurprisingly, the respondents were almost entirely from organisations that are in some way currently active in the regional and/or sub-regional policy arenas. Ninety-three per cent of our survey respondents were engaging with at least one regional or sub-regional public sector organisation. This fact, especially when combined the size and diversity of the sector in general, means that our survey findings should be treated as indicative only. Furthermore, this research can only paint a picture in broad brushstrokes of the engagement between the third sector and public sector, as resources did not permit detailed work to be carried out in each region and sub-region.

Nonetheless, by combining our various methodologies – the survey, interviews and focus groups – we have been able to develop a picture that indicates the issues and challenges associated with third sector engagement with public sector decision-making at the regional and sub-regional levels.

This report presents the findings of the research. The following section considers in more detail why we sought to look at third sector engagement at the regional and sub-regional levels, and what we can learn from existing experience and research into engagement at the local level. Section 3 considers what the public sector at the regional and sub-regional levels can do to further develop engagement with the third sector. In the fourth section we address the same question to the third sector, before discussing in Section 5 what the public and third sectors can do collectively to improve engagement, and outlining our conclusions and recommendations.

2. Why focus on third sector engagement at the regional and sub-regional levels?

Over the past 15 years, the number of functions being conducted at the regional and, more recently, sub-regional levels has grown steadily. Important decisions linked to regeneration, planning, housing, economic development and the allocation of European funding are all taken at these levels. But no single organisation is solely responsible for developing these strategies. Instead, over years, a complicated web of non-departmental public bodies (NDPBs, or 'quangos') and partnerships has been established. (For an overview of the development of governance at the regional and sub-regional levels, see Tomaney and Pike 2009.) Furthermore, the governance of the regional and sub-regional levels is currently in a state of transition, with key elements being restructured.

In this section we briefly outline some of the key changes taking place at the regional and sub-regional level before going on to ask three key questions:

- What are the opportunities for stakeholder engagement at these levels?
- How does the sector view activity at the regional and sub-regional levels?
- What can be learnt from the local level?

Emerging sub- or city-regional governance

In recent years, the role of the sub-region or city region has come to the fore of economic development policy (HM Treasury *et al* 2007). Sub-regions or city regions are geographically smaller than regions but often larger than individual local authorities, although in some parts of England sub-regions are coterminous with county councils. They cover what is known as a 'functional economic area', which is the area that people generally travel across in order to work, socialise and shop (see for example Local Government Association [LGA] 2007, Robson *et al* 2006).

Coordinating policy across functional economic areas is increasingly regarded as important – especially for economic development. This has led to an increasing number of policy functions being made available at this level. For example:

- **Welfare to work:** The coordination of welfare-to-work activities across city regions is being piloted in some areas, following the *City Strategy* from the Department for Work and Pensions (DWP) (Purnell 2008). The approach is to be rolled out following the *Raising Expectations and Increasing Support* White Paper (DWP 2008).
- **Skills:** The Leitch Review (2006) and the skills White Paper *Raising Expectations, Enabling the System to Deliver* (Department for Innovation, Universities and Skills [DIUS] and Department for Children, Schools and Families [DCSF] 2008) will see the sub-regions playing an increasingly important role in skills policy, with the introduction of employer-led Employment and Skills Boards and the coordination of further education at this level.
- **Economic development:** The Government's *Review of Sub-National Economic Development and Regeneration* (HM Treasury *et al* 2007) advocated sub-regions playing a more prominent role in the delivery of economic development programmes.
- **Transport:** the Local Transport Act (2008) set out provision for Integrated Transport Authorities in metropolitan areas.

The importance of the sub-regional level is further underlined by the establishment of multi-area agreements (voluntary three-year targets agreed between neighbouring local authorities across a sub-region), which allow for this list of functions to be expanded on a case-by-case basis in agreement with central government (HM Treasury *et al* 2007).

As the number of functions steadily grows, the structures for sub- or city-regional governance are beginning to be more formally constituted. This is of particular relevance where sub-regions do not coincide with a single local authority. In these areas, functions are being executed by partnerships of local authorities coming together (Communities and Local Government [CLG] 2006). Some partnerships formally include individuals from the private and third sectors. In a further development, the 2009 Budget placed Greater Manchester and Leeds city regions on a statutory footing, potentially paving the way for the devolution of further powers (HM Treasury 2009). Over time, statutory status may be offered to other sub- or city regions.

Confusingly for those seeking to engage with decision-making at the sub-regional level, there are no uniform structures, functions or arrangements for sub-regions and city regions. Instead, these have grown in response to perceived local need and locally designed ways of working. While this flexibility is important in terms of allowing solutions to be developed locally and generating buy-in from local partners, it makes it more difficult for wider stakeholders to engage, and diminishes the opportunities to learn from elsewhere.

Looking across the developing structures for city- and sub-regional governance, the approach to engaging with stakeholders – including the third sector – varies widely. Some partnerships (for example, Tyne and Wear and Greater Manchester) emphasise their commitment to partnership working with the third sector in their literature, and include individuals from the third sector on their boards. One, the Pennine Lancashire Partnership, has a ‘community and voluntary board’ that acts in an advisory capacity, with the express intention of counterbalancing the private sector advisory board (Pennine Lancashire Leaders and Chief Executives [PLLACE] 2008). Other cross-boundary partnerships, such as the Partnership for Urban South Hampshire (PUSH), and the soon-to-be statutory Leeds city-regional partnership, emphasise the importance of engaging with the private sector but make no mention of the third sector.

Changing governance at the regional level

The regional level is also in a state of transition, with significant governance changes occurring as a result of the Sub-National Review (SNR), which is due to pass into legislation during this Parliament. Most significant is the abolition of the regional assemblies and the transfer of their regional planning powers to the Regional Development Agencies (RDAs) by 2010. Each RDA, jointly with a new regional Local Authority Leaders’ Board, will now be responsible for co-producing an Integrated Regional Strategy (IRS) that will bring together the economic development and planning strategies for the region. This will shape future regional development, and will be tasked with balancing economic, social and environmental objectives for the region (CLG and BERR 2008).

These changes to the way regions are governed present both a challenge and an opportunity for the third sector. On one hand, the regional assemblies provided the sector with a guaranteed means of engaging with regional policymaking, as 30 per cent of the seats were held by social, economic and environmental partners, including members of the third sector. On the other, the creation of new governance structures presents an opportunity for the sector to establish mechanisms for influence from the beginning.

Across England, the regional forums (regional third sector infrastructure organisations) are already working with partners in local government, Government Offices for the regions and the RDAs, to develop the governance structures for the regional leaders' boards. As with city- and sub-regional developments, the Government has not taken a prescriptive approach to how these boards are constituted.

This is important in terms of allowing structures that suit the context of the region they serve to develop. But this light-touch approach reveals diverse attitudes to stakeholder participation. Of those regions that have announced their plans for their local authority leaders' boards so far, the approach ranges from the North West – where seven social economic and environmental partners (which include the third sector) are to be given full voting rights on the board (known as 4NW) – to the East Midlands, where the current plans make no mention of the role of stakeholders.

Further changes at the regional level are likely if the Conservatives form the next government. Despite speculation that they would abolish the RDAs, their localism Green Paper has not actually committed them to do so. They do pledge to abolish the regional planning function, and to streamline the RDAs, retuning them to a business-led and narrowly economically focused model. They do, however, propose that sub-regional groupings of local authorities should be able to draw powers down from the RDAs (Conservative Party 2009). This could effectively dismantle them from the bottom up, but it also suggests that there is cross-party agreement that some form of sub-regional or regional strategic economic development decision-making is necessary.

These ongoing regional and sub-regional changes provide an opportune moment to reflect on what this means for the engagement of the third sector at these levels.

Building in pluralism: an opportunity to build in stakeholder engagement?

As these structures are being developed both at the regional and sub-regional levels, there is an opportunity to build in a greater level of stakeholder engagement. By 'stakeholders', we mean not only the third sector, but business, environmental groups, trade unions and others too. Stakeholder engagement can offer a number of benefits to decision-makers, not least providing a route through which a range of voices, experience and evidence can enrich the policymaking process. Furthermore, enabling a plurality of stakeholder voices to be heard can help to protect against the dominance of any one narrow sectional interest. And while pluralism is valuable in and of itself, it may prove even more important in a situation where there are no directly elected representatives.

Indeed, a challenge to the regional tier of governance (and, more latterly, the sub-regional level too) has consistently been its lack of direct democratic accountability to people living in the regions and experiencing the impacts of the decisions taken. Following the failure of elected regional government to win popular support in the North East of England, this lack of direct democracy is unlikely to change in the near future.

Through the SNR, Government policy has moved towards local authorities playing a more prominent role both in regional and sub-regional governance. Their role in developing multi-area agreements, city-regional partnerships and the establishment of regional Local Authority Leaders' Boards to co-produce the IRSs evidences this. While this is a welcome development, it does not fully answer concerns over regional accountability, as councillors are elected on a local mandate to address local (rather than regional or sub-regional) issues. So, while they bring an important link back to the electorate, it is only an indirect one when they are operating at the regional and/or sub-regional levels.

There have also been changes in Westminster and Whitehall following the *Governance of Britain* Green Paper (Ministry of Justice [MoJ] 2007). This heralded the introduction of regional ministers to coordinate regional activity and champion their regions in Whitehall, and of regional select committees in the House of Commons to scrutinise regional activity. These are both welcome developments, although recent research has found that regional ministers lack administrative support and influence in Whitehall (NLGN 2009).

Given that direct democratic accountability at the regional and sub-regional levels is not on the policy agenda for either major party, greater involvement of the elected tiers of central and local government is welcome. Adding stakeholder engagement into this mix will help to ensure that a range of voices, evidence and experiences is presented to decision-makers operating at these levels.

Stakeholder engagement already plays a part regional and sub-regional governance and, rhetorically at least, engagement is expected across a wide range of stakeholders, including the third sector (see for example HM Treasury *et al* 2007, CLG 2007, BERR 2005). However, there is a sense that some stakeholders – particularly in the private sector – are more highly valued than others. Rightly or wrongly, the reason often given for this is that the private sector has a key role to play in delivering economic development. This anecdotal finding has been supported by the early evaluation of multi-area agreements at the sub-regional level (Russell 2008).

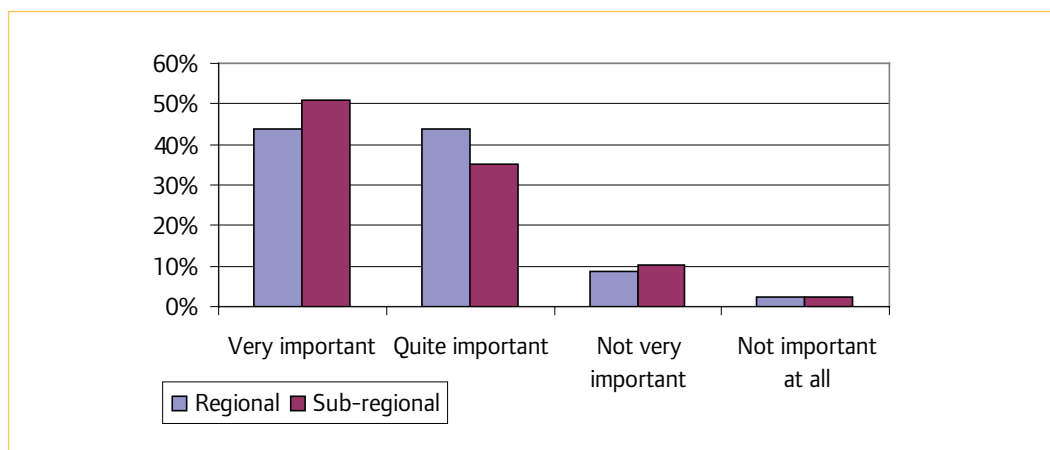
This perception raises an important question about how the third sector, along with other stakeholders, can engage more effectively with public sector decision-making at the regional and sub-regional levels. Influence over decisions about the future direction of economic development in our regions is at stake. The current changes to governance structures offer an opportunity to consider what role stakeholders can, and should, be playing. The role of stakeholders such as the third sector in striking a balance between economic, social and environmental objectives should not be underestimated. The third sector, its representatives and its advocates should take this opportunity to carve out a role for themselves under these new governance arrangements.

A view from the third sector: do regions and sub-regions matter?

There is little value in considering how to improve engagement between the public sector and the third sector at the regional and sub-regional levels if the third sector has no appetite to do so. But responses to our survey make it clear that there is interest in engaging with the regional and sub-regional levels – at least in parts of the third sector.

Some third sector organisations regard engagement at the regional and sub-regional levels as very important. As Figures 2.1 and 2.2 indicate, not only did over 86 per cent of

Figure 2.1: Respondents’ views on the importance of the regional and sub-regional tiers to policymaking in general



respondents regard the regional and sub-regional levels to be important in policymaking generally: the same proportions also regarded them as important for the work of their own organisation.

Figure 2.2: Respondents' views on the importance of the regional and sub-regional tiers to the work of their organisations

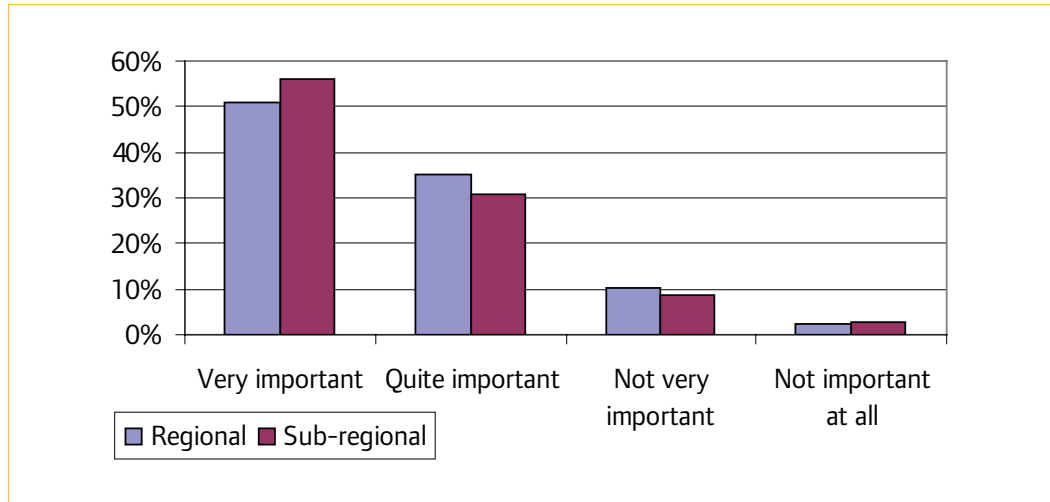
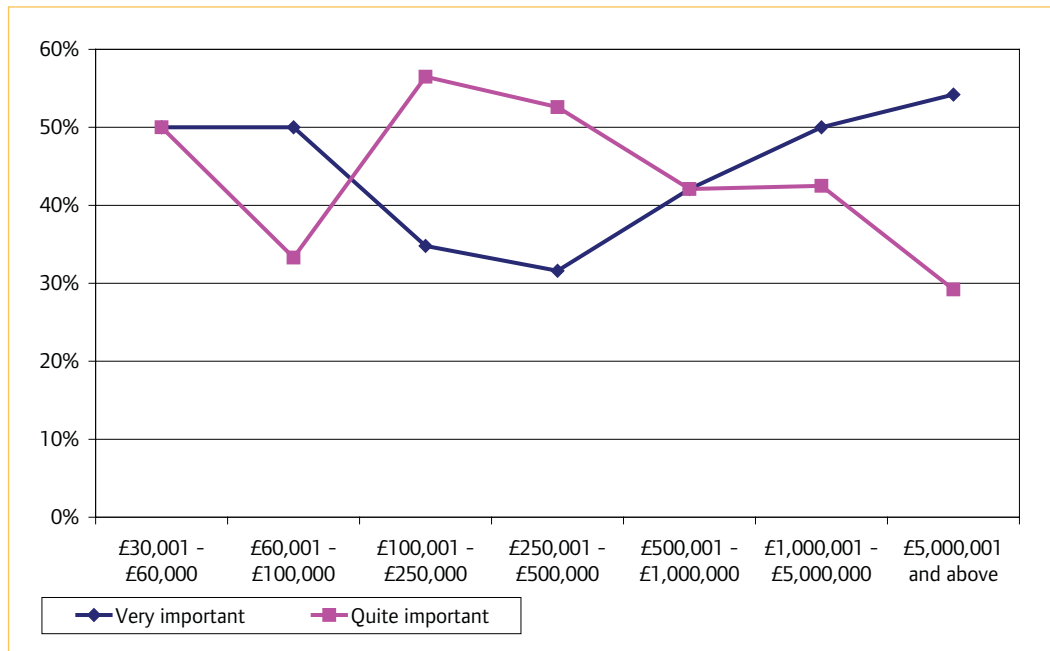


Figure 2.3 breaks down how important respondents thought the regional and sub-regional levels are for their work, by size of turnover. This goes some way to confirming an intuitive conclusion: that larger organisations (in this case, represented by turnover) interact with larger geographies. Thus those with an annual turnover greater than £5 million will be most likely to respond that the regional level is very important for their work. At the sub-regional level, the peak is for organisations with a turnover of between £0.5 million and £1 million.

Figure 2.3: Respondents' views on the importance of the regional and sub-regional tiers to the work of their organisations, by turnover



As we have already noted above, the vast majority of survey respondents were already engaged with public sector organisations at the regional and/or sub-regional levels in some way, and nearly half of them had a turnover of over £1 million, which can be expected to colour the results of the survey. But even if the views of our survey respondents are not representative of the wider third sector, they clearly indicate that there is a section of the third sector for which engagement at the regional and sub-regional levels does matter.

The case for looking at engagement at the regional and sub-regional levels is further reinforced by the view from our respondents that the third sector is not well established or engaged with policymaking at these levels.

When asked how well established the third sector is in policymaking at these levels, over 66 per cent of respondents felt the sector is either not very well established, or not at all well established, at the sub-regional level – a figure that rises to over 72 for the regional tier (Figure 2.4). Furthermore, over 57 per cent of overall respondents found it either not very easy, or not at all easy, to feed in views and experience at the sub-regional level. This increased to almost 72 per cent at the regional level (Figure 2.5).

Figure 2.4: Respondents' perceptions of how well established the third sector is in regional and sub-regional policymaking

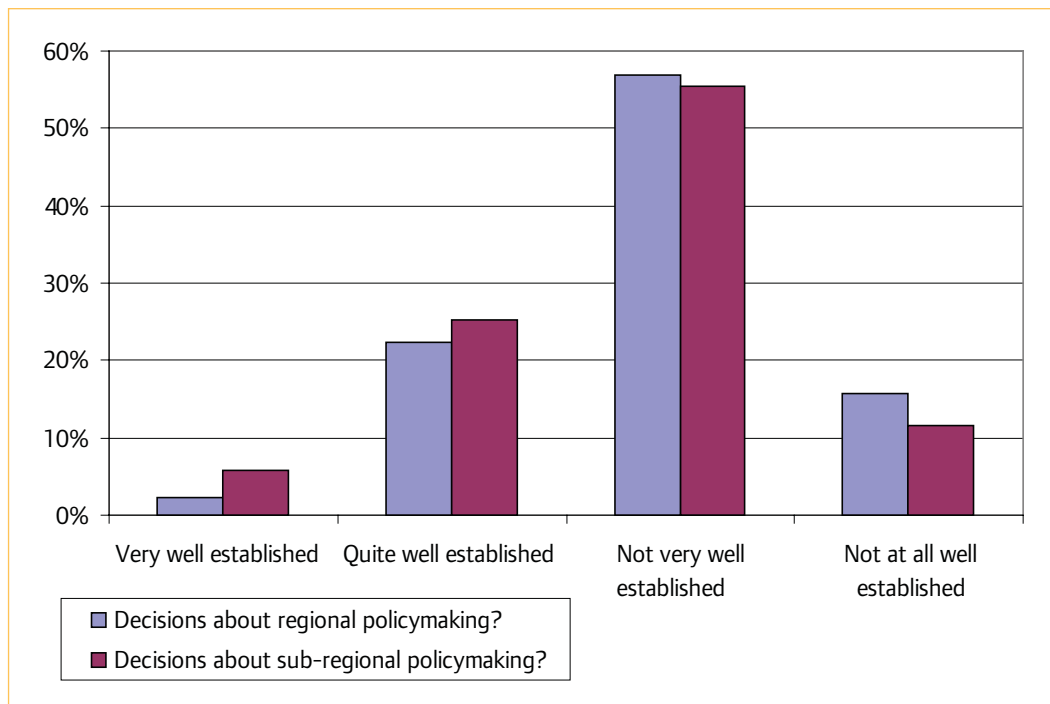
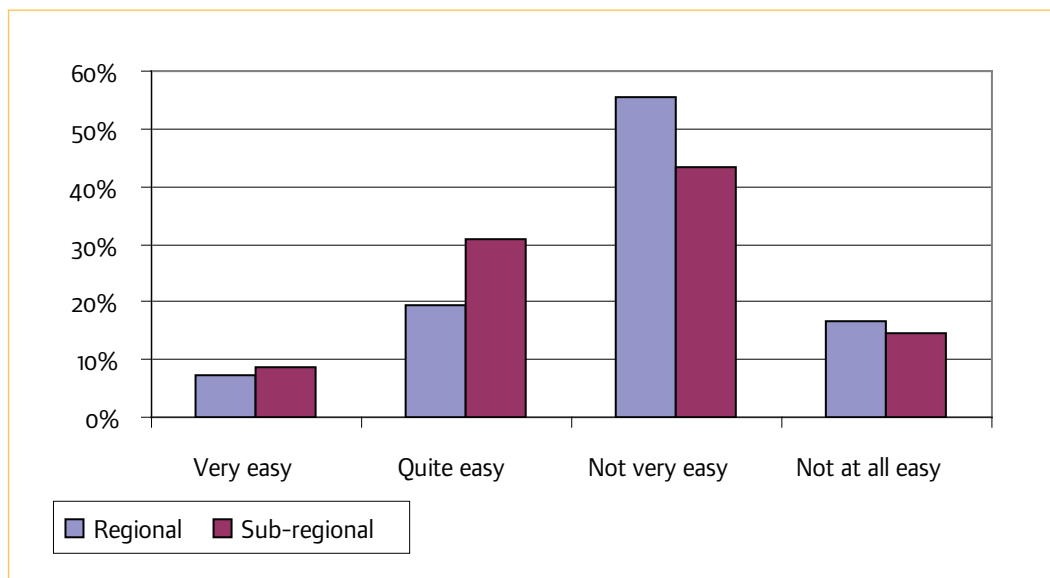


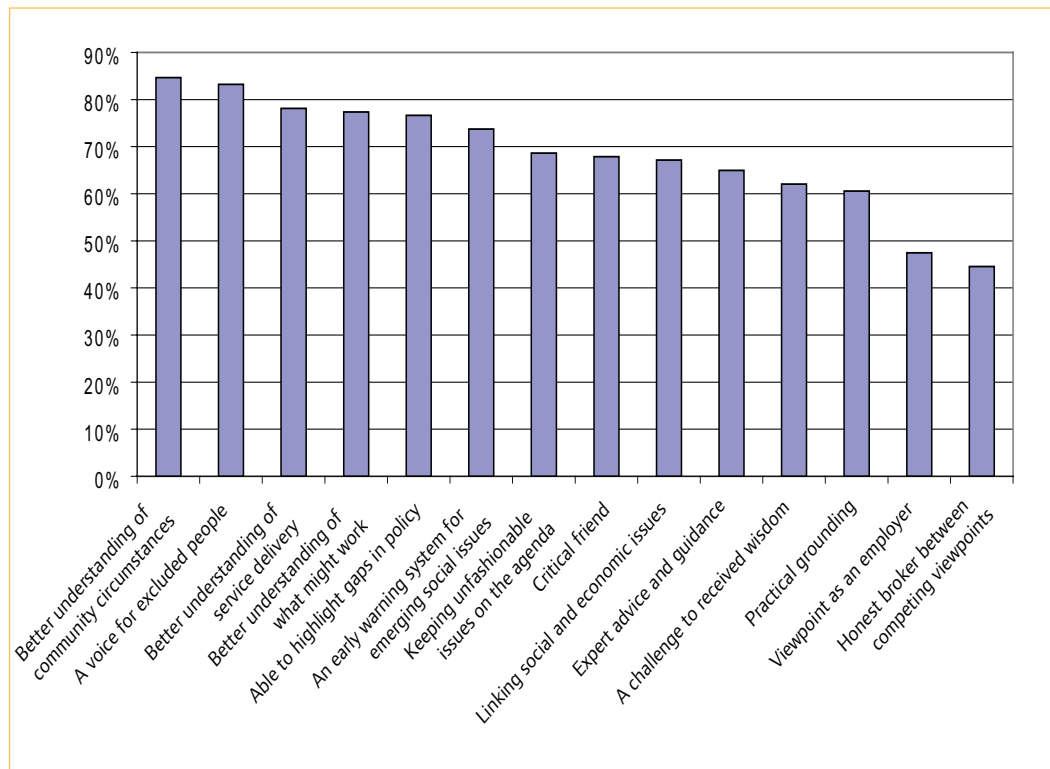
Figure 2.5: Respondents' perceptions of how easy it is to feed views and experiences to decision-makers at the regional and sub-regional levels



This finding is made starker by the fact that the respondents to our survey were nearly all actively engaging with the public sector either at the regional or sub-regional level. This suggests that there is scope to improve engagement, and that doing so may benefit the work of some third sector organisations.

Our survey also suggests a strong consensus over what the third sector can bring to decision-making at these levels. As Figure 2.6 shows, when asked what the sector collectively offers to decision-makers at the regional and sub-regional levels, the options selected most frequently were: a better understanding of community circumstances (85 per cent), a voice for excluded people (83 per cent) and a better understanding of service delivery (78 per cent). These roles also repeatedly emerged from the interviews as the key contributions that the sector can make.

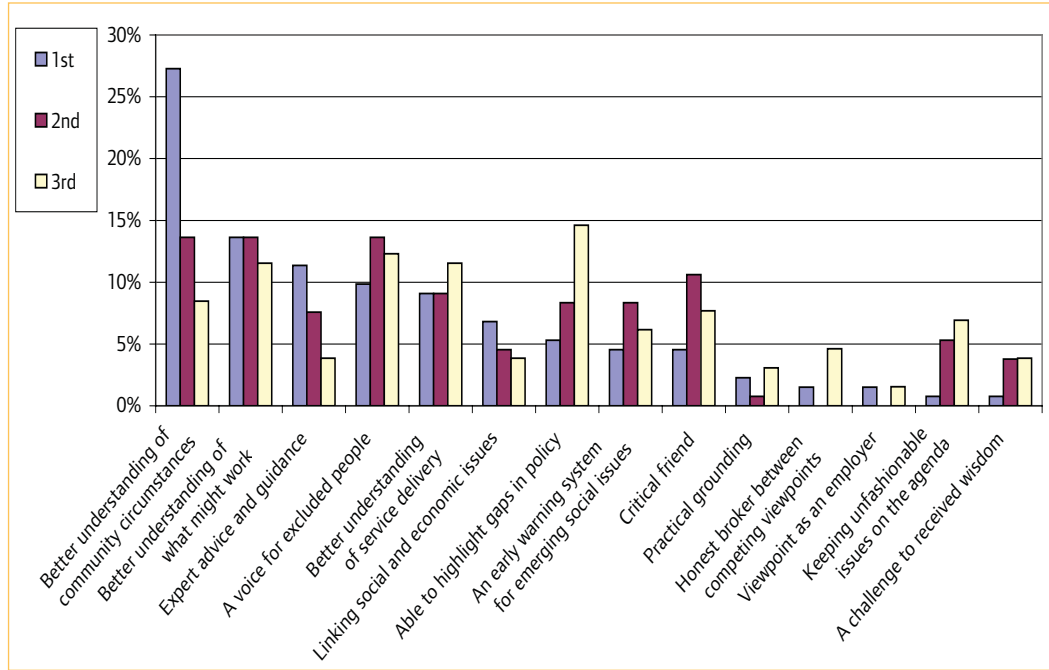
Figure 2.6: Respondents' views of what the third sector can collectively offer decision-makers at the regional and sub-regional levels



Furthermore, when asked to prioritise the most important three things that the sector collectively offers at these levels, a clearer consensus begins to emerge. The option regarded as most important by over 27 per cent of survey respondents was a better understanding of community circumstances – more than double the next most popular top priority (Figure 2.7). Drawing on the interviews and focus groups, the idea of better understanding of community circumstances and delivery appeared to be rooted in much of the sector’s on-the-ground experience of working in communities and delivering services. This was thought to provide an insight into how policy might play out in practice, and a perspective on what might work on the ground.

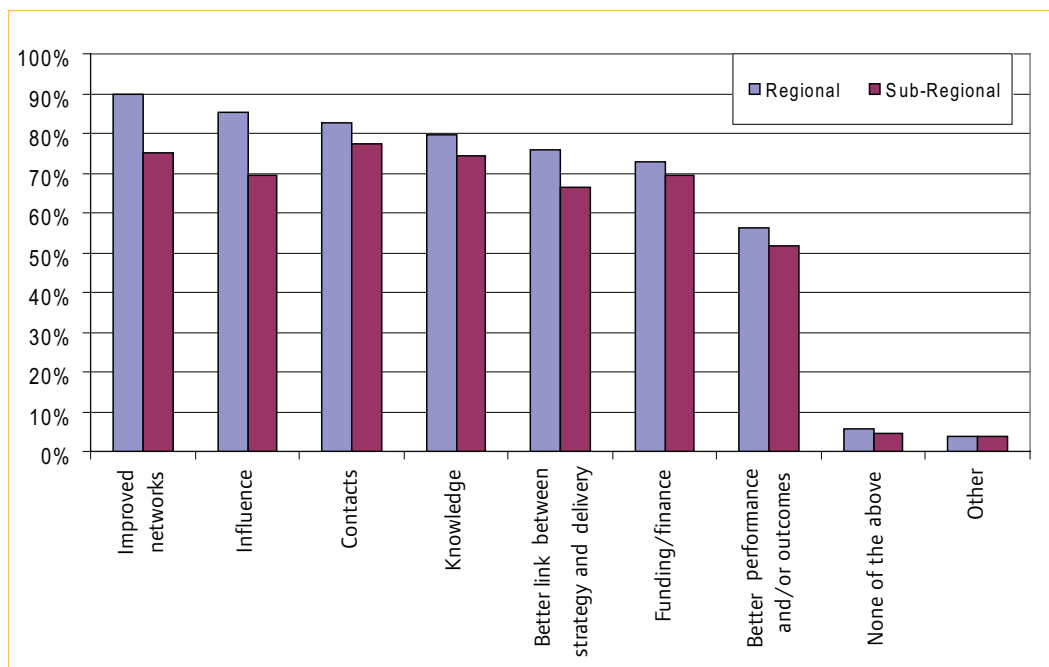
These findings begin to flesh out the idea of a distinctive offer that the third sector could make to regional and sub-regional decision-makers. By offering a distinct perspective to that of other stakeholders, the third sector can claim that its engagement will enrich the governance process. The challenge to the sector is to build a strong evidence-based case around these areas of consensus, enabling it to clearly and convincingly articulate what it offers to decision-makers at the regional and sub-regional levels.

Figure 2.7: Respondents' views of the most important thing the third sector can offer to decision-makers at the regional and sub-regional levels



But the engagement of the third sector in policymaking is not purely altruistic – and neither should we expect it to be. We also asked survey respondents what the third sector may stand to gain from greater engagement at the regional and sub-regional levels. The most popular responses were improved networks, contacts, influence and knowledge, as shown in Figure 2.8. More respondents felt that they could gain from the regional tier than the sub-regional tier across each of the seven options.

Figure 2.8: Respondents' views of what the third sector can gain from engagement at the regional and sub-regional levels



However, when we asked people to prioritise which was the most important, the picture changed somewhat, with the issue of funding and finance elevated to the top priority at both the regional and sub-regional level (Figures 2.9 and 2.10). Indeed, this option attracted more than double the number of selections of any other issue for first choice at the regional level, and more than three times the number of selections of any other issue at the sub-regional level. It was identified as the most popular top priority across different types of

organisations (frontline and infrastructure), turnovers and geographical locations of survey respondents.

Figure 2.9: Respondents' views of what is the most important thing the third sector can gain from engagement at the regional level

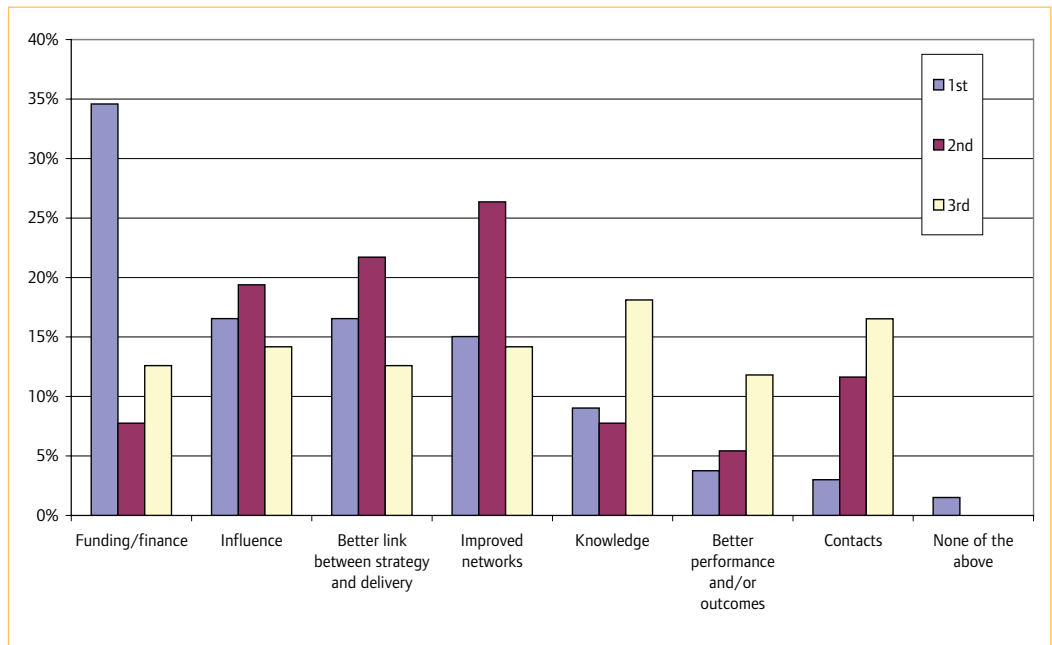
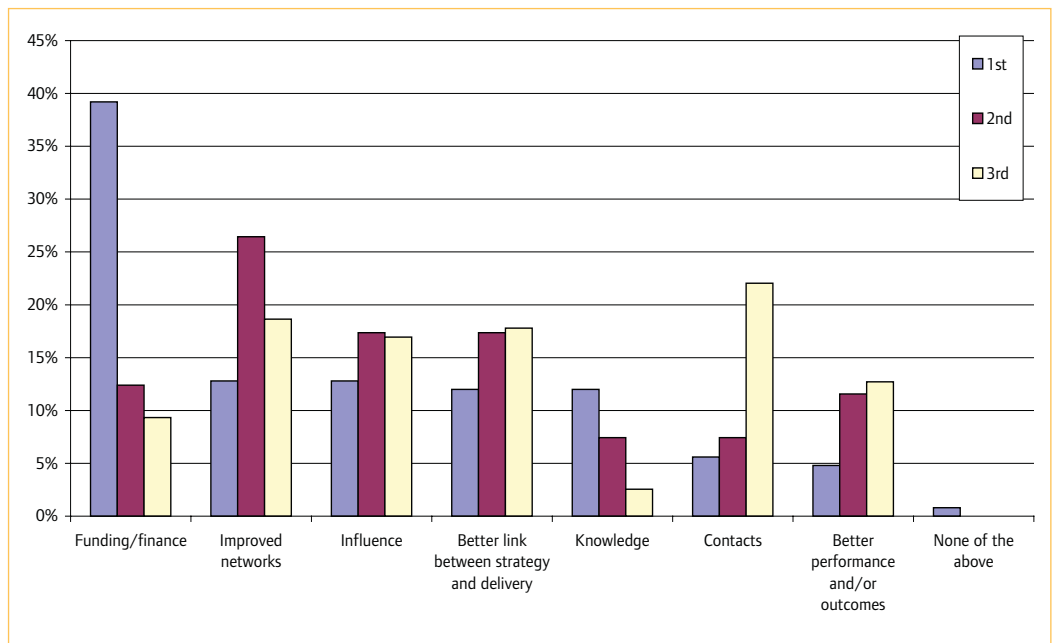


Figure 2.10: Respondents' views of what is the most significant thing the third sector can gain from engagement at the sub-regional level



This emphasis on funding and finance is likely to be a reflection of the funding insecurity experienced by much of the sector. But respondents in the public and third sectors alike highlighted relationships based on fund seeking as problematic to effective engagement, and these data suggest that this remains a motivation for engagement.

There may be a point of learning for some in the public sector here too. The need to secure funding in order to ensure sustainability is a fact of life in the third sector, and a concept that is quite alien to many in the public sector. A heightened concern over future financial sustainability could be an entirely appropriate behavioural trait within the third sector – and one that the public sector needs to learn to accept, to some degree.

Learning from the local level

A key rationale for this report in considering engagement at the regional and sub-regional levels is to contribute to filling a knowledge gap. There is not a great deal of research about the engagement of the third sector with the regional or sub-regional tiers, and what has been undertaken tends to focus either on specific regions or on specific public sector organisations, rather than considering the broader picture.

Third sector engagement in policymaking is a more established feature at the local level, especially following the introduction of Local Strategic Partnerships (LSPs), which are specifically required to include representatives of the local third sector and businesses. Perhaps as a result of this more central role, there is a greater body of research looking at third sector engagement with policymaking at the local level. This knowledge is strengthened significantly by the evaluation of LSPs, which included a specific module that considered the involvement of the local third sector (Russell 2005) and the recent third sector survey from the Office of the Third Sector (OTS 2009), which assesses the relationship between local authorities and the third sector.

This section provides a brief overview of the policy framework that shapes third sector engagement at the local level, and some of the key lessons and issues that can be drawn from existing literature. While this may help to inform thinking about how the third sector engages with policymaking at the regional and sub-regional levels, it should not simply be assumed that the issues transfer across to these wider spatial scales. This is due to three factors:

- The larger spatial scale that is involved
- The fact that different types of policy functions are carried out at the regional and sub-regional levels, dealing more in strategy formulation than programme delivery
- The complex and opaque structures of governance. While the local public sector can often seem complex, the regional and sub-regional levels are even more so.

Each of these factors means that different skills and techniques are likely to be required to engage effectively with policymaking at the regional and sub-regional levels.

The local policy framework

A key difference between the local level and the regional and sub-regional levels is the more specific policy framework set out at the local level. This requires the involvement of stakeholders in policymaking, and the third sector is explicitly identified as a key stakeholder in policy documents and guidance. For example, the *Local Government White Paper* states that:

‘... there is a clear expectation that the local third sector will be actively involved with all LSPs in helping to shape local areas.’ (CLG 2006, vol II: 58)

This involvement with the LSP – both on the executive board and on the various thematic groups – gives third sector representatives the opportunity to influence the strategic direction of local policymaking by engaging with the development of key documents such as the local area agreement (which sets out policy priorities and targets for the next three years) and the sustainable community strategy (which maps the strategic direction over a longer period of time – usually 10–20 years).

But the LSP process is not the only framework shaping third sector participation in policymaking at the local level. The new local authority performance framework – the Comprehensive Area Assessment (CAA) – will assess local authorities against a range of

indicators, including whether there is a thriving environment for the third sector (national indicator 7, known as NI7).

Even local authorities that have not chosen to prioritise NI7 as part of their LAA will be assessed on this measure. This indicator recognises the influence that local statutory agencies can have in shaping the environment in which the third sector operates – for example, through their approach to partnership working, consultation, funding relationships and commissioning systems. While NI7 does not specifically require the local public sector to engage the third sector in decision-making, it is likely to make it more mindful of the third sector as a key partner.

The CAA will also provide a more general overview of how effectively local authorities are engaging with their partners. Guidance published by the Office of the Third Sector makes it clear how evidence of good relationships with local third sector organisations will influence CAA ratings in a range of ways (Office of the Third Sector 2009).

Third sector engagement at the local level is likely to be further galvanised by the new duty to involve being conferred on local authorities. The new guidance for the duty, *Creating Strong Safe and Prosperous Communities: Statutory guidance* (CLG 2008), prescribes a clear role for the third sector in influencing local decision-making, and specifies that the local business and third sectors are formally represented on the LSP executive and its sub-groups.

Taken together, the performance management system, the new duty to involve and the expectation for third sector participation in LSPs are likely to have a powerful effect. While such top-down requirement alone will not shift working cultures, it does provide a strong signal that engagement with the third sector is expected (Kendall 2005). However, effective engagement is not only about the actions of the public sector but of those of the third sector too, which we consider briefly below.

Lessons from engagement at the local level

Despite the policy framework described above, and the many positive examples of third sector engagement in LSPs, research at the local level highlights a number of issues for effective engagement between the third sector and public policymaking. Themes that repeatedly occur include:

- Representation
- Issues for infrastructure organisations
- Capacity and resources
- Where to engage.

Each of these is described below.

Representation

There are a number of challenging issues related to representing the sector. On the one hand there is evidence that third sector views carry more weight where they can demonstrate a legitimate and accountable voice (RAISE 2008, Maguire and Truscott 2006). But considerable variation has been found in how representatives are selected, and whether they actually regard themselves as representative and accountable to a wider constituency. This issue led to the Government and national voluntary and community sector (VCS) umbrella organisations working together to develop a framework for the sector's effective participation in LSPs called *Principles of Representation: A framework for effective third sector participation in LSPs* (CLG 2008b).

But there is a fundamental concern among some in the sector about the use of the term 'representative' at all, given the diversity of the sector and of the communities with which it works. Instead, some prefer the terms 'facilitating', 'connecting' or 'acting as a conduit' (Development Trust Association 2008, Maguire and Truscott 2006).

Infrastructure organisations

Related to the previous point, research finds that where there has been investment in infrastructure organisations that are inclusive, there has been greater local involvement for the sector in local decision-making (RAISE 2008, Maguire and Truscott 2006). In a number of areas, infrastructure organisations have a contract or Service Level Agreement (SLA) with their local authority, or other local public sector organisations, to deliver third sector engagement. This approach ensures that resourcing is available for this role, and means that facilitating engagement becomes part of the 'day job' (RAISE 2008). But some studies have raised concerns about infrastructure organisations taking on governance roles themselves rather than facilitating and supporting third sector organisations to do it (Maguire and Truscott 2006).

Capacity and resources

Insufficient resources dictate that a properly strategic and targeted approach is often difficult to achieve (Russell 2005). This relates not only to funding, but also to training and staff time, all of which can undermine effective engagement (Maguire and Truscott 2006). However, a range of tools, training and support is available to help the sector develop engagement at a local level.

For example, the National Association for Voluntary and Community Action (NAVCA) has set up a local partnerships unit, with a web page providing links to a range of information and support tools. Similarly, the OTS has funded the Improvement and Development Agency (IDeA) and the Institute for Voluntary Action Research (IVAR) to develop a partnership improvement programme that is currently being delivered across 50 local authority areas. This programme involves a small number of key individuals from the local third sector and the local authority coming together for four joint workshops with the aim of building mutual understanding and improving partnership working.

Where to engage

The culture of partnership working, and knowing where to target engagement, have been issues for some parts of the third sector at a local level. While there is often a desire to be represented on the executive board, the LSP evaluation highlighted thematic groupings as often being the best opportunity for the sector to exercise influence at the local level (Russell 2005).

Summing up

The changing governance structures at the regional and sub-regional levels offer an opportunity to think again about the role of stakeholder engagement in governance at these levels. As part of this process there is an opportunity for the third sector to further develop its engagement with decision-making at these levels. Some lessons for how this could be structured can be drawn from the local level. The third sector has the potential to make an important contribution, adding its voice to those of other stakeholders and offering a distinct viewpoint to regional and sub-regional decision-makers. However, engagement between the third sector and the public sector at these levels must be made to work more effectively for this potential to be realised.

3. Issues and steps for the public sector

Through our research we took a rounded look at the factors affecting engagement between the public and third sectors at the regional and sub-regional levels. Doing this required us to consider barriers to engagement and steps to be taken by the public sector, by the third sector, and collectively. Survey respondents did not consider the third sector to be well established or able to feed its views in very easily. As discussed, a possible reason for this could lie in the extent to which the public sector is open, responsive and receptive at the regional and sub-regional levels.

This section considers these issues by looking at how far the public sector understands and values the third sector, the complexity of public sector structures and processes at the regional and sub-regional levels, and how accessible these structures and processes are.

Understanding and valuing the third sector

It is clear from central government guidance that there is a general expectation that the third sector will be engaged at the regional and sub-regional levels (see for example HM Treasury *et al* 2007, CLG 2007 and BERR 2005). This was reflected in our interviews with public sector officials, who highlighted the third sector as a key stakeholder and outlined a range of means through which engagement occurs, including:

- consultations with the third sector
- inviting representatives onto boards
- regular meetings between senior public sector officials and their counterparts in regional third sector forums.

Interviewees outlined a number of positives that the sector brings to policy discussions. These were broadly in line with what our survey respondents considered to be the sector's collective offer.

This willingness to engage is reflected in much of the language and rhetoric adopted by the public sector. However, participants from the public and third sectors alike in focus groups and interviews expressed doubts about the deep rootedness of these views. For example, policymakers will voice the view that the third sector 'reaches parts that others can't', but some interviewees regarded this as a 'politically correct' thing to say, and there was scepticism about how this concept is translated into practice. Furthermore, interviewees suggested that the level of effort that went into engagement often depended on the individual public sector official and their understanding of the sector, what we refer to as their level of 'third sector literacy'.

There was a sense that while engagement with the third sector is desirable, it is not essential, and is a lower priority than engaging with the private sector. This is partly because the private sector is regarded as having the pivotal role to play in delivering economic development, while there is less emphasis on the role that the third sector plays in this respect. Some third sector organisations have sought to measure their economic impact in order to combat this view and to provide an evidence base on which to argue for greater engagement.

A key reason that interviewees gave for the limited emphasis on engagement with the third sector, compared to other stakeholders, was that the third sector is so diverse it is difficult to know who to speak to in order to hear the voice of the sector. Interviewees acknowledged that the private sector is also diverse, but claimed it is easier to know who to target if you want to speak to business (for example, the the Confederation of British Industry [CBI] for

big business and the Federation of Small Businesses [FSB] for small business). Many recognised infrastructure organisations as key partners in this respect, and the difficulty of corraling a wide range of views into a small number of key messages was recognised.

Linked to this was a desire to hear a more coherent voice from the sector: one that is able to articulate more clearly what it brings to regional and sub-regional policy and decision-making. Participants considered a more strategic approach to engagement necessary, defined as clarity regarding the desired outcome for engagement on a given issue, and targeting how and where to engage. A number of third sector interviewees concurred with this view.

In practice, this means that the call for greater third sector engagement in decision-making at the regional and sub-regional levels should not be expressed in terms of a right to be engaged and ‘have a place at the table’. Rather, a much more compelling case should be articulated, outlining what the sector can bring to decision-making, and how engagement will improve public policy and ultimately improve social and economic outcomes. It is this type of approach that has underpinned the successful engagement that has occurred.

Clearly there is a challenge for the third sector here with regard to continuing to develop a strategic approach to engagement. But there is also a key challenge for the public sector: this desire to hear the voice of the third sector indicates a need for greater understanding of the sector itself. Many in the third sector reject the idea of a unified voice, as the sector is highly diverse, or a ‘loose and baggy monster’, as a number of participants described it. This raises an important question of the level of third sector literacy among public officials: engagement may be enhanced simply by increased understanding of the context within which each sector is operating.

Complexity and accessibility

Knowing where to target engagement is an issue not only for the public sector. The third sector has an equally difficult task of knowing where to go in order to engage with the public sector at the regional and sub-regional levels. The structures of governance are not only hugely complex – they are also ever changing. A number of third sector respondents to our focus groups and interviews complained that organisations were either reformed or abolished just as they understood how to go to engage with them – a view shared by other stakeholders across various sectors.

These complex and frequently changing structures act as a disincentive to the third sector, which only has limited resources for engaging at this level. As one focus group participant from a local infrastructure organisation put it:

‘If it was more reliable that ... the funding streams were going to be handled more regionally or sub-regionally, then probably more people would take more notice of them.’ (Participant, infrastructure focus group)

This complexity is made more challenging for the sector by the regional variations between equivalent structures. The Government has taken a fairly non-prescriptive approach to how regions – and particularly sub-regions – organise themselves, and this makes the task of engagement rather more difficult. It means that it is not possible to write a simple ‘how to’ guide that recommends uniform ways of engaging with regional and sub-regional governance. Instead, understanding local structures and processes is essential.

Achieving this is more challenging at the sub-regional level than the regional level. At the regional level, there are at least a number of key quangos carrying out the same functions in each region, such as the Regional Development Agency, the Learning and Skills Council, and the Homes and Communities Agency. Each region also has a Government Office for the

Region. At the sub-regional level there is greater diversity, with structures being developed in a bottom-up way and sub-regions cooperating on different issues and developing different degrees of formality to their joint working. This makes the job of understanding and keeping up with structures difficult for stakeholders, including the third sector. As one of our focus group participants from an infrastructure organisation put it:

‘It’s just finding the energy and time, and how much people can ... give to these sorts of sub-regional and regional structures, and there just seems to be so much of it...’
(Participant, infrastructure focus group)

For those in the third sector seeking to engage, having a general understanding of what decisions are taken by different organisations at the regional and sub-regional levels, and how much latitude they have to act, is important – but insufficient. For effective engagement, and to influence the public sector at these levels, they also need a localised understanding of the structures and processes that operate in a given region or sub-region.

However, the responsibility for navigating this complexity does not lie entirely with the third sector. The public sector, too, must ensure that its structures and processes for developing strategies and shaping policy are as transparent as possible.

Our survey findings suggest that there is an issue for the public sector in terms of how well it communicates its actions to the third sector, and this may be reflected in how well informed the sector feels about activity and decision-making at the regional and sub-regional levels. As Figure 3.1 demonstrates, respondents generally feel better informed about policy development and decision-making at the local and national level than they do at the regional and sub-regional level. For example, 71 per cent of respondents felt either very well informed or quite well informed at the local level, compared to 70 per cent at the national level, 54 per cent at the sub-regional level and only 52 per cent at the regional level. This may reflect the complexity and opacity of the regional and sub-regional level.

Also, it is important to remember that nearly all of our survey respondents were engaged with regional and sub-regional working. Arguably the gap will be even greater for other parts of the third sector. However, our survey suggests there is an issue for the sector here too. When these figures are broken down by organisation type there is a notable difference in responses from infrastructure organisations compared to frontline and campaigning organisations.

Figure 3.1: How well informed respondents felt about decision-making at different spatial scale

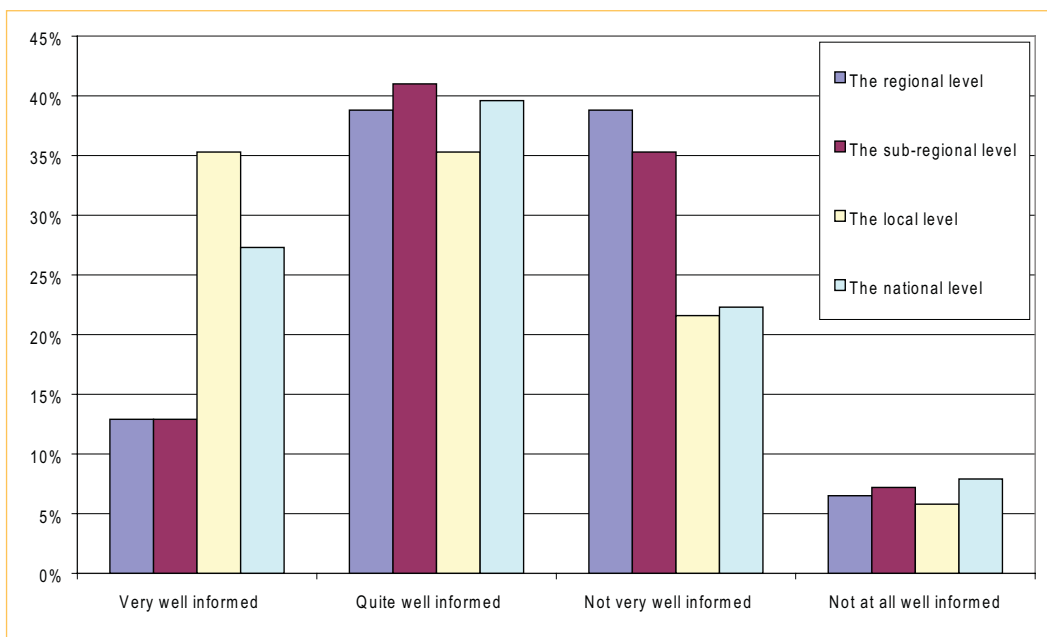
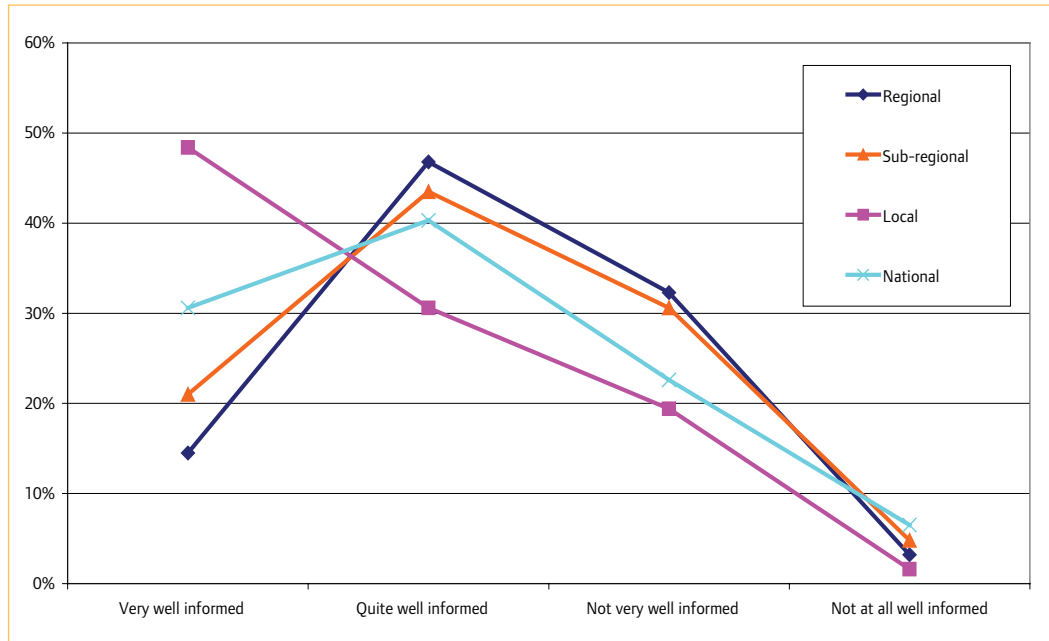
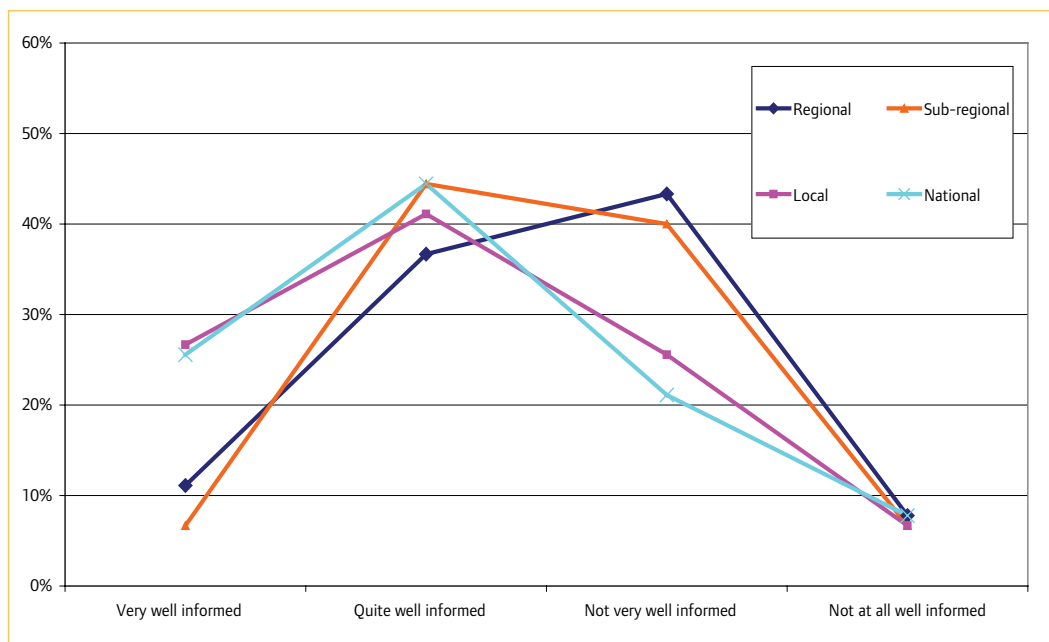


Figure 3.2: How well informed respondents from infrastructure organisations felt about decision-making at different spatial scales



As Figure 3.2 suggests, infrastructure organisations responding to our survey feel similarly well informed across all spatial levels, with the exception of the local level, which follows a notably more positive trend. But Figure 3.3 demonstrates that frontline and campaigning organisations feel appreciably more informed about policy development at the local and national level than they do at the regional or sub-regional level.

Figure 3.3: How well informed respondents from service delivery/campaigning organisations felt about decision-making at different spatial scales



This would seem to suggest there is an issue regarding how information is shared within the sector. However, we do not know whether the frontline organisations responding to our survey were members of infrastructure organisations or engaged with them, so it would be wrong to assume that this finding simply reflects the performance of infrastructure organisations. What we do know is that the majority of our respondents regard decisions taken at the regional and sub-regional level as important to their work, so it is vital that their level of information is improved, either through interactions with infrastructure organisations or direct dialogue.

Steps for the public sector

Enabling more effective engagement requires the public sector to address the issues of complexity, accessibility and its understanding of the third sector. This section considers steps that can be taken to develop more formal mechanisms for engagement and changing cultures and attitudes.

Develop more formalised structures for engagement

Formalised mechanisms to promote engagement, such as official guidance, statutory duties and performance management frameworks, send important signals to the public sector from central government. But such formalised mechanisms are less evident at the regional and sub-regional levels. This may be a contributory factor to the variation in the approach that the different regions are taking to establishing their Local Authority Leaders' Boards, which range from no published consideration of mechanisms for stakeholder engagement through to a small number of stakeholders having voting rights on the board. Similarly, as we have seen, there is wide variation in how the emerging city-region structures are engaging with stakeholders.

This variation, particularly at the sub-regional level, was commented upon in our focus groups. As one participant put it:

'I think the sub-regional economic partners are quite wild in terms of what they do, who they involve and how they work... they are certainly not as accountable as local authorities.' (Participant, infrastructure focus group)

But this variation is perhaps unsurprising when we consider the current multi-area agreement (MAA) operational guidance. The guidance is strident on engaging with the private sector, but ambivalent towards the third sector:

'The private sector should also be involved at an early stage, both to identify areas in which private sector commitment and support can help to achieve the objective of the MAA, and help ensure that these objectives are relevant to the private sector. Third sector organisations and networks may also be important partners in developing MAA priorities.' (CLG 2007: 148)

This vague guidance makes it easier for the public sector to exclude stakeholders should it choose to. For example, interviewees from the public sector highlighted two examples of the third sector being deliberately excluded from sub-regional partnership working and forums, on the grounds that third sector representatives were likely to raise issues that the public sector did not wish to tackle. Even if these cases are very much the exception rather than the rule, they point to a power imbalance, with the public sector at the regional and sub-regional levels able to some extent to unilaterally dictate which organisations and sectors with which it wishes to engage.

The changes to governance structures currently underway at the regional and sub-regional levels may offer an opportunity to the third sector to push for more specific requirements for stakeholder engagement. Already the Government, in its response to the SNR consultation, has committed to a greater degree of engagement with stakeholders, including the third sector. It states:

'The Government is committed to stakeholder engagement as a fundamental feature of the processes for developing and delivering the regional strategy and there will be a duty on the RDA and Leaders' Board to consult and engage stakeholders. As part of this duty, the RDA and Leaders' Board will be required to prepare, and comply with, a published statement setting out how they will consult and engage with stakeholders and communities. The Government will provide further guidance on this issue.' (CLG and BERR 2008, p18)

This would seem to suggest there may be movement at the regional level towards the type of requirements that are seen at the local level. However, until the duty to engage and consult specifies the third sector as a key stakeholder and is assessed as a formal part of the performance management framework, it is doubtful whether a real step change will be achieved. This commitment to stakeholder engagement should be extended to the sub-regional level, with similar duties introduced. Furthermore, as the duty to involve is implemented at the local level, there will be opportunities to learn from this experience. There may be a case for going beyond engaging and consulting stakeholders to requiring them to be actively involved in decision-making at the regional and sub-regional levels.

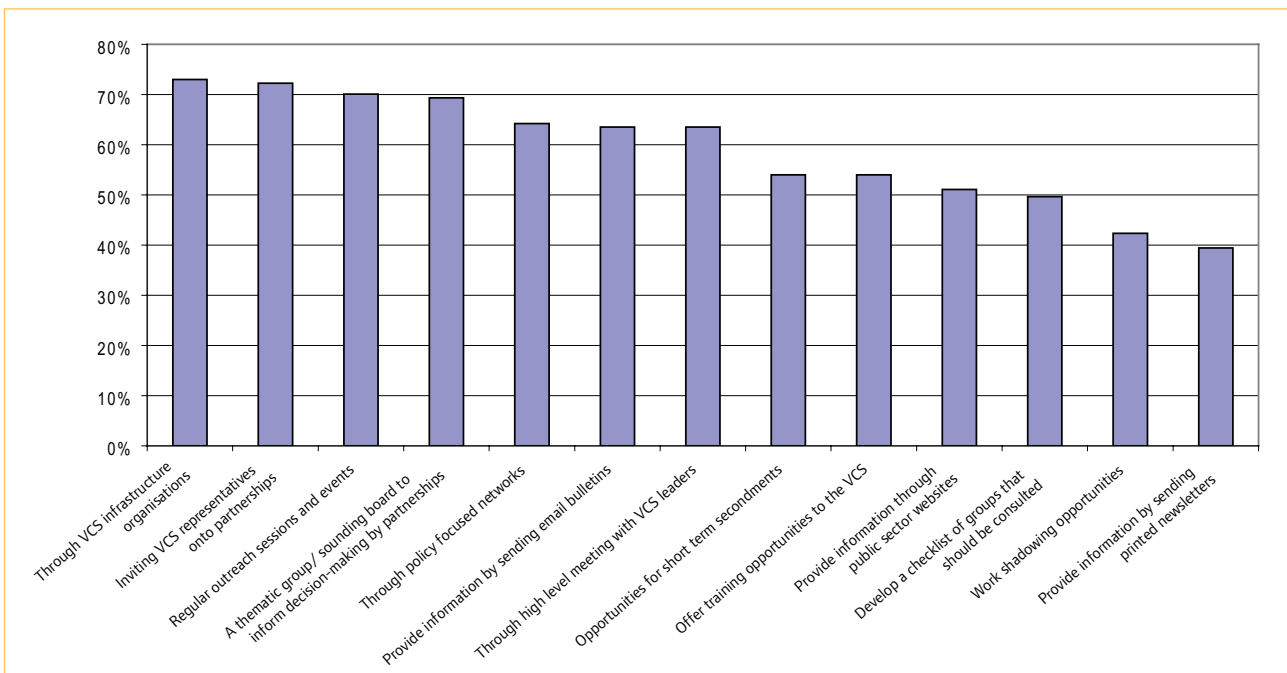
However, the rationale for involving any organisation in the policymaking process must always be clear. Recommending that central government should introduce a statutory duty to engage and consult, and possibly to involve stakeholders, should not be interpreted as a statutory ‘seat at the table’. The true value of the third sector comes from its ability to communicate clear messages that no other organisation can, or is willing to, deliver. It is important that this strength is not diminished through such an entitlement, and that the third sector becomes part of the regional and sub-regional policymaking architecture on its own terms.

Develop third sector literacy among public sector officials

While formal structures are important, on their own they will not change the engagement between the public sector and the third sector. Changes to culture and levels of understanding are also needed.

Tackling shortcomings in public sector understanding of the third sector does not need to wait for central government action. Understanding must be spread beyond the ‘usual suspects’ in the public sector, who regularly interact with the third sector, to ensure a wider understanding of the third sector, the context and constraints within which it operates, and the contribution it can make to strategy development and decision-making. There are a number of ways in which this understanding can be enhanced – for example, through induction processes when people begin relevant jobs, or through training. This can also be achieved through joint training and greater interaction between the third and public sector, as discussed in Section 5.

Figure 3.4: How respondents would prefer to be engaged



One message that any such training or induction should convey to public sector officials is the third sector’s preferred mechanisms for engagement. Our survey asked respondents to choose from a list of methods for engagement. The results are displayed in Figure 3.4 above, with ‘engagement through infrastructure organisations’ being the most frequently chosen overall (by 73 per cent of respondents), followed by ‘inviting third sector representation onto partnerships and boards’ (72 per cent) and ‘regular outreach sessions specifically targeted at the third sector’ (70 per cent). When asked to prioritise the three preferred means of engagement, ‘through infrastructure organisations’ was the most popular first choice, with 24 per cent of respondents selecting it, as shown in Figure 3.5. The figure also demonstrates the most frequently occurring option as a top-three priority: ‘inviting third sector representatives onto boards and partnerships’.

Figure 3.5: How respondents would prefer to be engaged when asked to prioritise their top three means

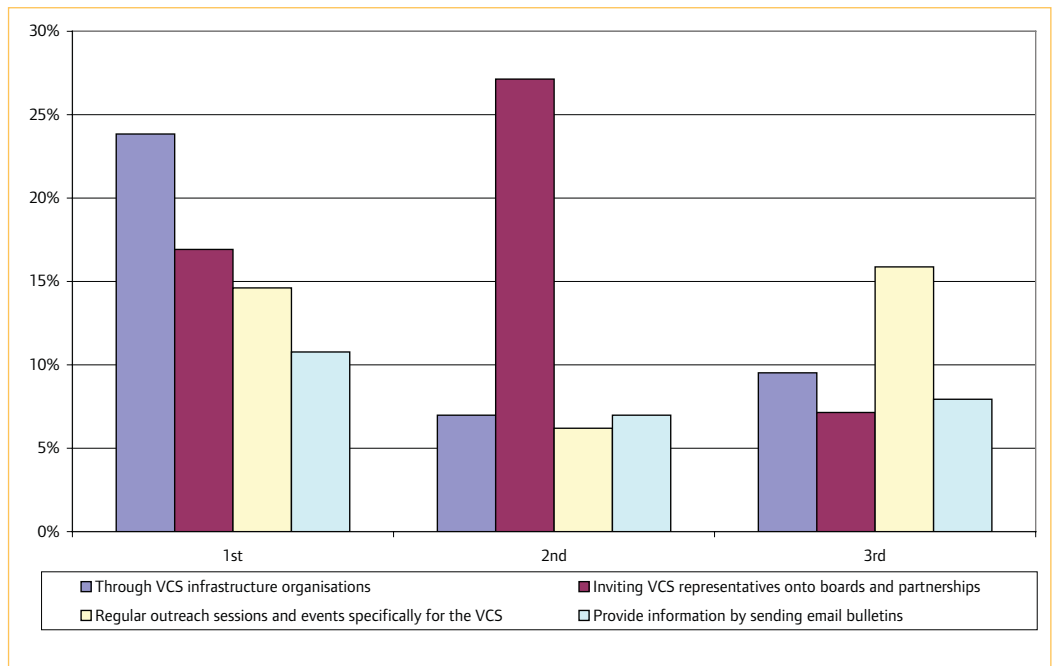
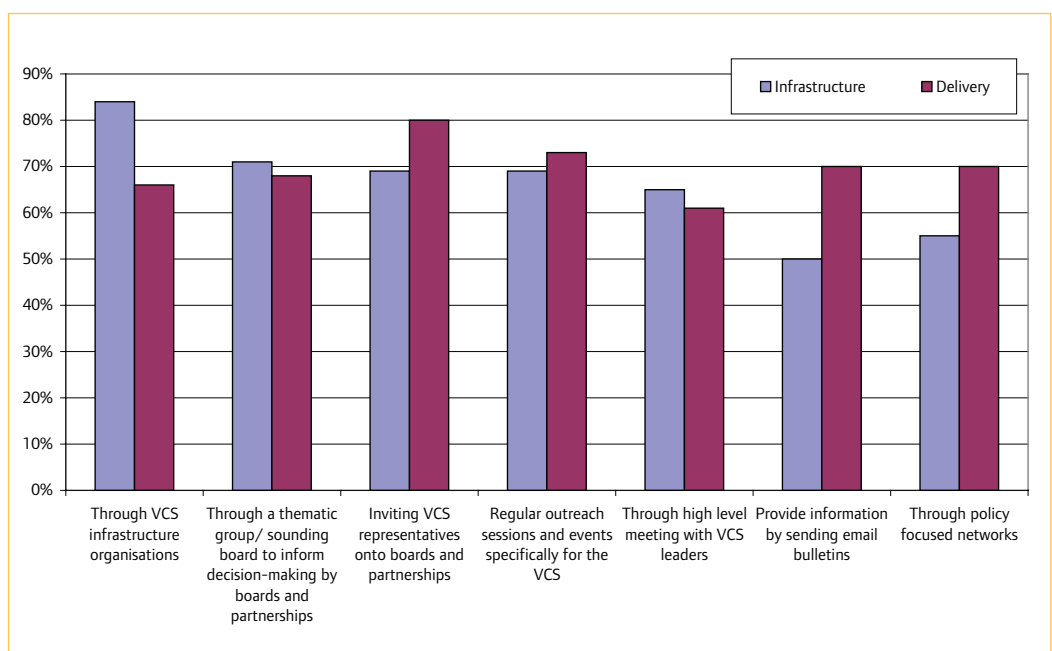


Figure 3.6: Differences between the preferred means of engagement of respondents from infrastructure organisations and those of service delivery or campaigning organisations



However, when we delve deeper there appears to be something of a difference of opinion between respondents identifying themselves as ‘infrastructure organisations’ and respondents identifying themselves as ‘service delivery organisations’. Figure 3.6 shows data from Figure 3.4 broken down by organisation type. It includes only the five most frequently selected preferred means of engagement for each type of organisation (although there are only seven categories shown on the graph, as three options appeared in the top five for both groups).

‘Through infrastructure organisations’ was the most frequently selected option by respondents from infrastructure organisations, with 84 per cent considering it desirable. In comparison, this was the sixth most frequently selected option for service delivery organisations, with 66 per cent considering it desirable.

This disparity deepened when organisations were asked to prioritise three forms of engagement, with over 35 per cent of infrastructure organisations choosing ‘through infrastructure organisations’ as their top priority, compared to only 14 per cent of delivery organisations. This finding may be partly explained by the proportion of large organisations that responded to this survey, as these are less likely to engage with infrastructure organisations because they have the resources in house to enable them to deal directly with the public sector.

Summing up

The third sector is established as a key stakeholder at the regional and sub-regional levels in the sense that there is a general expectation among public sector officials that they should be consulted and engaged. A number of third sector organisations do engage and seek to influence decision-makers at these levels. But doubts remain about the level of priority afforded to this activity, and how deeply rooted it is. This situation requires more than changes at the level of structures and processes, making them as open, intelligible and accessible as possible: changes to culture and skills are also essential, increasing the level of third sector literacy among public sector officials.

4. Issues and steps for the third sector

Some in the third sector believe that any suggestion of changing the way the sector operates in order to better enable engagement with the public sector risks compromising independence. This is not a position we advocate. Certainly this is a danger of which the sector must remain aware, and infrastructure organisations and those seeking to represent the views of the sector must take care to ensure they take their members (and potential members) with them as they engage with the public sector. But it is clear from our research that parts of the third sector strongly believe that they have an important contribution to make to regional and sub-regional decision-making, and potentially something to gain from it too.

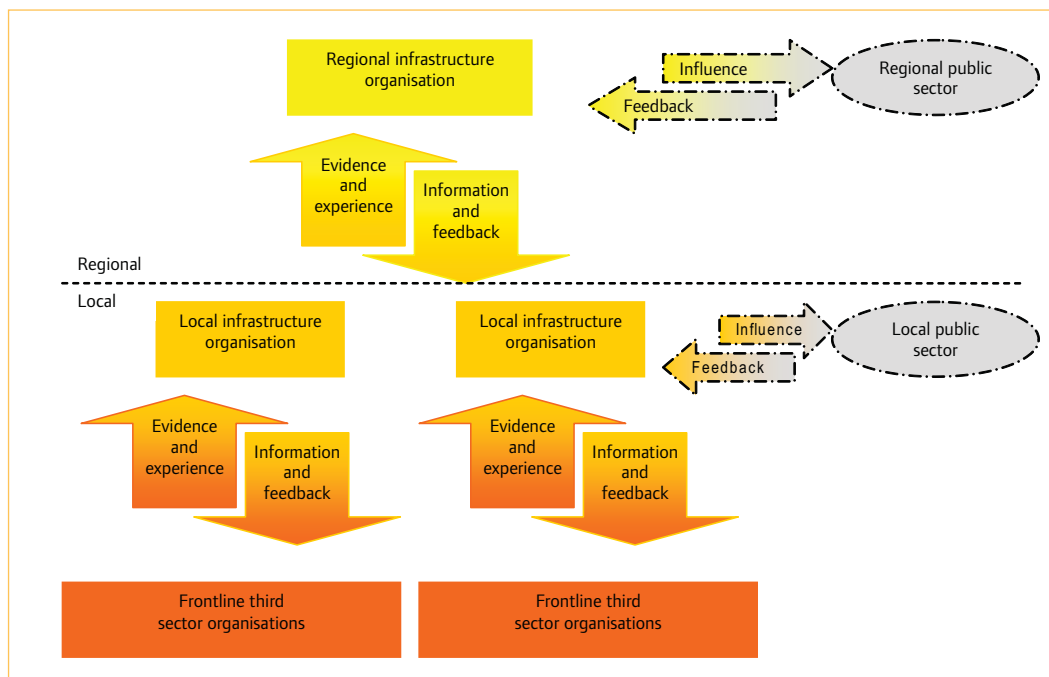
It is therefore rational for the sector to tailor its approach to engagement and influence in order to maximise the chances of a positive outcome. Rather than seeing this as pandering to the public sector, this should be regarded as an effective and professional approach, with influence and engagement a means of constructively challenging the public sector. Good communication – and, as a result, effective engagement – requires the sectors to be intelligible to one another and to speak the same language. Of course, this is a challenge not only to the third sector but to the public sector too, as discussed in the previous section. Here, we extend the analysis to focus on issues and steps for the third sector.

A theoretical model of engagement

From the interviews and focus groups conducted with third sector infrastructure and frontline organisations, a theoretical model emerged for how engagement should occur at the regional level. We have sought to produce a diagrammatic version of this model, shown as Figure 4.1. In theory, there is a chain of organisations operating at different spatial scales, with information flowing up and down the chain. Frontline organisations carry out activities on the ground, and feed their experiences and evidence up to local infrastructure organisations, such as the local Councils for Voluntary Services (CVS).

Among the other services that they provide for their members, these local infrastructure organisations collate this information and seek to use it to influence public policy locally.

Figure 4.1:
Theoretical model
of engagement



They also pass information up the chain to the regional infrastructure organisations, which seek to collate such experiences and evidence from a range of local infrastructure organisations. They then use this information to seek to influence regional decision-making and facilitate the communication of the views of the sector to public sector decision-makers.

In theory, information also operates in reverse, with information about the activities of the public sector, and feedback from influencing activities and decision-making processes, passing back down the chain. At each stage the information is filtered and translated by the infrastructure organisations, to ensure that the information reaching frontline organisations is relevant, targeted and accessible.

Certainly some elements of the theoretical model of engagement shown in Figure 4.1 can be seen operating in practice. For example, at the local level, local infrastructure organisations are increasingly established as a means of facilitating the representation of the third sector in forums such as Local Strategic Partnerships (LSPs).

Similarly, at the regional level, each of the English regions has a generic third sector regional infrastructure organisation, each of which has influencing regional policy and strategy as a key element of its remit. Our interviews and focus group data found that they perform this role in three main ways:

- Through their officers joining boards and/or partnerships, and drawing on the views of the sector to engage with discussions and decision-making
- By facilitating engagement through the selection of a representative from within the sector, who is then supported to represent the views of the sector. Usually this will be an individual with specific expertise in a given subject area, sometimes drawn from an established network of organisations with a shared policy interest
- By building broad networks and relationships with key partners and stakeholders regionally and sub-regionally. It is these more personal relationships that are often the conduit to wider influencing activities. For example, they enable the circulation of information about upcoming decisions and opportunities for influencing. They also provide opportunities for third sector representatives and infrastructure organisation officers to proactively plant issues in the minds of decision-makers.

But while this model is neat and rational in theory, the reality of how engagement occurs is somewhat different in practice. There are three key problems with the theoretical model, as follows:

- In practice, there are other methods of engagement that cut across the model, creating a far more complex picture.
- This model does not give an account of the sub-regional level.
- The limited funding and capacity of the third sector act as a barrier to the model working in practice.

We explore each of these issues in more detail below before going on to consider steps for the third sector.

Complexity

Perhaps the most significant shortcoming of the theoretical model is its oversimplification. It does not reflect the complexity of third sector structures and means of engagement at the regional and sub-regional levels. The model focuses only on generic infrastructure organisations as a means of engaging with and seeking to influence the public sector and of

representing the views of the sector. But this is only one of three main methods through which engagement takes place. Kendall (2005), in his work looking at the role of the third sector in the national policy process in the UK, notes two further means of engagement that were also highlighted by our interview and focus group participants: direct contact, and specialist or thematic networks. These are described below.

1. Direct contact: Rather than relying on a linear model where each tier feeds seamlessly into the next (as outlined in Figure 4.1), much of the engagement at the regional and sub-regional levels relies on direct contact and interpersonal relationships. For example, proactive chief executives of individual third sector organisations will build relationships with key public sector officials as a means of influencing the policy and decision-making process, often with a view to maximising the opportunities for their own organisation.

Generally, this is a realistic option only for chief executives of larger third sector organisations, as smaller organisations are less likely to have the capacity to achieve this. It is for smaller organisations that infrastructure organisations may be particularly important. Infrastructure organisations may also play an important role, as there must be limits to direct engagement as it would seem both impractical and an inefficient use of time and resources for every individual chief executive to seek to engage directly in this way.

Direct contact can lead to individual chief executives coming to be regarded as key experts, or even as the ‘acceptable face’ of the sector, leading to them being invited onto boards and partnerships as a voice of the sector. This can be problematic if they are then viewed as representative of the sector when in fact they are not, and can result in information not being shared within the sector.

2. Specialist or thematic networks: In practice, a great many infrastructure organisations have been established. Some seek to engage decision-makers on a thematic basis, drawing on the expertise of a network of organisations working in a particular policy area. Others offer specialist skills – for example, providing support for and seeking to influence on behalf of black and minority ethnic group (BME) organisations. Some of these, such as the regional BME networks, are present in each region, while others are the result of bottom-up development in response to a need or an opportunity.

A recent audit in the North East of England – England’s least populous region – found that the third sector is active in nearly 80 regional networks. ChangeUp funding has provided resources to identify and fill infrastructure gaps in order to ensure that all parts of the third sector are able to access high quality support. But some critics of the programme argue that it has encouraged a confusing expansion of infrastructure organisations and networks rather ensuring infrastructure that is efficient and streamlined (see, for example, Harker and Burkeman 2007). This may be partly due to the initial large tranche of money being distributed in haste, due to delays in getting the programme up and running. Furthermore, this initial spending round had no outcome or output requirements placed on funding (National Audit Office 2009).

In practice, these three means of engagement (through generic infrastructure organisations, specialist infrastructure organisations and networks, and direct contact with third sector leaders) all operate simultaneously, and sometimes cut across each other. Feedback from the interviews with public sector officials suggests that this creates a confusing picture, and that people are not always sure of where to turn in order to engage with the sector. This was particularly the case at the sub-regional level.

Engaging with the sub-regional level

A further problem with a practical application of the theoretical model is its failure to account for the sub-regional level, where sub-regions are not coterminous with county councils. This is a particular problem in metropolitan areas, where city- or sub-regional governance operates through the joint working of neighbouring local authorities.

There are some examples of generic infrastructure organisations established to work across boundaries at the sub-regional level. For example, the Greater Manchester Centre for Voluntary Organisations (GMCVO) has worked across the Greater Manchester city region since the mid-1970s. In other parts of England, organisations have been established in response to more recent events. However, there are few generic city- or sub-regional infrastructure organisations focused on engaging with sub-regional decision-making.

The early evaluation of Multi Area Agreements (MAAs) identified a lack of generic infrastructure organisations at the sub-regional level as one of the reasons that the third sector is currently less likely to be engaged with MAAs (Russell 2008). In this sense, the emerging city-regional agenda – and the third sector’s capacity to influence it – poses a challenge to the sector and its infrastructure organisations. Stepping up to this challenge may prove important as sub-regions look set to expand their role in economic development decision-making and activity.

CapacityBuilders has identified engaging with the public sector as a key priority up to 2014, but its focus has tended to be at the local level and relating to building links to local area agreements (CapacityBuilders 2007 and 2008). While this is undoubtedly important, a case can also be made for improving engagement at the sub-regional level. Sub-regional consortiums have emerged as a result of the ChangeUp programme, to identify and fill gaps in support to the third sector. Some (but by no means all) of these consortiums have identified influencing emerging city- and sub-regional activities as among their priorities in their business plans.

Looking ahead, there is an opportunity for CapacityBuilders to use its resources to promote greater engagement at the city- and sub-regional levels. There is a currently a window of opportunity to do this as city- and sub-regional functions and governance structures continue to evolve.

Funding and capacity

Insufficient funding and capacity (particularly in terms of human resource) is a perennial challenge for the third sector. From the interviews and focus groups we conducted, it is clear that these problems prevent the theoretical model from operating. In particular, the two-way flow of information described in Figure 4.1 appears to suffer as a result of funding and capacity constraints. As two focus group participants from infrastructure organisations put it:

‘There’s just too much on everybody’s plate to deal with properly, and even if you go to a meeting you don’t feed back... even though the structures are there, making them work sometimes is beyond us.’ (Participant, infrastructure focus group)

‘We are strapped for cash, and we are strapped for ... staff time more than cash really, and it takes time and effort to actually have that two-way process with them – the groups and the organisations we are working with – to represent them properly.’ (Participant, infrastructure focus group)

We discussed earlier the difference between how well-informed infrastructure organisations feel about regional and sub-regional activity, compared to how well-

informed service delivery and campaigning organisations feel about the same issue. This too may suggest that the feedback mechanisms at the regional and sub-regional levels are not operating as effectively as they might.

Steps for the third sector

There are clearly barriers to moving towards the type of engagement that many in the public sector – and indeed parts of the third sector – would like to see in practice. Here, we outline some steps that the third sector can take: not only in terms of how it organises itself and works collectively to engage with the public sector, but also in terms of the skills and competencies that third-sector leaders need to further develop to get the most out of engagement.

Be simple, transparent and collaborative

The current methods of engagement – through infrastructure organisations, thematic grouping and through direct contact – will all continue to coexist. So, rather than seeking new structures, or advocating unrealistic responses, the challenge must be to maximise transparency and simplicity wherever possible.

For example, when those engaging with policymakers are participating as individual experts from a particular organisation, or when they are formally representing views from the sector, this must be transparent. In the latter case, representatives must be supported to ensure that they have sought the views of the sector and fed back to those they are representing. Sometimes, this will involve sharing information with others, including organisations with which they are in direct competition when it comes to service delivery.

There must be greater cooperation within the third sector too. This may also help to improve engagement with the public sector by making it more straightforward. First, and as acknowledged by CapacityBuilders, there is a need for greater coordination between specialist and generic infrastructure organisations. Where this is not already happening, a core activity for generic infrastructure organisations should be to audit the networks and thematic groupings operating within the third sector in their area. Where this has been done the results can be startling, as in the North East of England (Voluntary Organisations Network North East [VONNE] 2009).

Any audit should include analysis of gaps and duplication, with generic infrastructure organisations facilitating links between networks, and even mergers. If the purpose of this activity is to improve the sector's capacity to engage with policy, the aspiration should be for a small number of active networks focused around the most pertinent policy activities conducted at the regional and sub-regional levels. Streamlining collaboration in this way will enable the knowledge, information and evidence flowing through these networks to be better harnessed and developed into targeted messages to communicate to decision-makers.

Removing duplication through streamlining will also have the added benefit of using the limited time resources of third sector organisations more productively. Some infrastructure organisations already seek to facilitate, build on and communicate the work of thematic groupings. This work is especially important at the regional and sub-regional levels, where engagement and representing the views of the sector is a more significant part of the work of infrastructure organisations compared to the local level, where service provision plays a larger part.

CapacityBuilders is seeking to facilitate closer collaboration through its workstream Increasing Support: Collaboration⁶ and the Modernisation Project Fund⁷. This ambition for a more streamlined approach is likely to have a wider benefit too: making structures for engagement more intelligible to partners in other sectors. In some cases there may be a case for mergers, which is a difficult agenda for the sector. However, mergers should not simply be regarded as a threat, but an opportunity to improve services (Coppes 2009).

Second, and perhaps even more challenging, is the need for greater collaboration between large third sector organisations and regional and sub-regional infrastructure organisations. As discussed previously, it tends to be the larger third sector organisations that are able to develop direct relationships of influence with the public sector at the regional and sub-regional levels. Moreover, the data from the interviews and focus groups suggests that these organisations also tend to be less engaged with regional and local infrastructure organisations.

The rationale that participants gave most often for this lack of engagement was that the resources of large organisations tend to outstrip those of infrastructure organisations, so that they have little need for the services offered by infrastructure organisations. In particular, why would a large organisation want its voice to be diluted by engaging with the public sector through an infrastructure organisation when it can engage directly?

This is undoubtedly a challenging question. One response may be: out of a sense of citizenship within the sector, with larger organisations using their greater capacity and expertise to contribute to the greater good of the sector by supporting infrastructure organisations and, by extension, smaller organisations. Furthermore, greater collaboration would enable the sector to appear more coordinated, which may aid more effective engagement. However, a more persuasive rationale for large service delivery organisations might be that through supporting infrastructure organisations they can support the development of some smaller, more specialist, organisations – which may assist the development of consortiums with which to bid for contracts.

There is also a case for greater collaboration between individual third sector organisations. Where decisions taken at the regional and/or sub-regional level are particularly pertinent to their work, it makes sense for individual organisations to invest in engagement. Such investment could take the form of a policy officer working across levels of government, with part of the job description including working with relevant infrastructure organisations.

Allocating the task of policy engagement to a particular member of staff, and requiring better links to infrastructure organisations, may help to simplify structures. However, many third sector interviewees regarded the idea of individual organisations employing a policy officer as a luxury. Nevertheless, such a 'luxury' could be obtained by pooling resources, with third sector organisations working in a particular policy area coming together to jointly provide funding for a policy officer post based at the relevant infrastructure organisation, with a policy portfolio restricted to domains that are relevant to the conglomerate of organisations that fund the post.

An important role for infrastructure organisations should be to proactively seek to facilitate collaborations such as this. These collaborations could also be a means of generating some income if they resulted in funding all or part of a post. Such cooperation would make it

6. For more information, see: www.improvingsupport.org.uk/collaboration

7. For more information, see: www.capacitybuilders.org.uk

easier for the public sector to know where to turn to for expertise on a specific set of issues. For the same reason, it would also help to improve coordination and collaboration between individual third sector organisations and infrastructure organisations.

Finally, there is a case for more collaboration across sectors. A buoyant third sector is increasingly recognised as an asset to a local economy. Beyond the valuable role that third sector organisations can play in offering support to marginalised members of society, they can also make significant economic impact by creating employment opportunities. Policymakers' interest in the economic value of the third sector is demonstrated by the increased profile of social enterprise, and the introduction of Community Interest Companies (CICs) as a formal governance structure.

These developments partially blur the boundaries between the private and third sectors, and highlight shared objectives between the two, such as their contribution to improving employment opportunities in a local area – a core objective of partnerships at the regional and sub-regional levels. There is a need to move away from crude caricatures, and instead to explore common ground between the sectors. Sometimes, the main differences lie in the language and terminology used rather than the objectives sought. Indeed, organisations within these two sectors may find they have more in common with each other than with the public sector. More specifically, when it comes to engaging with regional and sub-regional partnerships, the third sector and the private sector may be able to combine and learn from each other, as opposed to viewing the public sector as an intermediary between the two.

Develop a more coherent voice

A strong message from the public sector was the desire to hear a more coherent voice from the third sector. Many in the third sector reject this aim as impossible given the diversity of the sector but, while it is undoubtedly true that the sector will never speak with one voice, it is possible to develop at least more of a unified voice than is currently the case.

A key factor that undermines the possibility of a more coherent voice is the diversity of ways in which engagement currently takes place. If progress can be made towards simplifying structures, as discussed above, then simply making it easier for the public sector to know where to access the views of the third sector may give the appearance of a more coherent voice.

Beyond this, the third sector should draw on the campaigning skills that it uses in its day-to-day work. Campaigning involves identifying who holds the power to make the desired change, carefully developing key messages that are honed and targeted at the chosen audience, and communicating those messages clearly. These same processes apply to engaging with and influencing regional and sub-regional decision-making.

Moreover, while it may not be possible for the sector to speak with a fully unified voice, this should not prevent infrastructure organisations at the regional and sub-regional levels from facilitating the development of a small number of key messages. Some of the generic regional infrastructure organisations have already begun to do this, through the development of manifestos (see, for example, Yorkshire and Humber Forum 2008, Community and Voluntary Forum: Eastern Region [COVER] 2008). This is a welcome development.

Ensure effective and sustainable coordination and representation

The notion of representation presents several challenges to the third sector. The sector is diverse in many different ways, including (but by no means limited to) the size of organisations, the sectors in which they operate, their level of agreement with government policy direction, and their role (or lack of it) in mainstream service delivery. Coordinating the

voice of such a diverse range of views and interests is clearly a challenging remit – one that has traditionally been bestowed upon infrastructure organisations, for whom engaging with and influencing the public sector is a core activity. This is particularly the case at the regional and sub-regional levels, which are less likely to deliver advice and development services to frontline organisations.

In recent years, regional and sub-regional infrastructure organisations have been the beneficiaries of some public funding streams to support work in policy influencing and representation, and to develop their role as an intermediary between frontline organisations and the public sector. This has included some core funding for regional infrastructure from the Office of the Third Sector and ChangeUp funding for regional and sub-regional consortiums distributed through CapacityBuilders. The Big Lottery Fund’s Building and Sustaining Infrastructure Services (BASIS) programmes have also been an important source of funding.

The financial future of all third sector organisations is under scrutiny during the current economic downturn as individuals and corporations respond to tighter financial circumstances, and there are concerns that revenue from these sources may decrease. The impact of the downturn on public finances is also becoming increasingly clear, and the future of public funding streams that support generic infrastructure organisations looks insecure. Coupled with the proposals for funding reform advocated by the Conservative Party, the current model for funding infrastructure appears unlikely to continue (Conservative Party 2008).

It is therefore vital that the sector holds a serious, and open, debate about how highly it wants to prioritise engagement at the regional and sub-regional levels – particularly at a time when the source of funding for such activity looks uncertain. The response to our survey clearly suggests that there is a section of the third sector for which the regional and sub-regional levels matter greatly.

If engagement at these levels is considered a priority, then there are two key questions:

- How can effective good performance be supported with regard to engagement, including gathering views from the sector, facilitating their communication to appropriate public sector decision-makers, and feeding information back to the sector?
- What are the options for continuing to fund this area of activity?

Two vital means of supporting good performance are developing recognised quality standards and methods for collecting, and communicating evidence of impact in order to showcase excellence. However, a problem for infrastructure organisations is that while a number of frameworks have been designed to help organisations measure their effectiveness, there is no agreed standard or definition of effectiveness (Macmillan *et al* 2007). Furthermore, a recent Charities Evaluation Services report highlighted evidencing and communicating outcomes and impact of infrastructure organisations as key areas for development (Cupitt 2009).

Steps are being taken to address these issues. For example, in 2007/08 CapacityBuilders required the consortiums it funded to pass a fitness test in order to continue receiving funding. However, this appears to have been a one-off rather than signifying ongoing assessment of performance. Meanwhile, the PERFORM framework has been developed to assist outcomes-focused strategic planning for all infrastructure organisations⁸, while NAVCA

8. For more information, see: www.strategy-impact.org.uk/page.sap?id=1502

has developed five infrastructure performance standards that form the basis of a quality award⁹, although they are designed for local infrastructure organisations. Both are voluntary schemes.

There is scope to further strengthen the approach to performance. Given the importance of engagement with other sectors at the regional and sub-regional levels, a good way of assessing ongoing effectiveness may be through developing a 360° appraisal, in which a sample of member organisations and key stakeholders in other sectors is periodically asked to assess the performance and impact of the organisation in a number of key areas. Furthermore, existing voluntary quality schemes could be built on so that they apply to regional and sub-regional infrastructure organisations, recognising their greater emphasis on engagement. It could also be made a requirement for organisations in receipt of public money (see, for example, Harker and Burkeman 2007).

Skills and leadership of infrastructure organisation is also essential, and research suggests that the perceived performance of chief officers is pivotal to how effective their organisations are thought to be – particularly among external stakeholders (Macmillan *et al* 2007). This is likely to be because the chief officer is generally the most visible figure and thus a key determinant of confidence in the organisation. Again, given the focus on engagement with external stakeholders at the regional and sub-regional levels, it is essential that these leaders are appropriately skilled – an issue we will return to.

But effective infrastructure must also be financially sustainable, and research suggests that infrastructure organisations are frequently dependent on public sector or lottery funding and not often self-sustaining either through membership fees or income generation (Compass Partnership/OPM 2004, Macmillan *et al* 2007) – a view echoed by our third sector interviewees. This lack of sustainability is put down to third sector organisations lacking the resources to meet the cost of infrastructure support through membership fees alone. Additionally, as discussed above, larger organisations tend not to join infrastructure organisations, as they have less need for the services they offer.

The question of how to sustain infrastructure functions is therefore an important one. One route to increasing sustainability may be to learn from the local level and develop Service Level Agreements (SLAs) with key regional and sub-regional organisations. In some local areas, the local authority and local infrastructure organisations have developed an SLA to facilitate the engagement of the third sector with the work of the LSP. This arrangement has delivered benefits for both sides. For the local authority, it has ensured focused activity to bring third sector experience and expertise into the local decision-making process. For infrastructure organisations, it has delivered money for a vital activity that can be difficult to fund.

This type of funding arrangement does raise concerns for some about the independence of the sector. However, this risk can be minimised by writing into the SLA that the infrastructure organisation remains an independent organisation of the third sector, and that it will deliver challenging messages where appropriate.

Wider use of SLAs is one way that CapacityBuilders is seeking to support sustainability among local infrastructure organisations. This should also be extended to the regional and sub-regional levels. However, if the third sector regards the regional and/or sub-regional levels as a priority, then relying solely on the public sector for funding could prove a precarious strategy – especially as there will be a squeeze on public spending over the coming years.

9. For more information, see: www.navca.org.uk/services/quality/qualityaward.htm

With this in mind, infrastructure organisations needs not only to make a strong and evidence-based case to the public sector for continued support and funding, but also to think creatively about other sources of income. For example, social enterprise activities (such as selling specific services to members and non-members) might present one means of generating income, although regional and sub-regional organisations will need to make sure they are not crowding out local infrastructure organisations. Furthermore, careful work to develop a market for services will need to be conducted.

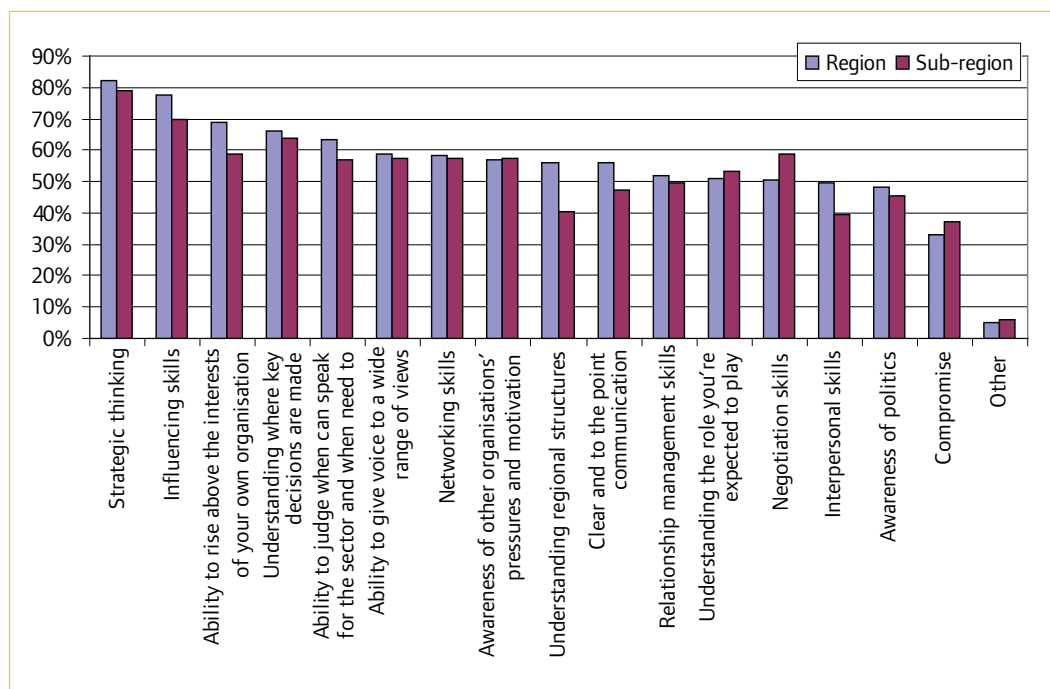
Develop skills and competencies within the sector

A key element of this agenda is to ensure that third sector leaders have the skills and competencies required to engage effectively and professionally with partners in other sectors at the regional and sub-regional levels. This is true both of individuals from infrastructure organisations and of those from individual third sector organisations. In either case they will be interacting with professionals from other sectors at a strategic level, and – fairly or not – their performance is likely to leave an impression about the wider sector. Furthermore, while structures and processes are important, making the most of the structures available relies on people and their skills and relationships (as we have discussed elsewhere in this paper).

Many in the third sector are already engaging effectively at the regional and sub-regional levels. Through this part of the research we sought to capture the key skills and competencies required for the task in order to share this learning more widely. These findings will be useful for CapacityBuilder’s workstream Improving Support: Governance and Leadership as it develops initiatives and resources for the sector¹⁰.

Research conducted at the local level has indicated a gap in our knowledge about the practical skills and competencies needed to engage with partnership working and representing the views of the sector at the local level, and the same is true of the regional and sub-regional levels. Work has been done to fill this knowledge gap at the local level (see Mitchell and Skinner 2007 and Skinner and Mitchell 2008), but it cannot be assumed that the skills are exactly the same at the regional and sub-regional levels.

Figure 4.2: The skills that respondents considered important for engagement at the regional and sub-regional levels



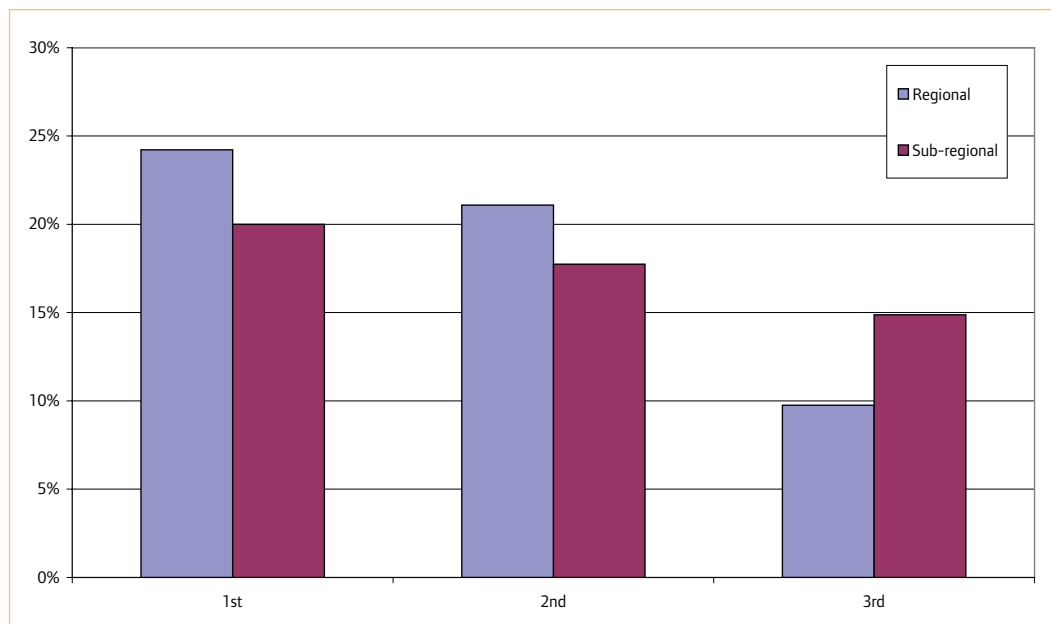
10. For more information, see: www.improvingsupport.org.uk/governance

We explored the question of skills and competencies through the focus groups, interviews and the survey. Figure 4.2 above outlines the frequency with which survey respondents identified different skills. A majority of respondents at the regional level, and 10 of the 16 at the sub-regional level, identified 13 of the 16 options as beneficial. However, when we asked respondents to identify three priority skills there was a considerable degree of consensus across both the regional and sub-regional level of what the most important skills were – namely, strategic thinking, influencing skills and the ability to rise above the interests of one’s own organisation.

We explore each of these below, along with two skill sets that public sector interviewees highlighted as important: interpersonal and communication skills, and small ‘p’ political skills.

Strategic thinking was a very high priority both for the third sector and the public sector. In the case of the third sector, this was true both at a regional and sub-regional level, as demonstrated by Figure 4.3: when asked to prioritise the most important skill, strategic thinking was the most popular first choice at both geographic scales, selected by 24 per cent of respondents for the regional level and 20 per cent for the sub-regional level. The distribution across second and third preferences was also similar, although at a sub-regional level the emphasis was less on an emphatic first/second choice, but was maintained more evenly through all three choices.

Figure 4.3:
Proportion of respondents selecting strategic thinking as a priority skill for regional and sub-regional engagement



Through the interviews and focus groups it became clear that in practice, strategic thinking meant one of two things to respondents. The first of these was the ability to see and contribute to the ‘bigger picture’ or, as one public sector interviewee put it, ‘the ability to think beyond the immediate horizon’. This requires third sector representatives and leaders seeking to engage with the regional and sub-regional levels to be able to think beyond immediate, local and day-to-day issues. It also demands the ability to look across a broad range of issues and see the links between them, rather than being too immersed in localised detail. Tools such as Third Sector Foresight, a website resource managed by the National Council for Voluntary Organisations, may be helpful in this respect¹¹. Strategic thinking may be particularly important at the regional and sub-regional levels because the policy functions exercised at these levels tend to relate to strategy formulation.

11. For more information, see: www.3s4.org.uk

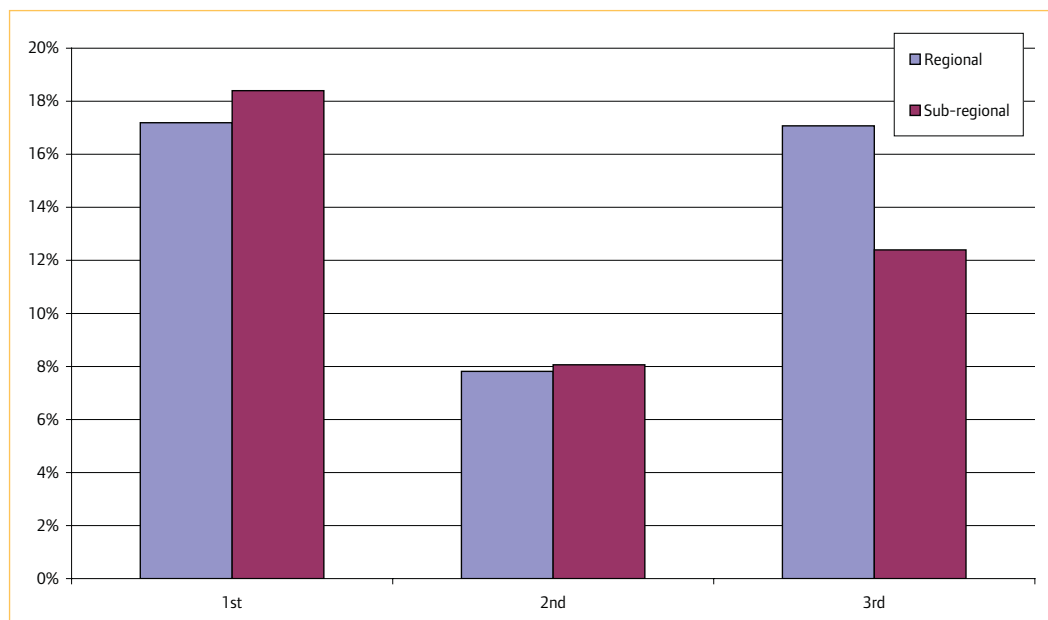
The second notion of strategic thinking referred to being selective about what issues to engage on, and being clear about what the sector or an organisation is able to contribute to the discussion in hand. This also extended to being clear about what is within the remit of public sector partners, and not expecting them to act outside it. As one third sector interviewee put it, ‘You wouldn’t go to the health service and expect them to put money into heritage.’ Respondents also discussed the need for clarity around the outcome sought, and for the views of the third sector to match those of other partners. This may involve building strategic alliances with other organisations, including those in the private sector – not always regarded as a natural ally of the third sector.

External facilitation may have an important role to play in helping to hone shared messages and build strategic alliances. It may also be useful in helping the sector think more strategically about forthcoming issues on the policy horizon that might be relevant, and how it might need to mobilise in order to respond proactively to future challenges.

A recurrent issue at this point was the way in which the short-term funding climate undermined the ability of the third sector to be strategic. This links into a wider debate over the funding and financing of the sector and issues over three-year funding agreements, full-cost recovery and grant funding. While these are undoubtedly ongoing challenges for the sector, they should be allowed to prevent the development of key skills.

Influencing skills are closely related to the strategic skills outlined above, and our survey respondents regarded this area as the second most important skill set. When asked to prioritise the most important skill, influencing was the second most popular first choice at both geographic scales – selected by 17 per cent of respondents for the regional level and 18 per cent of respondents for the sub-regional level, as Figure 4.4 shows. The distribution across second and third preferences is also similar.

Figure 4.4:
Proportion of respondents selecting influencing skills as a priority skill for regional and sub-regional engagement



This finding is supported by the Voluntary Sector Skills Survey – a large survey that asks third sector employers about gaps in the skills of their workforce. The 2007 England survey (Clark 2007) found that nearly one in five considered negotiation and influencing skills to be a gap for their organisation.

A number of elements to building effective influencing skills arose in the interviews and focus groups. An important aspect is knowledge. Knowing how and where key decisions are

taken is an important part of this, as is awareness of what is discretionary and can therefore be influenced.

The latter is particularly important at the regional and sub-regional levels, where room for discretion is more limited than at other levels of governance. Building knowledge of how and where decisions are made is challenging, as the structures of decision-making differ from region to region and sub-region to sub-region, requiring bespoke knowledge of how the structures in a particular place operate. For example, for some public sector organisations the board may be the key place where decisions are made, while for others it may be thematic groupings and sub-structures.

Furthermore, for some organisations and partnerships influencing often takes place outside of the formal structures. This approach tends to rely heavily on interpersonal relationships built on familiarity, reciprocity and trust. But while this can be an effective strategy for influence, it is also a risky one. Overreliance on this way of working can leave the sector without influence if key personnel move on. So, while it is important to build and manage relationships, these must be backed up with structured inter-organisational engagement to increase the likelihood of an enduring relationship.

Another key element of influence is developing a reputation for providing sound evidence to back up key messages to partners. There is currently an ongoing debate within the sector about ways of measuring the economic and social outcomes and impacts of activities, and techniques to measure the social return on investment¹² and conduct social accounting and audit¹³ are being developed. Building this capacity will better enable the sector to support the views it puts forward with evidence, which will increase its capacity to influence at all levels, including the regional and sub-regional levels.

Finally, a key aspect of building influencing skills is the role of scanning the policy horizon outlined above. By being on top of emerging issues, and developing a strategy in response, the third sector will maximise its chances of getting its voice heard early in a debate before views and positions become entrenched.

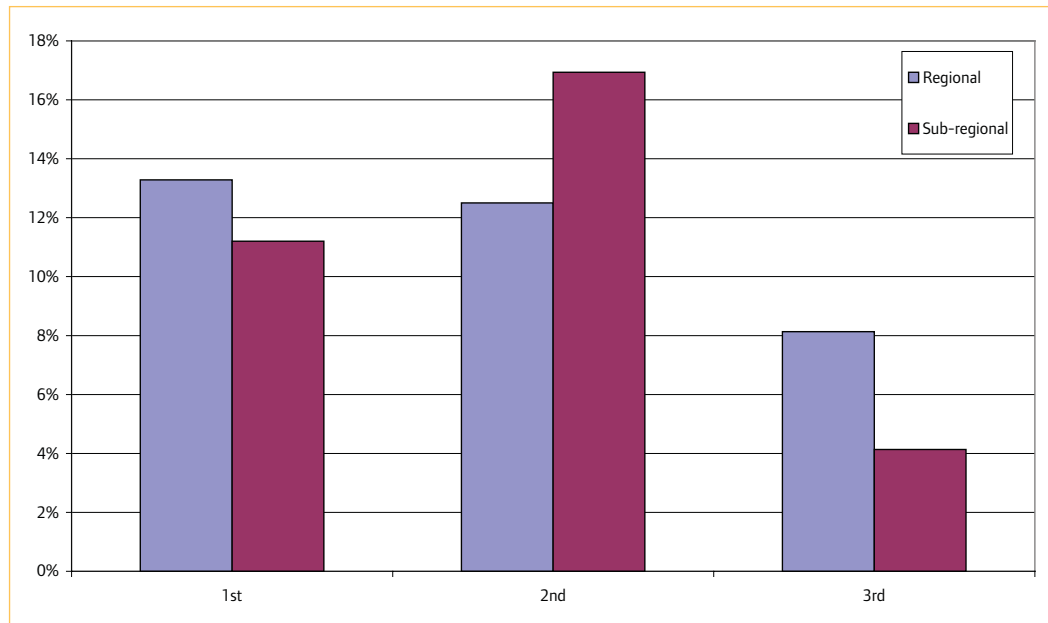
The ability to rise above the interests of one's own organisation was regarded as the third most important aptitude by our survey respondents. This was true of the third sector both at regional and sub-regional levels, as demonstrated by Figure 4.5. When asked to prioritise the most important skill, this was the third most popular first choice at both geographic scales – selected by 13 per cent of respondents for the regional level and 11 per cent of respondents for the sub-regional level. The distribution across second and third preferences is also similar, although at a sub-regional level the emphasis is less on an emphatic first choice, due to a more dispersed set of first-choice voting.

In the interviews and focus groups, the idea of rising above the interests of one's own organisation was interpreted in relation to representing the views of the sector. Respondents referred to continuing to develop robust mechanisms to facilitate the views of the sector being articulated at the regional and, particularly, the sub-regional levels. This partly refers to ensuring that those tasked with representing the views of the sector are fully skilled and supported to do the job.

12. For more information, see: www.sroi-uk.org

13. For more information, see: www.socialauditnetwork.org.uk

Figure 4.5:
Proportion of respondents selecting 'rising above the interests of your own organisation' as a priority skill for regional and sub-regional engagement



Respondents also discussed this aptitude in relation to third sector leaders that engage with the public sector in a direct capacity, and that are sometimes regarded by the public sector as being representative of the sector when they are not actually acting in this capacity. In this case, respondents referred to what we have described as developing a sense of citizenship within the sector, with individual third sector leaders and infrastructure organisations developing more collaborative ways of working.

Inter-personal and communication skills were considered an important area of development for some in the third sector by many of our public sector interviewees. They pointed to the importance of building and managing lasting relationships through trust and reciprocity. Some also highlighted the damaging effect that a key individual with poor inter-personal skills can have on inter-organisational relationships. Furthermore, they felt that some third sector organisations only sought to engage when there might be an opportunity for funding, and this was seen as a barrier to the development of lasting inter-organisational relationships.

To some degree, fund seeking should be expected, as it is an inevitable consequence of the tight funding context within which much of the sector operates. However, our survey found that funding is not the only motivation for the third sector to engage with the regional and sub-regional levels, with respondents emphasising that their involvement can improve policy outcomes – this is a message that needs to be more actively communicated to the public sector.

Interviewees made a related point about communication skills in general, and the ability to present key points in a clear, concise and constructive way (skills they admitted that some of their peers could develop too!).

In fact, interpersonal and communication skills emerged as a very low priority for our survey respondents, cumulatively attracting less than 4 per cent of first- and second-choice preferences both at the regional and sub-regional level. However, the need to develop communication skills would seem to be backed by other evidence, such as the third sector skills survey, which identified this area as a gap for one in five organisations (Clark 2007).

Small 'p' political skills was another key area that public sector interviewees highlighted as needing development in order for the third sector to engage successfully and influence the

public sector at regional and sub-regional levels. For example, interviewees highlighted the need to be aware of the limits (*de jure* or *de facto*) with which public sector partners have to contend. They also referred to judgement calls such as when and how to make difficult interventions. Interestingly, as with inter-personal and communication skills, the need for development in this area emerged as a very low priority for survey respondents, attracting less than 2 per cent of first-choice selections and 6 per cent of third-choice selections at both the regional and sub-regional levels.

Summing up

There are important steps that the third sector could take in order to improve collaboration, simplify structures and deliver a more coherent voice when engaging with the public sector at regional and sub-regional level. Beyond these issues of structure and process, there are also key skills and competencies that its leaders can develop in order to maximise the effectiveness of engagement. Some of these (for example, communication) are generic, and can be acquired through mainstream courses, while others (for example, small 'p' political skills and understanding local structures) require bespoke information.

But a key outstanding question is how high a priority engagement is at the regional and sub-regional levels. Our research suggests that for a section of the third sector it is very important. Given the economic climate, and the possibility of a Conservative government that is unlikely to support infrastructure, there is a need for a wide and open debate about how engagement can be sustained through these uncertain times.

5. Conclusions and recommendations

This report has discussed a number of recommendations for steps to be taken by the public sector (Section 3) and the third sector (Section 4). But the two sectors should not consider these in isolation. Engagement is a two-way process, and if the purpose of improving stakeholder engagement in economic development at the regional and sub-regional levels is to improve policy outcomes and balance social, economical and environmental objectives, then it is essential that this is a shared goal.

The development of regional compacts may offer an opportunity here. The compact offers a transparent understanding of the rules of engagement for both sides, and the very process of negotiating a compact can act to enhance mutual understanding. However, if the compact is a document that simply sits on a shelf and is ignored by both sides then it will be a waste of time. Steps must be taken to communicate the details of the compact on both sides, and this should be a shared responsibility. Only in this way can the considerable degree of scepticism about the impact of compacts be overcome. Furthermore, as the sub-regional tier continues to acquire functions – particularly once statutory sub-regions have been established – there may be merit in considering the option of a sub- or city-regional compact.

Structures and processes are important, and developing the skills, understanding and competencies of individual staff can help to improve engagement, but this will only develop engagement so far. Engagement is essentially about building relationships, requiring a deepened sense of shared understanding and purpose. The building of inter-organisational social capital – ties of mutuality and trust between organisations as well as between individuals – may be crucial here (Smith *et al* 2004).

A key way to do this is through establishing joint activities such as training days and away days attended by individuals from the third sector, their senior counterparts in the regional and sub-regional public sector, and other key stakeholders. A programme similar to the IDEa and IVAR Partnership Improvement Programme but targeted at the regional and/or sub-regional levels may be of benefit. Allowing space and time for interaction not only creates opportunities to develop social capital: it also allows time to discuss the opportunities and challenges faced by the region or sub-region, and to develop greater tacit understanding of the perspective from which partners are coming. Working in this way is also more likely to take account of the history and politics that surround existing relationships, and this may result in greater success.

However, as Smith *et al* argue, it would be wrong to assume that inter-organisational social capital between the third sector and the public sector will be evenly distributed. It must be accompanied by robust mechanisms to communicate the purpose and outcomes of engagement widely, both within the third sector and the public sector. This requires strong leadership on both sides.

The current challenge and opportunity

There is currently a window of opportunity open to stakeholders such as third sector organisations to increase their participation in decision-making at the regional and sub-regional levels. Evidence from this research suggests that, for at least part of the sector, there is a desire for this engagement – both in terms of having a collective contribution to make and of potentially having something to gain. Engagement already takes place in a number of ways, and some in the public sector already value the input of the third sector. But feedback both from the public sector and from the third sector has identified ways in which this engagement can be further developed and improved.

There is a need for a serious and open debate within the third sector about engagement at the regional and sub-regional levels of governance, including around how high a priority this is, and what the options are for coordination, representation and influencing policymakers at these levels. This role is currently played by generic infrastructure organisations, and they may well be best placed to continue to play this role. But the circumstances within which they seek to perform this role will change as a result of a squeeze on public finances and uncertainty about their future should the Conservative Party win the next general election (Conservative Party 2008). There is a need for a clear view of what activities are valued by the sector, and how these can be sustainably funded.

In the summary recommendations that follow, we identify three areas for action: building stakeholder engagement into structures at the regional and sub-regional levels; supporting and developing effective representation; and developing skills and aptitudes. These are discussed below.

1. Building engagement into structures

Recommendations for national government

- **Seize the opportunity presented by the introduction of Integrated Regional Strategies and city- and sub-regional governance structures.** The Office of the Third Sector should encourage colleagues in relevant departments – particularly the Department for Business, Enterprise and Regulatory Reform, and Communities and Local Government – to carve out a role for the third sector in these new governance arrangements.
- **Send clear messages about the expectations of stakeholder engagement, specifically including the third sector.** Signals from Whitehall matter to the public sector at the regional and sub-regional levels. Guidance for MAAs, city- and sub-regional governance, regional local leaders' boards and the new processes for Integrated Regional Strategies should make it clear that stakeholder engagement should be broad, specifically mentioning engagement with the third sector.
- **Extend the existing 'duty to engage' to create a 'duty to engage and consult and involve'.** This duty should name the third sector as a key stakeholder under this duty, requiring the third sector and other stakeholders to be actively involved in developing the Integrated Regional Strategies. This duty should also be extended to the new statutory city regions.
- **Include an assessment of stakeholder engagement in the performance management framework of the regional and sub-regional public sector organisations.** Again, the third sector should be named as a key stakeholder group.
- **Prioritise engagement with city regions.** CapacityBuilders should do this as part of its strand of work on engagement with the public sector.

Recommendations for the regional and sub-regional public sector

- **Ensure that structures and processes for developing strategies and shaping policy are as simple, clear and transparent as possible** and seek to communicate processes and ways to engage as widely as possible.
- **Listen to how the third sector would like to be engaged.** Our research suggests that desirable mechanisms would include infrastructure organisations, invitations to third sector representatives to participate with boards and partnerships, and events designed specifically for the third sector. Further investigation is needed into the

detail of how organisations would like to be engaged, acknowledging that this is unlikely to be uniform across different regions and sub-regions.

Recommendations for the third sector

- **Seize the opportunity offered by governance structures in transition.** Build on good practice examples already in existence, using them as the basis for a dialogue with the public sector regionally and sub-regionally. For example, the sector could draw on the structure of 4NW, the leaders' board in the North West, to press for a similar level of stakeholder engagement, PLLACE's development of a third sector sounding board, or the participation of the third sector on some city regional boards, such as in Greater Manchester, Merseyside and Tyne and Wear. As these structures evolve, it is important that the impact of this representation is monitored.
- **In areas where the city-regional agenda is progressing, ensure that the structure is organised and equipped to engage with this new tier of governance.**
- **Continue to develop structures that are as transparent and intelligible to outsiders as possible.** This will require greater collaboration within the sector in two ways:
 - Collaboration is needed between large individual organisations and infrastructure organisations, with the former being encouraged to feed in their expertise to thematic networks and groupings. Being more joined up will make the sector more intelligible to partners in other sectors, and will enable it to draw on a wider base of evidence when developing key messages to communicate. This debate should be led by the sector's national organisations.
 - Where this is not already being done, generic infrastructure organisations should audit and seek to streamline and coordinate thematic networks in the third sector, focusing on policy functions most pertinent at the regional and sub-regional level. They should marshal the networks and thematic groups in their area and facilitate the development and communication of a small number of key messages. Potential mergers should form part of this agenda. Removing duplication through streamlining will also have the added benefit of more productive use of third sector organisations' limited time resources.
- **Invest in policy officer capacity if engagement is considered of value to the organisation's work.** Any such job should have working with relevant infrastructure organisations written into the job description. Where organisations are unable to do this alone, groups of organisations working in the same field should jointly provide funding to support a policy officer post based at the relevant infrastructure organisation to work on a specific policy area.
- **Distinguish between third sector participation and third sector representation.** Where individual organisations engage with policymakers, they must make it clear whether they are doing so as individual experts from a particular organisation, or whether they are formally representing views of the sector.

2. Supporting regional and sub-regional infrastructure

- **Regional and sub-regional public sector organisations and partnerships should support engagement with the third sector through the formation of a Service Level Agreement (SLA).** This will benefit both sides, delivering a more coherent voice of the sector for the public sector and ensuring that infrastructure organisations have the capacity to properly facilitate the views of the third sector. But any written

agreement must protect the independence of the sector and recognise that the sector's value will sometimes lie in its ability to challenge the public sector.

- **Careful work should be conducted by infrastructure organisations to test the market for services, and to explore more fully the potential of using social enterprise to generate income.** Considering the forthcoming squeeze on public finances and Conservative policy position on regional infrastructure, being reliant on the public sector for funding is a precarious position. Organisations should explore the viability of social enterprise by testing the market for services, making sure they do not compete with their members or local infrastructure organisations
- **Infrastructure organisations operating at regional and sub-regional levels should continue to be roll out quality marks, performance management frameworks and impact assessments.** As stakeholder engagement is so important at these levels, this should be buttressed by light-touch 360° appraisal. To embed these ways of working, they should become funding requirements.

3. Developing skills and attitudes

- **The third sector should develop learning tools for frontline and infrastructure organisations, explaining how the regional and sub-regional levels work.** These should include generic information explaining what functions are performed by different organisations at the regional and sub-regional levels. They should be supplemented with specific contextualised information, providing a localised understanding of the structures, processes and small 'p' politics operating in a given region or sub-region.
- **The third sector should apply its campaigning skills to regional and sub-regional engagement.** Developing and targeting a small number of key messages would help develop a more coherent voice for the sector.
- **The third sector needs to develop skills in a number of areas in order to improve engagement:**
 - **Strategic skills**, including how to hone shared messages, build strategic alliances and look beyond the immediate, local and day-to-day issues. Policy horizon-scanning will enable a more proactive approach. External facilitation would assist the sector with this task.
 - **Influencing skills**, in that building a more robust evidence base by measuring outcomes will better enable the sector to support the views it puts forward, increasing its capacity to influence at all levels, including the regional and sub-regional. Developing campaigning skills, focusing on a small number of key messages would also help in this area.
 - **Communication and interpersonal skills**, including general training about appropriate behaviour in meetings, developing and sustaining professional relationships and communicating information concisely and persuasively.
- **The public sector needs to develop higher levels of third sector literacy through training and induction processes.** Spreading wider knowledge about the third sector, what it does and the pressures it faces will improve understanding and engagement.
- **The public sector and third sector should jointly develop and pilot a programme similar to the Partnership Improvement Programme but designed for the regional and sub-regional levels.**

- **The public and third sectors should work together to build social capital.** While structures and processes are important for engagement, it is interaction between people that builds mutual trust and understanding. This can be done through joint activities such as away days and joint training sessions that allow space for social capital to develop through the discussion of the opportunities and challenges faced by the region or sub-region, and greater understanding of the perspective from which partners are coming. Including other stakeholders in these discussions, such as the private sector and unions would also be beneficial.

Appendix: Research methodology

The research for this paper was undertaken in three stages using three different ways of gathering information, combining focus groups, semi-structured interviews and an online survey. Using this range of methods enabled us to draw on both quantitative and qualitative data.

Stage One: Focus groups

Two focus groups were held in December 2008, one with nine frontline organisations and one with ten infrastructure organisations, all based in the North of England. The participants were a random selection of organisations with details on the GuideStar database, members of NAVCA (National Association for Voluntary and Community Action), and the networks of ippr north and our partners.

The focus groups were used as a mean of exploring the issues from the perspective of the third sector, in order to inform the questions explored through the interviews and survey.

Stage Two: Interviews

Semi-structured telephone interviews were conducted with stakeholders from the third, public and private sectors. Seven interviews took place with frontline third sector organisations, 11 with regional and sub-regional infrastructure organisations, one with the private sector and 12 with public sector officials.

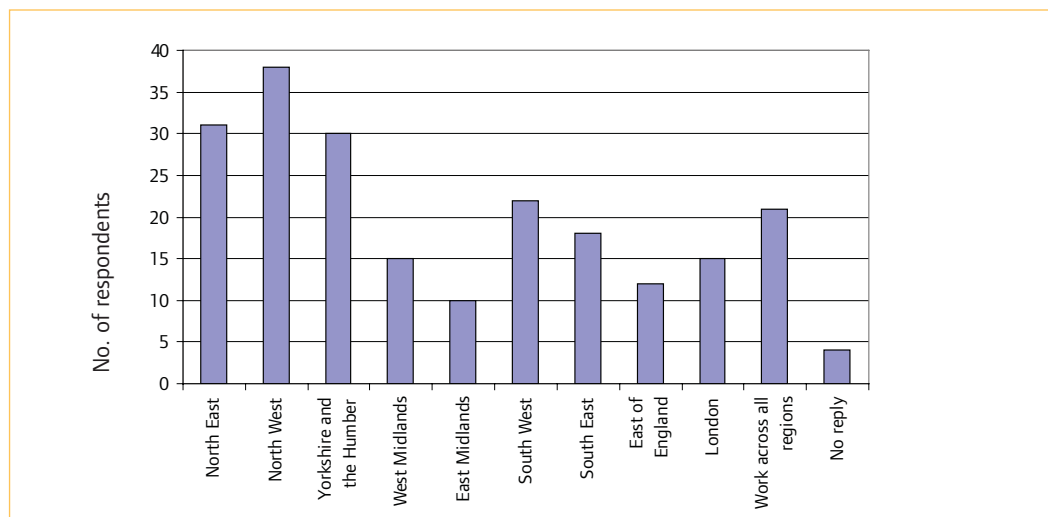
Public and private sector interviewees were identified by the role they performed within regional and sub-regional organisations and partnership. As before, the third sector interviewees were identified using details from the GuideStar database, NAVCA's database, and using the networks of ippr north and our partners.

Stage Three: Survey

An online survey was conducted between January and February 2009. The link to the survey was distributed widely through ippr north's networks and those of partner organisations including ACEVO (Association of Chief Executives of Voluntary Organisations), Capacitybuilders and NAVCA. Responses were received from 137 organisations. The graphs below provide details of the key characteristics of those that responded to the survey, covering the regions their organisation operates in; the policy areas their organisation works in; the annual turnover of their organisation and whether they are a service delivery, campaigning or infrastructure organisation.

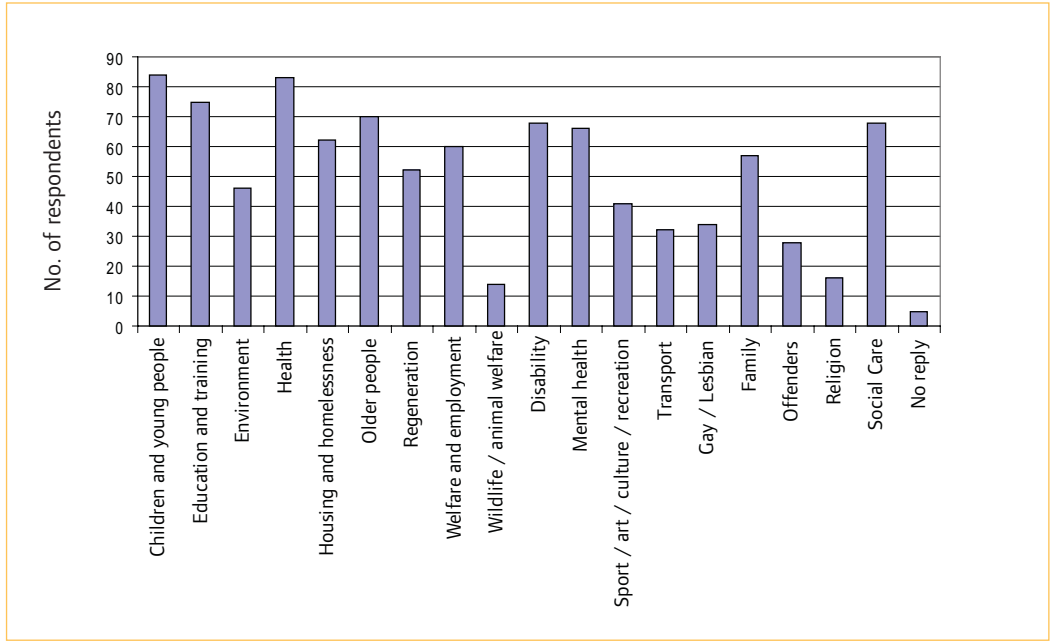
Responses to the question 'In which English regions is your organisation active?'

Note: respondents were invited to 'tick all that apply'



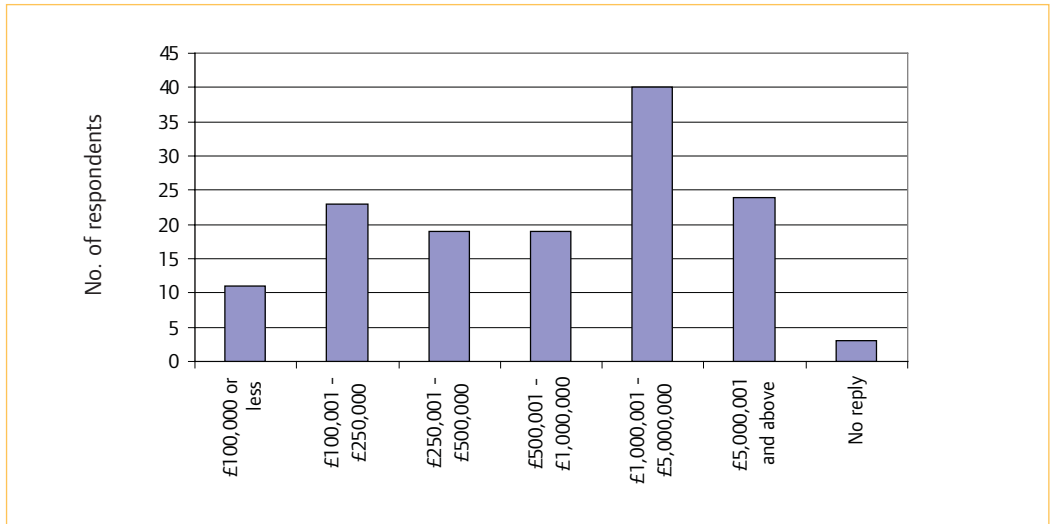
Responses to the question 'Which policy areas does your organisation work in?'

Note: respondents were invited to 'tick all that apply'



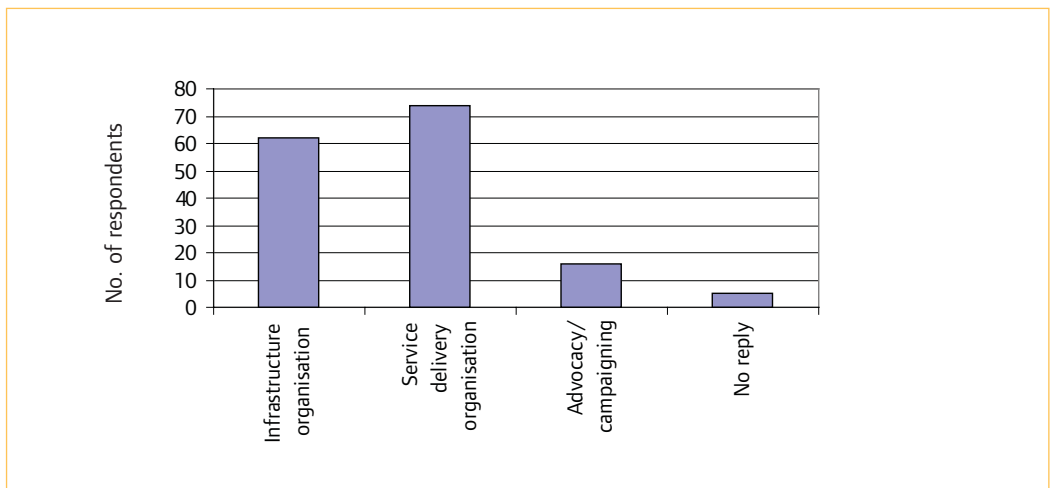
Responses to the question 'What is your organisation's annual turnover?'

Note: respondents were invited to 'tick all that apply'



Responses to the question 'Which of the following classifications best describes your organisation?'

Note: respondents were invited to 'tick all that apply'



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