

WHOSE SOCIETY?

The Final Big Society Audit



CIVIL
EXCHANGE
Strengthening Society's Connection to Government

Acknowledgements

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Foreword

Many of us would be forgiven for asking ‘what happened to the Big Society?’ Launched to great fanfare at the start of 2010, this was David Cameron’s personal project to give power back to the people, to involve us all in creating a fairer society. In fact, successive governments had similar goals and the next is likely to continue to do so after the election. There are compelling reasons: people expect more control, governments can only deliver more with less with the help of wider society, and democracy can only be revitalised by sharing more power.

Five years on, what did happen to the Big Society? The conclusion of this report is that, despite some genuinely positive initiatives, the Big Society has failed to deliver against its original goals. Attempts to create more social action, to empower communities and to open up public services, with some positive exceptions, have not worked. The Big Society has not reached those who need it most. We are more divided than before.

The title of this report ‘Whose Society?’ reflects the overarching reason for that failure. A genuine Big Society would be owned by wider civil society, actively involving those with least power and influence now, and would be taken forward collaboratively by a state that sees its role as enabling, not as being in the driving seat.

What should the next government do to avoid the mistakes of this one?

First, a future Government must replace the market-based, public sector management model that has dominated the thinking of successive governments, with a collaborative one. On past performance, individual choice and competition for contracts will not deliver the radical changes needed to ensure those who most need support benefit equally from public services; nor will it make public services more effective at lower cost. It has delivered a ‘race to the bottom’ on contract price and the dominance of large private sector ‘quasi-monopoly’ providers who lack transparency and accountability.

Second, the next Government must share and devolve more power. There have been positive examples of communities taking more control and helping to redesign services. But real power has not been transferred on any scale. Greater devolution creates an opportunity for a new kind of government at local level that works in a genuinely collaborative way.

Third, targeting is needed. The Government failed sufficiently to focus support where the need is greatest – the least affluent and disadvantaged communities, where cuts in both public services and the voluntary sector have fallen the hardest.

Fourth, collaboration with civil society - the voluntary sector, faith groups, trade unions, businesses - is needed to mobilise wider social forces. Sadly, the Big Society leaves the voluntary sector - a key source of support for disadvantaged groups and route to understanding their needs - not strengthened but weakened. But it remains a major resource that should be better supported.

Finally, we need to see a fundamental change in the role business plays – not just more corporate social responsibility programmes but also working effectively in communities and with people for common aims.

Caroline Slocock

Director

Civil Exchange

20 January 2015

‘When we say ‘we are all in this together’ that is not a cry for help, but a call to arms. Society is not a spectator sport.’ This is your country. It’s time to believe it. It’s time to step up and own it. So mine is not just a vision of a more powerful country. It is a vision of a more powerful people. The knowledge in the heart of everyone – everyone – that they are not captive to the circumstances of their birth, they are not flotsam and jetsam in the great currents of wealth and power, they are not small people but big citizens.’

David Cameron, 2010, describing the Big Society¹

‘So the bureaucratic state and overbearing market will never meet our real ambition as a party, that each citizen can be liberated to have the real freedom to shape their own lives. To do that, we need to draw on that other tradition based on mutualism, localism and the common bonds of solidarity that captures the essence of our party at its best.’

Ed Miliband, 2011²

Executive Summary

The next Government will need to learn from what has not worked if it wants to create a more inclusive and stronger society

Fewer people feel they can influence local decisions, disenchantment with the political system remains widespread and communities are less strong

1. This is the last of three reports ‘auditing’ the performance of the Big Society initiative. It looks at the cumulative evidence and considers the lessons for any incoming government that seeks to mobilise the forces of everyone in society – individuals, communities, the voluntary sector, faith groups and businesses, to provide access to more power locally, and to create better public services.

2. The Big Society began in May 2010, but its characteristics are built on foundations laid by previous governments, including Tony Blair’s Third Way. Whilst the Big Society initiative has many critics, all political parties are continuing to look for ways to unlock potential within society beyond the state and the markets. If anything, the need to do so is more urgent, given rising demand for public services, reduced resources and a changing society that is increasingly disengaging with mainstream politics.

3. In 2010, David Cameron promised a Big Society in which ‘we are all in this together’³ and a ‘deep, serious reform agenda to take power away from politicians and give it to people.’⁴ Considerable effort and investment has been made over the last 5 years to take forward the initiative, and some of this will take time to yield results. But, despite these efforts, it seems there is now a more divided society in which power has not been shared significantly with those who have least. The next Government will need to learn from what has not worked in the Big Society if it genuinely wants to create a more inclusive and stronger society. The overall lesson is one of ownership and power: the Big Society has been a policy driven by central Government. A genuine Big Society must be taken forward with civil society, a partnership in which the state facilitates but does not dictate and in which everyone, especially those with least power and influence now, is involved.

4. The Coalition Government promised action in three areas to create the Big Society. Although it now talks less about the Big Society itself, it has continued to pursue policies energetically in each area: for example, Academy and free schools, the National Citizens Service and Big Society Capital. The three areas are:

- **Community empowerment** described by the Government as ‘local people taking control of how things are done in their area and being helped to do so by local government and others.’⁵
- **Opening up public services** described by the Government as ‘public sector organisations and individuals demonstrating innovative ways of delivering public services and charities, social enterprises and private companies showing new ways of delivering public services.’⁶
- **Social action** defined by the Government as ‘people being, and being encouraged to be, more involved in their communities through giving time, money and other resources.’⁷

5. This final Big Society Audit, like earlier ones, compares Government commitments to what has been happening, considering each goal in turn in Chapters 2-4. It then looks at the differential impact on different groups and communities in Chapter 5. Key points are summarised in the tables at the end of this summary.

6. The results so far are largely negative. Fewer people feel they can influence local decisions, disenchantment with the political system remains widespread and communities are less strong. A market-based model for reforming public services is concentrating power in the hands of new ‘quasi-monopoly’ private sector providers rather than in those of local people and is reducing, not increasing, transparency and accountability. Despite efforts under successive governments, key public services are still failing to respond effectively to the needs of those who most need them, with stubborn educational attainment gaps and health inequalities between the richest and poorest. Social action – giving time and money to good causes and communities – has been stimulated, with some successes, but is still below levels achieved in the last decade and is not reaching the parts that need it most.

But the potential to unlock the power within society has been demonstrated

Against indicators of social capital there has been a fall

Key services are still not meeting the needs of those who most need them

People in the highest social classes are more than twice as likely to take action to influence decisions, laws and policies as those from the lowest

7. However, the potential to unlock the power within society has also been demonstrated but it remains to be realised on a significant scale. Some local authorities are working with civil society to create services that better meet local needs, some communities are coming together to provide services for mutual benefit and there are signs that the NHS is seeking to engage with the ‘renewable energy’ of civil society, not just to deliver better services but also to deliver better health. And the voluntary sector continues to inspire people to support common causes, to generate trust in those with whom it works, and to stand up for the interests of people with little power, despite losing considerable funding and influence under the Big Society.

A divided society

8. Ultimately, the Big Society might have been expected to result in a more united and better society – but so far the signs are of a more divided one, as explored in Chapter 5. There has been some increase in well-being. But against indicators of social capital, such as trust, community attachment, and neighbourliness, there has been a fall. Crime has fallen but there has also been a significant increase in food poverty and homelessness. The UK ranks 28th out of 34 OECD countries on income inequality - and there is also a huge and growing gap in wealth. At the same time, the very poorest in society have borne a disproportionate share of benefit and tax cuts and cuts in public services.

Reasons for failure

9. There are a number of reasons why the Big Society appears to have largely failed.

10. First, *the market based model for increasing competition and choice in public services has undermined the achievement of key goals*. The second Audit, published just over a year ago, highlighted the paradox of large companies benefitting most from public service contracts under the Big Society, with a bias against the local and the voluntary sector. In this final Audit, concerns about the dominance of ‘quasi-monopoly’ private sector providers too big to fail, and the lack of accountability and transparency of public services delivered through such contracts have increased, as expressed by the Public Accounts Committee.⁸

11. Furthermore, despite efforts under successive governments, key services are still not sufficiently meeting the needs of those who most need their support, perpetuating social division as well as creating unsustainable costs for the state. For example, the gulf in attainment between advantaged and disadvantaged students – from the early years to GCSEs – has not been closing.⁹ There is greater choice and more information for consumers, but the consumer model has not succeeded in this respect.

12. Pressure on resources, applied to a market model, is also creating the kind of ‘race to the bottom’ on contract price that is leading to problems in the health and social care system, as also explored in Chapter 3. Cuts may have been inevitable but what has been lacking is dialogue with social partners and those directly affected to plan a better way forward.

13. Second, *power has not been transferred from the state on any scale*. A key finding of this Audit is that the Big Society has in general failed to match up to its promise to give more power to ordinary people and this is particularly true for those who have least. Only 34 per cent of people feel they can influence local decisions, significantly lower than any year since 2001.¹⁰ Only a third of the public think the political system works mainly or extremely well (though there has been some increase in the last year)¹¹ but people in the highest social classes are more than twice as satisfied with the present system as those from the lowest and more than twice as likely to take action to influence decisions, laws and policies.¹²

14. Public services are still marked by a defensive culture: complaint mechanisms, including for the NHS, have come under heavy fire for ineffectiveness, and there is negativity toward whistleblowers.¹³ ‘There needs to be a revolution in the way public services are run, and how the public perceives government,’ the Public Administration Committee has concluded in its report on whistleblowing.¹⁴ Despite commitments to localism under the Big Society, England still has one of

Public services are still marked by a defensive culture

Initiatives are not filling the funding void left by cuts in public funding to the voluntary sector, especially to organisations helping to address the 'Big Society gap'

There has been a failure to mobilise the private sector for the common good

Individual generosity remains high and giving is up

the most centralised political systems in the world. Moreover, Government has also taken an ever-growing number of schools out of local authority control, reducing local authority power to deal with rising demand for school places, for example. Experiments in local democracy, such as Police and Crime Commissioners, have received limited support and attracted low turnouts in elections.

15. As Chapter 5 documents, power still remains in the hands of the relatively few, social mobility has stalled and almost three quarters of people think big business has too much power over government and that politicians put the interests of large businesses over those of ordinary people.¹⁵

16. The third major problem has been a *failure to target those in society who benefit least from society*. This is creating the 'Big Society gap', first noted in the Big Society Audit 2012. The least affluent individuals and communities, disadvantaged, northern and urban communities have the least sense of empowerment, the worst experiences of public services and the lowest levels of social action and voluntary sector infrastructure. Analysis in this Audit confirms that initiatives to encourage new sources of funding for voluntary sector organisations are not currently filling the void left by major cuts in state funding – particularly for smaller voluntary organisations, working in areas such as social services and employment, often with disadvantaged groups in disadvantaged areas.

17. The fourth problem has been a *failure to establish a strong partnership with the voluntary sector*, which might have been expected to be at the very heart of a meaningful Big Society. But the sector's influence and sense of partnership with government, nationally and locally, seems to have been reduced by the Big Society, not strengthened, as explored in Chapters 2 and 3. The independent voice of the sector, which has the power to help express the needs of marginalised groups, has been threatened. The Government has focused on launching expensive new initiatives, such as the Big Society Network and National Citizen Service, as explored in Chapter 4, rather than working with what exists.

18. Finally, there has been a *failure to mobilise the private sector to work for the common good*. Social investment remains in its infancy and levels of corporate giving have not increased to replace shrinking state funding for the voluntary sector. At the same time, there have been high profile cases of tax avoidance and poor performance in the delivery of public services amongst some multi-nationals.

Positive developments

19. Though the Big Society may have been undermined by these problems, it has still demonstrated real potential to help address major challenges in the coming years, though not always as a consequence of government action:

- The voluntary sector remains resilient and resourceful, trusted and supported by the public and is still a potent force to strengthen communities, tackle social problems and give voice to diverse needs.
- Individual generosity remains high and giving is up, with the UK scoring as the 7th most generous nation, up one place from last year, though it has not recovered to pre-recession levels.¹⁶ Volunteering remains high compared to other countries but formal volunteering has fallen since the last Audit.
- Social engagement by young people appears to be increasing, despite disengagement with politics. Volunteering amongst 16-24 year olds has almost doubled since 2005 and now stands at 35 per cent.¹⁷
- Some communities have taken more power and have been resourceful in taking over community assets and in getting involved in experiments at neighbourhood level, including Our Place, to shape services to meet their needs.
- Some local authorities are seeking to share power and actively engage people and voluntary and community groups in decisions and services that affect them, through initiatives such as co-operative councils and through Community Budgets.
- Some public services are seeking to engage the voluntary sector in new kinds of partnerships.

The state should see its role as an enabler rather than as a manager of services

A new default switch of ‘local first,’ not ‘big is best’

Create formal mechanisms for ongoing dialogue with civil society

A ‘good Big Society?’

20. Big Society-type policy thinking continues amongst the political parties, albeit not under that name, as explored in Chapter 2. The danger for the next government, if it does not learn the lessons of the Big Society, is that it will end up in the same place five years on. So what would a future Government have to do to create a ‘good Big Society’? Analysis in this Audit suggests four key ingredients:

- *Collaboration with civil society*, as a model for creating a stronger, more inclusive society, mobilising and supporting all social forces, rather than seeking to engineer outcomes solely through the delivery of existing public services and promoting competition and personal choice. In a collaborative model, responsibilities would be shared, recognising that outcomes such as good health and education are not just the responsibility of the state. The state would see its role as being primarily that of an enabler and facilitator, helping to deliver wider social outcomes, rather than as a manager of public services.
- *Greater power sharing and devolution*, with genuine engagement of civil society and local people in key decisions, particularly those with least power now. All communities would be given more influence over what matters to them - not just community shops, pubs and planning - but also key public services. The voluntary sector would give voice to those whose needs are currently not being effectively met, and be heard. More services would be delivered locally, with a new default switch of ‘local first,’ where this would result in better services, reversing the current presumption that ‘big is best.’ Greater devolution would open up deeper dialogue and engagement with wider civil society. Changes to responsibilities for local authorities provide an opportunity to refocus government on an enabling role, with central Government providing leadership, vision and national standards.
- *Targeting resources and support on areas of greatest need*, in order to increase fairness, opportunity and inclusiveness in society, ensuring public services meet the needs of those who most need them and that relevant voluntary sector infrastructure is properly supported.
- *More business engagement*. Businesses as well as the state and the voluntary sector, faith groups and trade unions would all be expected to show leadership, commit resources for the common good and ensure their activities promote social well-being.

21. Finally, this Audit recommends that, to achieve a ‘good Big Society,’ the next government should take some specific steps which should lead to a genuine transfer of power away from government, deeper and more meaningful consultation with organisations working in and with communities, especially those most in need, and the harnessing of the energy and resources of the widest range of forces in society, including the private sector:

- *Use greater devolution to create a new collaborative model of government and commit resources to shift the culture of the public sector* toward collaborative working and greater openness, transparency and responsiveness.
- *Set up a civil society-led Commission* to advise on how best to deploy social resources to create a stronger, fairer society.
- *Create formal mechanisms for ongoing dialogue* between civil society and government around key decisions, locally and nationally, focusing particularly on how to increase the power of marginalised groups to influence services.
- *Carry out a public review of current public sector commissioning and contracting* to establish the relative cost-benefits of existing contracts and new ways of promoting collaboration and removing biases against locally-based and voluntary organisations.
- *Understand and help fill the funding gap for the voluntary sector* being left by cuts in public spending and work with the sector to ensure that vital social infrastructure can continue to function, whether through additional state support, including for fund-raising, or by gaining hard commitments from businesses to fill the gaps.
- *Hold a summit on the role of the private sector*, involving business and voluntary sector leaders, using this as the start of a major initiative to consider how it can contribute better to social goals.

The Big Society – performance against goals

Orange means on balance positive, black negative

Community empowerment

The indicators

1. Individual influence over local decisions. There has been a significant decline since the last Audit in both the proportion of people who feel they can influence decisions about their local area and those who felt this was important.

2. Increased local control. There are positive examples of community engagement and local innovation but government is still highly centralised in England and there has been a significant loss of local control over schools.

3. Greater transparency and accountability. More information is available and there are new, elected Police and Crime Commissioners. But trust and faith in the political system remains low.

4. Stronger communities. There has been a significant decline since the last Audit in people's sense of belonging, in neighbourliness and an increase in racial intolerance.

5. Voluntary sector strength and influence. Far from being strengthened, key parts of the sector are struggling with reduced income to meet demand and threats to the independent voice of the voluntary sector have increased. But public support for the voluntary sector remains strong.

Opening up public services

The Indicators

1. Diversification. Public service outsourcing is still dominated by large private sector 'quasi-monopolies,' which demonstrate a lack of transparency and accountability. 60 per cent of secondary schools are Academies and there are 252 free schools.

2. Voluntary sector funding. The voluntary sector lost £1.3 billion in state funding in real terms in 2011-12 compared to the previous year, with smaller organisations and services to disadvantaged people particularly affected. Cuts will continue, and there is no convincing strategy to fill the gap.

3. More accountable and responsive public services. Public services have become less, not more accountable, especially as a result of increasing contracting out. Despite greater choice and transparency, key public services are failing those who need them most. There remains a closed culture toward complaints.

4. Strong partnerships. The voluntary sector's sense of partnership with government has weakened; it has been encouraged to work as a sub-contractor to large private sector organisations, leading to problems such as low referral rates, though some remedial steps are being taken.

5. Accessibility of contracts to the voluntary sector. Contracting for public services is still biased toward large, mainly private sector contractors, despite some attempts to tackle this.

6. Decentralisation and personal control. Choice in public services has opened up under successive governments but is still limited and is working less well for disadvantaged groups.

7. Civil society input in service design. Despite Government commitments to co-design, consultation with the sector has become truncated, with the policy and campaigning voice of the sector under attack.

Social action

The indicators

- 1. Volunteering.** Formal volunteering and social action declined over the last year and the overall trend for volunteering is broadly flat. However, more young people are volunteering. The increasing use of compulsory volunteering in welfare programmes is controversial.
- 2. Giving.** Individual giving increased last year, though it is not back to pre-recession levels, payroll giving and text donation went up. Corporate giving and donations from the richest in society are relatively low.
- 3. Community organisers.** Numbers are increasing but there are doubts about the effectiveness of the initiative, for example, due to short-term funding.
- 4. Adoption.** After an increase since 2010, numbers dropped off dramatically over the last year. The number of looked after children has been rising steadily over the last 5 years.

The Big Society Gap

- 1. The affluence gap.** The most affluent in society have the most power, tend to get better outcomes from public services and are more socially active. It is the opposite for the least affluent, upon whom cuts in public services have also fallen disproportionately, and who depend more on the voluntary sector, which has also been cut.
- 2. The north-south, urban and rural gap.** People in the south feel more empowered, tend to enjoy better services, and are more socially active. Rural and southern areas have more voluntary activity.
- 3. The disability gap.** Disabled people have been particularly hit by cuts in public services and welfare payments, have experienced problems with contracted out public services such as the Work Capability Assessment run by ATOS, and are also affected by the loss of income to voluntary sector groups in the field of social services and employment.
- 4. The ethnicity gap.** Public services are failing to deliver equal opportunities and BAME groups are more likely to feel public services treat them differently. BAME people are less likely to vote but in general feel more empowered and trusting of the political system. Volunteering rates among this group are lower, relatively, but have been increasing significantly.
- 5. Age.** Political engagement, volunteering and giving increases with age. The young are worryingly disengaged politically but are socially engaged: volunteering rates have increased dramatically. Services to both younger and older people have been reduced as a result of cuts.

Chapter 1.

The Big Society: past, present and future?

‘Today is the start of a deep, serious reform agenda to take power away from politicians and give it to people.’

David Cameron, announcing the Big Society, May 2010¹⁸

‘The Prime Minister has coined the phrase Big Society while the Liberal Democrats tend to talk about community politics or just liberalism. But whatever the words we use, we are clear and united in our ambition to decentralise and disperse power in our society and that shared ambition is one of the of the bonds that will keep our coalition strong.’

Nick Clegg, 2010¹⁹

‘...the next Labour manifesto will commit to a radical reshaping of services so that local communities can come together and make the decisions that matter to them.’

Ed Miliband, 2014²⁰

Similar policies are likely in future, whichever party comes to power, because politicians are looking to society to bring in resources and ideas to solve social problems and revitalise democracy

Civil society, including the voluntary sector, seems to offer new resources, strong connections to different communities and fresh thinking

1.1 The Big Society was launched as a flagship policy of the Coalition in 2010 but it has strong echoes in the past. Despite its unpopularity and loss of profile, similar policies are likely in future, whichever party comes to power, because politicians are looking to society to bring in resources and ideas to solve social problems and revitalise democracy.

The history of the Big Society

1.2 As documented by previous Big Society Audits, the Big Society is a policy with long roots across political parties. David Cameron first used the phrase ‘Big Society’ in the Hugo Young Lecture at the Guardian in 2009 – a few months before becoming Prime Minister in 2010. The policy had been a number of years in the making, with some of the thinking coming from the USA and models of local engagement pioneered in the USA, some of it from the eighteenth century political philosopher, Edmund Burke.

1.3 Closer to home, many of the policies resembled initiatives and ideas adopted by the previous government. Labour’s Third Way under Tony Blair and Gordon Brown’s policy of ‘civic renewal’ had strikingly similar objectives, as any look back to the Labour Government’s 2008 White Paper, *Communities in Control: real people, real power*, will illustrate. Gordon Brown’s foreword could have been written by David Cameron:

‘Among my first priorities when I became Prime Minister were ... proposals to enhance the rights of citizens and to make our institutions more accountable. But we need to build on this by empowering communities and citizens and ensuring that power is more fairly distributed across the whole of our society.’²¹

Many initiatives continued under the Coalition, suitably rebadged: the Grassroots grant became Community First; Advancing Assets for Communities became the Community Assets Programme; Total Place became Community Budgets; and the promised National Community Service became the National Citizen Service under the Coalition.²²

1.4 The reasons for this convergence of policy thinking lie in a range of wider changes and challenges facing politicians, as explored in earlier Audits - rising demand for public services, reduced resources and a changing society, in which people are increasingly disengaging with mainstream politics and expecting more information, power and control. Against this background, civil society, including the voluntary sector, seems to offer new resources, strong connections to different communities and individuals and fresh thinking about how to tackle social problems. Unlike politicians, the voluntary sector is still highly trusted, respected and supported by the public.

1.5 Under both the previous government and the Coalition Government, there were three active strands to this kind of political thinking – community empowerment, opening up public services and more social action. These strands continued under the banner of the ‘Big Society,’ which was given considerable prominence in the first few years of the new Government.

1.6 David Cameron took pains not to associate the Big Society with cuts to the state in his earlier speeches. In his first speech as Prime Minister to the Conservative Party conference he said:

‘The Big Society is not about creating cover for cuts. I was going on about it years before the cuts. It’s not government abdicating its role, it is government changing its role.’

But in 2013, he said:

‘This party at its heart is about big people, strong communities, responsible businesses, a bigger society - not a bigger state.’²³

Big Society present and future

1.7 Mentions of the Big Society by the Prime Minister have become fewer and fewer. The last notable time he used it was in his Christmas message of 2013. There has been the removal of all references to the Big Society on the government's website and a reframing of earlier commitments. The Big Society has now been replaced by 'Community and Society.'

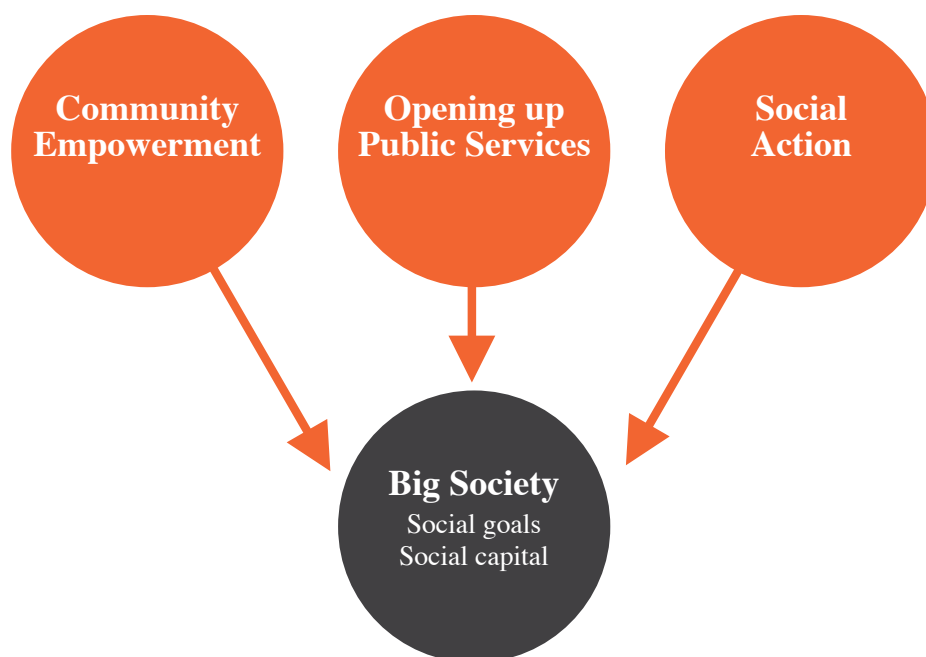
1.8 Meanwhile, the Labour party has been exploring similar ideas under the banner of 'One Nation,' proclaiming at one point that 'only Labour can build the Big Society.'²⁴ As Jon Cruddas put it in February 2014:

'Labour's Policy Review is about giving power to people to give them more control over their lives. Our task is to build a One Nation political project that helps people to help themselves and transforms how the country is run.'²⁵

Labour has promised a programme of devolution of power to local government, to create 'people-powered services' and to put the voluntary sector back at the heart of its policies and to promote volunteering.²⁶

Auditing the performance of the Big Society – the framework

1.9 One of the commitments of the Big Society is to greater transparency and accountability. In the interests of maintaining transparency and democratic accountability for the general public, in 2011-12 Civil Exchange collated all the major commitments and website statements made by the Government at that time into a list of indicators against the three objectives, using the framework below.



1.10 The Government was consulted on the overall design and detail of this framework, including individual indicators, and their comments were incorporated. This is the foundation of the three Big Society Audits, enabling a consistent assessment over these years. Chapters 2 to 5 give the results, with an overall analysis in Chapter 6.

Chapter 2.

Community Empowerment

‘From state power to people power. From unchecked individualism to national unity and purpose. From big government to the big society It’s not government abdicating its role, it is government changing its role. It’s about government helping to build a nation of doers and go-getters, where people step forward not sit back, where people come together to make life better.’

David Cameron, 2010²⁷

Community empowerment:

Described by the Government as ‘local people taking control of how things are done in their area and being helped to do so by local government and others.’²⁸

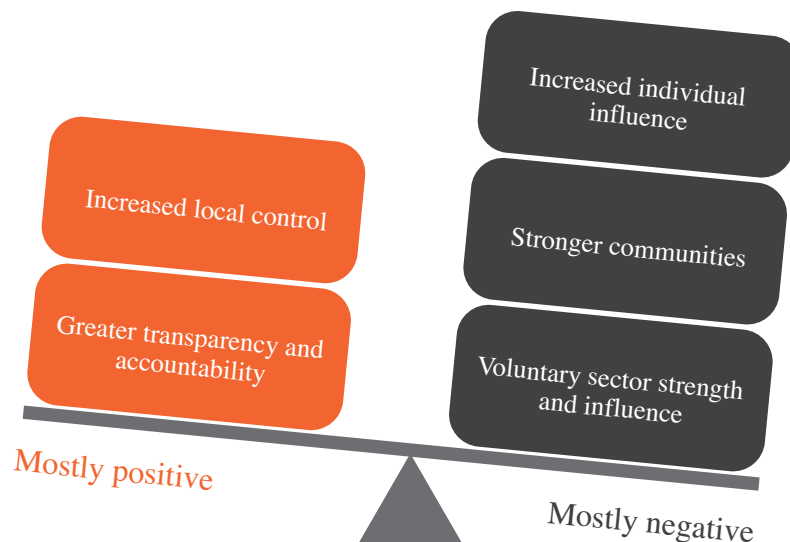
Key indicators:

- 1. Individual influence over local decisions:** people feel they can influence local decisions.
- 2. Increased local control:** more devolved decision-making and greater local control of local budgets and assets by local councils and neighbourhoods.
- 3. Greater transparency and accountability:** greater transparency and accountability by elected officials.
- 4. Stronger communities:** greater sense of community, including increased integration and stability.
- 5. Voluntary sector strength and influence:** strength and influence of local voluntary groups.

Community empowerment: summary assessment

2.1 Since the last Audit, performance against these indicators has slipped into the negative overall. There was a significant decline since the last Audit in the proportion of people who feel they could influence decisions over their local area and those who felt this was important. Both stand at significantly lower levels than recent years. There are some encouraging experiments and pilots giving people more control, with local authorities working with others to provide better services. But there is widespread frustration amongst councils about lack of devolution and interference by central government. The amount of information that is being made available to the public continues to increase but this does not appear to have affected the low levels of trust in government. There has been a significant decline in the proportion of people who feel they belong in their communities and indicators of neighbourliness have also fallen, with signs of increasing racial intolerance. Voluntary organisations have an underlying strength and resilience and enjoy high levels of public support. But the voluntary sector has experienced reduced influence on the state and many organisations have been facing disproportionate cuts in public funding at the same time as rising demand.

How does it weigh up?



Initiatives and policies

2.2 Coalition Government initiatives to increase local influence and strengthen communities, include:

- The Localism Act 2011, including new community rights with a £50 million support programme, including specialist support and grants. The rights include:
 - The Right to Bid to buy community assets. The transfer of community assets is a long standing programme which pre-dates the Right to Bid, and is currently supported by a £250 million Community Asset Fund to help communities purchase assets and provide support for the development of Community Shares to raise local money to finance community assets.
 - The Right to Challenge the local authority to take over services.
 - The Right to Build for the community outside of normal planning restrictions.
 - Neighbourhood planning, which gives communities a say in development – now supported by a new £23 million fund.
 - The Community Right to Reclaim Land helps communities to improve their local area by giving them the right to ask that under-used or unused land owned by public bodies is brought back into beneficial use.

- A strengthening of the 2007 Sustainable Communities Act which allows citizens to ask government, via their councils, for changes that will help improve their area.

Community action is also being supported by the Big Lottery's £150 million Power to Change programme for community-led enterprises across England from early 2015.

2.3 Measures to encourage local authorities to innovate in planning and delivering public services, in collaboration with other public bodies, voluntary and community groups and the private sector, include:

- Community Budgeting, which pools local resources to develop local solutions to help troubled families in a number of pilot areas. Central government has made available £448 million between 2012 and 2015, providing 40 per cent of the average cost of 'turning around' 120,000 families, with the remaining 60 per cent coming from local budgets.
- Our Place, including Neighbourhood Budgets, in which communities and local services work together to manage a pooled community budget, which was given £4.3 million in 2013 over 18 months for 100 areas. Alongside this, the Big Lottery Fund in England is investing £200 million in Big Local for 150 urban and rural communities over at least 10 years, in which residents themselves will be in charge of spending to improve their community.
- The Government continues to invest in local innovation through a number of so-called 'Delivering Differently' programmes - for Local Authorities, for Young People and in Neighbourhoods - worth around £3.5 million in total. A new £1 million fund has been launched to help local authorities transform their services through the use of new delivery models, such as mutuals and voluntary organisations.
- The Public Service Transformation Network established in 2013 to share learning, together with a Transformation Challenge Award to support local authorities, with £320 million available between 2014 and 2016.
- The Localism Act allows local councils to make the case for new powers, leading to so called City Deals which first extended to the eight largest cities outside London, and then the next 14 largest cities. An enhanced deal was announced for Manchester in November 2014, giving the new Mayor control of housing, local transport, welfare to work programmes, health and social care budgets.

2.4 There are also initiatives to strengthen political transparency and accountability:

- New elected mayors for England's major cities, following a referendum, and measures to make it easier to create a parish council.
- New Police and Crime Commissioners.
- A new 'right to data' for the public on government expenditure. The Local Government Transparency Code 2014 requires local authorities in England to publish annually from February 2015 not just data on expenditure that exceeds £500 but, for the first time, information on contracts exceeding £5,000 and on all grants to voluntary organisations, community and social enterprise organisations over £500.²⁹
- Commitments in the Open Government Partnership UK National Action Plan 2013-14 and elsewhere for the UK to become 'the most open and transparent government in the world.'³⁰

2.5 Measures to strengthen the voluntary sector include:

- The Compact, a partnership agreement between the Government and the voluntary sector which includes Government commitments to respect the sector's independence, including its right to campaign regardless of any financial relationship with the state and to 'work with civil society organisations from the earliest possible stage to design policies, programmes and services.'³¹ However, the Government also abolished the Office for Civil Society Advisory body which advised it on the needs of the sector in 2010, along with the Compact Commissioner, which policed the Compact, as part of its cull of 'quangos.'³²
- A £30 million Transforming Local Infrastructure fund to encourage local infrastructure bodies to merge.

- The Office for Civil Society are consulting on £40 million worth of grants to ‘support voluntary organisations that deliver valuable services to vulnerable groups but are in danger of closing because of financial pressures.’

Post election?

2.6 The Government and the Opposition have both committed to greater devolution within England after the next election. As well as the possibility of an English and/or regional assemblies, the Conservatives wish to see more mayors running councils like Middlesbrough and Doncaster, with one already agreed for Greater Manchester from 2017. More combined authorities of councils are also favoured by all three main parties. These already exist in the City Deals of Greater Manchester, West Yorkshire and the North East. Merseyside and Teesside will follow. Powers would pass to groups of councils working together. Many already have been given freedom to borrow more, and run local transport. Labour has promised a Constitutional Convention in England.

2.7 Interest in engaging wider social partners and communities to help restructure public services is high across the political parties. Across the political spectrum, local authorities are already experimenting in engaging communities more effectively in the running of services. Co-operative Councils are one example explored in this chapter.

2.8 The Opposition has already committed to reverse a range of measures put in place by the current government which the sector believes restrict its influence, including the relevant provisions of the Transparency of Lobbying, Non-Party Campaigning, and Trade Union Administration Act 2014 and changes which have been made to judicial review.³³

Detailed assessment against each indicator

1. Individual influence over local decisions - a significant decline.

There was a significant decline since the last Audit in the proportion of people who feel they could influence decisions over their local area and those who felt this was important; and both stand at significantly lower levels than recent years.

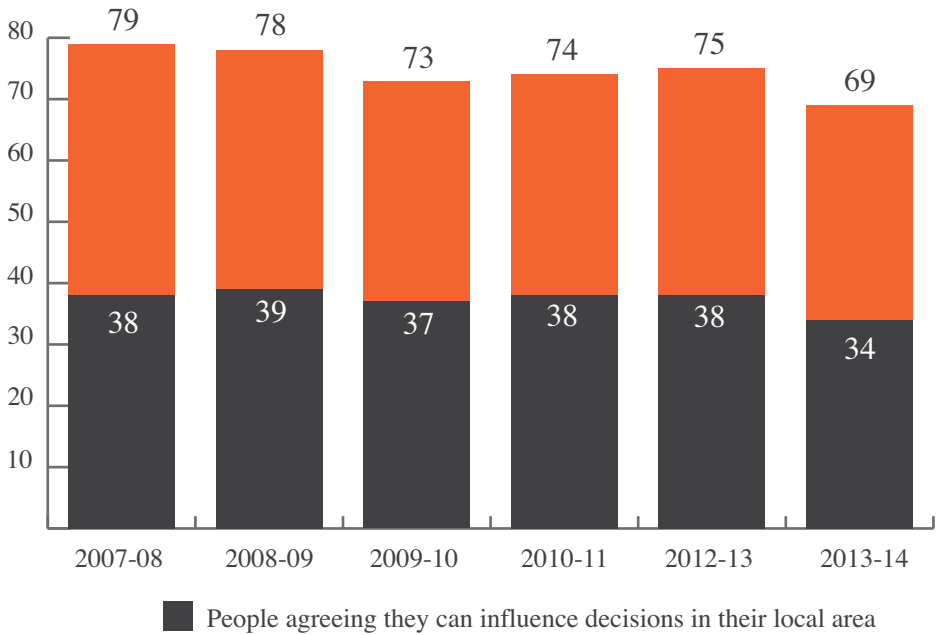
People are less likely now to believe they can influence decisions in their local area: 34 per cent in 2013-14, as shown in the graph below, a significant decrease compared to all other years since 2001. 69 per cent of people thought it important to influence decisions in their local area, a significant decrease from 75 per cent the year before and all other years since 2007-08.³⁴

Interest in
engaging
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the political
parties

People are less
likely now to
believe they
can influence
decisions in
their local area

Civic participation, consultation and activism all fell significantly compared to the previous year

People who say it is important for them personally to influence local decisions versus those who feel they can

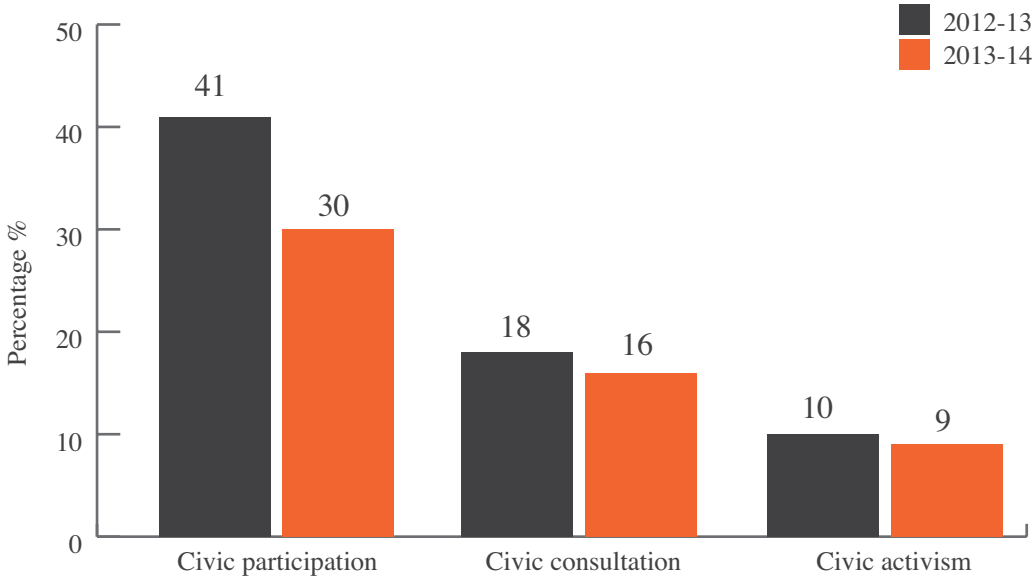


Source: Citizenship Survey 2007-2011, Community Life Survey 2012-April 2013, Community Life Survey, 2014 Cabinet Office (NB: these figures exclude “don’t knows” and non-responses)

People are even less likely to feel they can influence decision making nationally than locally and this is also in decline. 14 per cent of the public now feel they can influence national decisions compared with 16 per cent in 2013.³⁵

Civic participation, consultation and activism all fell significantly compared to the previous year - see below. Civic participation is engagement in democratic processes such as contacting an elected representative or attending a public demonstration. Civic consultation is taking part in consultations about local services. Civic activism is involvement in decision-making about local services or in the provision of these services such as being a school governor or magistrate.³⁶

Whether people engaged in civic participation, civic consultation or civic activism at least once in the past 12 months, and at least once a month, 2012-13 to 2013-14



Source: Community Life Survey: England, 2013-14

There have been over 2,000 uses of Community Rights introduced in the Localism Act 2011

2. Increased local control – positive signs of community engagement but delegation to local authorities in England is weak.

As last year, the picture is mixed. Communities have taken over control of even more local assets and have been able in some cases to exercise new rights and there are examples of innovation in services with communities. But there is widespread frustration amongst councils about lack of devolution and interference by central government.

Communities in control

The number of community shops was 322 at the end of 2014,³⁷ compared to 303 in 2012 and has grown each year exponentially since the 23 shops up and running in 1993.³⁸

There have been over 2,000 uses of Community Rights introduced in the Localism Act 2011, including:

- Listing of over 1,500 assets of community value, which gives communities the right to buy within six months if assets come up for sale, since September 2012.³⁹ Almost a third are pubs, of which a third are in London and the south east.⁴⁰
- 8 assets have been bought by communities through the Right to Bid, with another 100 expected to complete by March 2015.⁴¹
- There have been 37 Rights to Challenge to deliver local services.⁴²
- 33 Neighbourhood plans and 1 order have been approved in local referenda.⁴³
- Over 80 applications for funding for community right to build orders have been made to the Homes and Communities Agency and the Greater London Authority.⁴⁴
- From February 2011 to June 2014 there have been 47 applications within scope under the Community Right to Reclaim Land.⁴⁵

Community rights: barriers to use

Organisations giving evidence to the House of Commons Select Committee on Community Rights, Communities and Local Government shed light on the barriers to the use of community rights. Awareness is one issue. Research by Civic Voice amongst its members showed 62 per cent were aware of the community right to build; 58 per cent were aware of the community right to bid; 38 per cent were aware of the community right to challenge and 25 per cent were aware of the community right to reclaim land.⁴⁶ The UK Cohousing network reports ‘a severe lack of awareness, limiting the effectiveness of the Rights as tools to support the development of housing and other community assets.’⁴⁷

The National Association for Voluntary and Community Action (NAVCA) told the Committee ‘often our members are finding that local assets are being thrown at the voluntary sector in desperation by local authorities.’⁴⁸ A six month time frame for the Community Right to Bid has also been criticised for being too short for a community to develop a plan and have the necessary funding in place.⁴⁹

‘It is clear that the Community Right to Challenge has not been successful and has rarely been used’, NAVCA also reported, referring to it as the ‘nuclear option.’⁵⁰ The Confederation of Co-operative Housing told the Committee that ‘the programme has placed far too high an expectation on exceptional individuals in communities with existing community skills and commitment.’⁵¹

Locality explained that while there is good evidence to show that the Community Right to Build has prompted significant interest from community groups, uptake has been lower than expected because the traditional planning permission approach is faster and less adversarial; there is no funding attached, and land availability is key.⁵²

An evaluation of Neighbourhood Planning found that over 70 per cent of those surveyed found it to be more burdensome than expected and recommends better guidance and support and some simplification of the process.⁵³

16 local campaigns for new parish councils are being supported covering local populations of more than half a million people.⁵⁴

The Government has agreed to the Sustainable Communities Act proposal to give councils and local communities the chance to say ‘no’ to new betting shops if they consider there are already too many in the area.⁵⁵

Innovation in services, working with communities

There are now 141 schemes under the Our Place approach, which gives people more power over local services and budgets. 3.3 million people in England are now living in an Our Place area.⁵⁶ Some examples are given below.

Our Place Neighbourhood Budgets in Birmingham and the Black Country

The approach was first piloted in 12 areas across the country in 2011-12, including three in Birmingham:

- In Balsall Heath, a volunteer ‘Heartbeat patrol’ has supported at least 60 elderly and vulnerable residents, giving practical help to reduce isolation and keep people independent. A Joint Action Team of police, fire, housing officers, environmental health, community wardens, health visitors and voluntary organisations has helped ‘clean up and improve’ Ladypool Road, which suffers from high levels of crime and anti-social behaviour and rubbish dumping, commercial waste and litter.
- In Castle Vale, the local football stadium has been transferred to community ownership and service providers, commissioners and residents have been collaborating to tackle smoking and obesity. A ‘whole systems’ health and well-being neighbourhood budget was also planned.
- Shard End has seen the transfer of its community hall to Age UK and aims to create a parish council. It has set up an Employment, Education and Enterprise Group to develop a partnership approach between local businesses, key local organisations, Birmingham council and the Department of Work and Pensions. It has established internships and training for young people and is helping to set up local social enterprises.⁵⁷

100 new Our Place areas have been identified since the success of the pilots, and a number of these have been awarded ‘breaking ground status’ with extra investment, including Black Country Make CIC for their project to create and support local social enterprise and business.⁵⁸

By October 2014, the Troubled Families programme claimed to have reached 117,000 families and helped 69,000 of these to turn their lives around.⁵⁹ But the Labour Party says that through Freedom of Information requests they found that three quarters of families ‘turned around’ are still committing crime, without jobs or have children who remain excluded from school.⁶⁰

The Government has created a £3.8 billion pooled fund to promote joint working between councils and the local NHS to jointly plan and deliver health and care services in 2015 to 2016.⁶¹

Local authorities have lost control over Academy schools, central Government continues to interfere and new powers of devolution are still relatively modest

Over 20 councils are now members of the Co-operative Councils Innovation Network which has adopted five key principles: a commitment to devolving and sharing power; valuing the achievement of social value and social outcomes rather than public service delivery; recognising the importance of relationships between people; a belief in democratic accountability and the role for elected community leadership; and promoting a new decentralized model of welfare, designed with people rather than for them, and geared to building capacity and resilience in communities.⁶² One example of such action is youth services in the London Borough of Lambeth – see below.

Young Lambeth Co-operative (YLC): case study

The Young Lambeth Co-operative - a membership organisation consisting of young people - has been given control of distributing and managing a budget of around £9 million over three years for Lambeth's Youth Service, covering youth centres and adventure playgrounds. There is a transitional phase during which existing youth services will continue to receive funding. In the longer run, significant innovation and change is expected as the growing number of young people, currently 2,000 and aiming for 21,000, develop their own provision.

Devolution to local authorities

Just under 60 per cent of adults surveyed in May 2014 agreed that 'decisions such as education, environment, health, social services and housing should be made at a local authority level, rather than being set by the Government';⁶³ and there is an emerging political consensus about the need for more devolution in England.

Despite the promise of devolution implied by localism, local authorities have lost control over Academy schools, central Government continues to interfere and new powers of devolution where they are available are still relatively modest:

- Nearly 60 per cent of secondary schools are now Academies,⁶⁴ directly funded by government and independent of local authority control. Local Government Association research shows that, between 2011-12 and 2013-14, councils have been forced to use at least £22.4 million from their budgets to cover the cost of schools in their areas becoming Academies.⁶⁵
- The Local Government Association says another 130,000 primary school places need to be provided by 2017-18, but councils are prevented from opening new local authority maintained schools and have no powers to make Academies or free schools provide new places.⁶⁶
- The Government announced in December 2013 that parking penalty charge levels would be frozen for the remainder of the Parliament and announced in June 2014 a ban on CCTV cameras to enforce parking restrictions.⁶⁷
- According to the Independent Commission on Local Government Finance, City Deals, although welcome, offer modest concessions in sharp contrast to the cross-party devolution offer to Scotland; the new Local Growth Fund announced in 2013 has disappointed,⁶⁸ and County Councils have said that Local Strategic Partnerships lacked sufficient devolved funds.⁶⁹

Cuts are making the operating environment for local authorities worse. A third of councils warned last February that financial constraints may mean they are no longer able to deliver statutory services, and it was reported that a further third were planning to use reserves to help finance themselves in 2014-15.⁷⁰ Since then, a further round of cuts have been announced for 2015-16.

‘There is little or no evidence that the Cabinet Office is succeeding in encouraging greater public engagement in using data to hold the public sector to account’

There has been a significant decrease in the proportion of people who feel that they belong to their neighbourhood since the last Audit

3. Greater transparency and accountability – some improvement.

The amount of information that is being made publicly available continues to increase, with new information on public grants and contracts by local authorities being made accessible from 2015; and new Police and Crime Commissioners have been elected. But it is questionable whether this has increased genuine accountability and trust in government and belief that government is accountable remains very low.

The government now publishes data on central and local government spending, senior staff salary details and how the government is doing against objectives.

The Government has established the Office for Budget Responsibility to provide independent forecasts and the Social Mobility and Child Poverty Commission to monitor progress made by government and wider society in improving social mobility and reducing child poverty.

From 2015, Local Authorities will publish information about grants to voluntary organisations over £500 and details of every invitation to tender over £5,000. Central government currently publishes data on procurement contracts worth more than £25,000.⁷¹

The Public Administration Committee has said ‘There is little or no evidence that the Cabinet Office is succeeding in encouraging greater public engagement in using data to hold the public sector to account.’⁷²

New Police and Crime Commissioners (PCCs) have been elected but turnout was low at 15 per cent on average, and only 10.4 per cent for the new West Midlands Police and Crime Commissioner in August 2014.⁷³ Furthermore, the Home Affairs Select Committee is ‘deeply concerned that despite a requirement in statute, and a reminder from the Home Office, some commissioners are still failing to meet their transparency requirements.’⁷⁴

Only 34 per cent of the public agrees that Parliament ‘holds government to account,’ the lowest level ever in the five years this question has been asked. Just a third of the public in 2014 think that the system of governing in Britain works ‘extremely’ or ‘mainly’ well, but this was a six-point increase on last year.⁷⁵

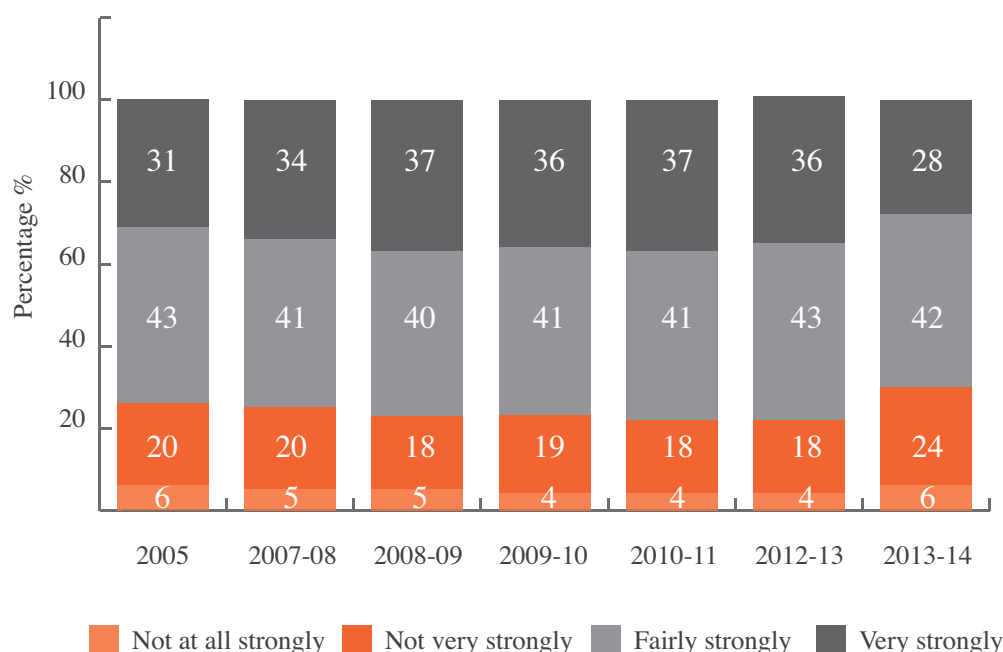
Trust in government has declined dramatically over the last 30 years. In 2013, a third of the public said they ‘almost never’ trust ‘British governments of any party to place the needs of the nation above the interests of their own political party.’ This is three times as many as in 1986. A quarter was dissatisfied with how well the government engages with the public.⁷⁶

4. Stronger communities – significant decline in indicators since the last Audit.

There has been a significant decline in the proportion of people who feel they belong in their communities. Indicators of neighbourliness have also fallen. There are also signs of increasing racial intolerance.

There has been a significant decrease in the proportion of people who feel that they belong to their neighbourhood since the last Audit – from 78 per cent in 2012-2013 to 70 per cent of people in 2013-14 and a statistically significant decrease compared to all other years since 2005.⁷⁷

Proportion of people who feel they belong strongly to their neighbourhood, 2003 - 2013-14



Source: Community Life Survey: England, 2013-14

Neighbourliness has also declined significantly:

- 75 per cent of people said that they chat to their neighbours at least once a month, compared to 80 per cent in the previous year, 2012-13.
- 44 per cent said they borrow things and exchange favours with their neighbours compared to 49 per cent in the previous year, 2012-13.
- 60 per cent of people agreed that people in their neighbourhood pull together to improve their neighbourhood in 2013-14, a similar level to the year before (62 per cent) but a significant decrease compared to all other years since 2001.⁷⁸

The UK ranks 27th out of 28 European countries on individuals saying they feel close to people in their local area. 58 per feel this as compared with the European average of 67 per cent.⁷⁹ Only 1 in 5 of people know the names of all their immediate neighbours.⁸⁰

Racial intolerance is growing. Britons who admit to being racially prejudiced rose overall from 25 to 30 per cent between 2001 and 2013.⁸¹

5. Voluntary sector strength and influence – mostly negative.

Far from being strengthened, key parts of the sector are struggling with reduced income to meet demand and threats to the independent voice of the voluntary sector have increased. But public support for the voluntary sector remains strong.

There were 161,266 active voluntary organisations in the UK in 2011-12 and in addition there are a large number of ‘below the radar’ informal groups.⁸² Recent government estimates suggest there are 70,000 social enterprises in the UK, employing around a million people.⁸³

Voluntary organisations have an underlying strength and influence with the public, which gives them an authentic voice to shape future policies and services:

- The sector drew on the active support of an estimated 12.7 million people in England who volunteered at least once a month in 2011-12.⁸⁴ In contrast, just 368,000 people are members of the three main UK political parties.⁸⁵

Voluntary organisations have an underlying strength and influence with the public, which gives them an authentic voice to shape future policies and services

- Levels of trust in the voluntary sector remain high: with an average score of 6.7 out of 10, compared to trust in government ministers which stands at 4.1.⁸⁶
- Three quarters of the public feel charities play an essential or very important role in society in 2014, compared with 63 per cent in 2005.⁸⁷
- Three out of five teenagers think ‘charities and social enterprises’ made the most positive impact in their communities, compared with just one in ten who cited politicians.⁸⁸

The sector’s reach is growing. Two fifths of the public say they or their close family or friends have at some time benefitted from or used the services of a charity, up from 34 per cent in 2012 and from 9 per cent in 2005.⁸⁹

The voluntary sector’s independent voice has come under increasing attack by the Government, for example through the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, which restricts campaigning in the period before elections, so-called ‘gagging clauses’ in government contracts and restrictions to the ability of NGOs to challenge government decisions in the courts.⁹⁰

The voluntary sector is facing rising demand and a gap in funding due to disproportionate cuts in statutory funding and difficulty in competing for contracts for public services.⁹¹ 88 per cent of charities experienced a rise in demand for their services from 2012-2013, and 89 per cent predicted that demand rising again next year. But less than a third – only 32 per cent – felt that they would be able to meet this demand.⁹² There are variations across the country: in the North East, for example, 44 per cent reported in April 2014 that they expected to close a service.⁹³

Chapter 3.

Opening up Public Services

‘This is the reform our public services need. From top-down to bottom-up. From state power to people power. The big society spirit blasting through The big, giant state monopolies – we’re breaking them open to get new ideas in. Saying to the people who work in our public services - set up as a co-operative, be your own boss, do things your way. Saying to business, faith groups, charities, social enterprises – come in and provide a great service.’

David Cameron, 2010⁹⁴

‘There is an overwhelming imperative – an urgent moral purpose – which drives our desire to reform public services. We want to make opportunity more equal. Our society is blighted by the persistent failure to extend equal opportunity, dignity and worth to all. Inequalities in access to good schools, decent healthcare, safe places to play, culture, sporting opportunities, good nutrition and so much more leave our society less free, less fair and less united.’

David Cameron and Nick Clegg, 2011⁹⁵

Opening up public services described by the Government as ‘public sector organisations and individuals demonstrating innovative ways of delivering public services and charities, social enterprises and private companies showing new ways of delivering public services.’⁹⁶

Key indicators

- 1. Diversification of delivery**, including through voluntary and community sector groups; new structures; public service employees forming new social enterprises and co-operatives; and effective consortia between the private and voluntary sectors.
- 2. Voluntary sector funding**: Civil society has access to funding to take advantage of opportunities.
- 3. Public services that are more accountable and responsive to different needs**. More accountable public services which respond more effectively to user needs and deliver fair access to lower income and disadvantaged groups.
- 4. Strong partnerships**. Effective partnerships in delivering services.
- 5. Accessibility of contracts to the voluntary sector**. Accessibility of commissioning and procurement to the voluntary sector and removal of entry barriers.
- 6. Decentralisation and personal control**. Decentralisation of control to the lowest appropriate level through community and personal budgets.
- 7. Civil society input in service design**.

Opening up public services: summary assessment

3.1 The last Audit noted the bias in commissioning of public services toward large businesses and against the voluntary sector. Since the last Audit, some attempts have been made to rectify this but with only limited impact, amidst Parliamentary concern about the accountability of the new private sector ‘quasi- monopolies’ that have in some cases replaced what David Cameron described as ‘giant state monopolies.’ Contracting out and the use of competition continues, including in the NHS, while these doubts remain unresolved.

3.2 Despite these problems, confidence levels in the NHS are high, though still well below 2011 levels, and confidence in how local authorities run services also remains relatively high but only a quarter of the public feel that providers of public services always or often understand their needs. There is also evidence that public sector reform has failed to make public services sufficiently accountable and that some services are still not sufficiently meeting the needs of many of those who most need those services, despite this being an objective of reform. The voice of the voluntary sector, which could help rectify this deficit for disadvantaged groups, is under threat and its sense of partnership with the government nationally and locally has been reduced by the Big Society, not strengthened.

How does it weigh up?



Successive Conservative and Labour governments, starting with the Thatcher government of the 1980s, have promoted the ‘market model’ as the way to reform public services

Initiatives and policies

Diversification, including to the voluntary sector

3.3 Successive Conservative and Labour governments, starting with the Thatcher government of the 1980s, have promoted the ‘market model’ as the way to reform public services, breaking up what were perceived to be monopolies and introducing competition – either within the public sector or through contracting out public services through a competitive process. This way of thinking has been re-badged under the Coalition Government as part of the Big Society – with major initiatives such as the NHS re-organisation and the contracting for employment services through the Work Programme being presented as part of the initiative in its early days.

Diversification of service delivery and voluntary sector funding

3.4 There has been an explicit Government commitment to ‘support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and enable these groups to have much greater involvement in the running of public services,’⁹⁷ alongside the private sector. The Government has introduced a range of measures to make public sector procurement more accessible to small businesses and the voluntary sector, including encouraging sub-contracting and consortia, cutting bureaucracy, Commercial Masterclasses for voluntary organisations and the introduction of the Social Value Act which in some circumstances encourages commissioners to take account of social value. The Government also established a £10 million Investment and Contract Readiness Fund to help voluntary organisations gain contracts and a £30 million Transforming Local Infrastructure Fund to help rationalise local support.

3.5 The state has a history of establishing government bodies as charities. For example, the British Council, a non-departmental body of the Foreign Office, is the UK’s largest registered charity. Leisure trusts, often established as charities, are another. This Government continues to encourage new forms of public service delivery including through cooperatives, mutual and social enterprises.

3.6 As well as encouraging giving to the voluntary sector, the Government has also sought to grow social investment and build better connections between business and civil society, as explored in Chapter 4.

Better, more responsive services and greater choice

3.7 Initiatives to increase local accountability in public services have a long history. The first NHS Trusts were introduced in 1991, with their own management, to make services more accountable to local communities. In 2004, this was extended with the creation of NHS Foundation Trusts, with even greater autonomy. In education, Academies, directly funded by government and independent of local authority control, were first established under the last government and continue though in much greater number. Free schools, where new Academies are set up from scratch by local parents, are an innovation.

3.8 People have also been given more choice of service providers, for example over schools. Some receivers of social care now have the option of holding personal budgets to purchase services from the provider of their choice and this is being extended under the Care Act 2014. Far more information is also available to the public on service standards, continuing work begun under the last government.

Voluntary sector input into design of public services

3.9 As noted in Chapter 2, the Government re-issued an agreement with the voluntary sector, the Compact, committing to ‘work with civil society organisations from the earliest possible stage to design policies, programmes and services.’⁹⁸

After the election?

3.10 Any future government will be looking to reform public services to deliver more with less, given commitments across parties to reduce public spending, looking to do this particularly at local level. This will be even more challenging given the greater atomisation of services – for example, loss of control of Academies by local authorities. Labour has committed to so-called ‘people powered services’ as well as ways of improving voluntary sector access to public service contracts. As noted in Chapter 2, it has also committed to reverse steps taken by the current Government that have restricted the campaigning of the sector.

Assessment against individual indicators

1. Diversification – largely negative.

Public service outsourcing is still dominated by large private sector companies. There is a lack of information on the scale of existing contracting out of services to the public and its benefits. Large contracts are now being awarded to the private sector in the NHS. **Some new forms of public ownership and delivery are also taking hold. Academies and Free Schools continue to grow,** though question marks over their genuine accountability are being raised.

‘Quasi-monopoly suppliers are emerging who squeeze out competition, often from smaller companies with specific experience....’

Private sector quasi-monopolies undermining diversity

David Cameron pledged to end ‘big state run monopolies’ in 2010, as shown in the quotation at the beginning of this chapter. The Public Accounts Committee warned in December 2014 that ‘quasi-monopoly suppliers are emerging who squeeze out competition, often from smaller companies with specific experience Suppliers have become increasingly dominant in certain markets, often through acquisitions, while also failing to maintain effective control over all parts of their business.’⁹⁹ For more details, see the box below.

From ‘big state run monopolies’ to large multinational ‘quasi-monopolies’

Four major government suppliers - Atos, Capita, G4S and Serco - between them held government contracts worth around £4 billion in 2012-13, of which £3 billion was for services contracted with central government,¹⁰⁰ and half of the £40 billion of central government spend lies with just 39 suppliers.¹⁰¹

Although there are over 200,000 providers to government, some public services are only provided by a few large providers. For instance, there are three providers of private prisons (Serco, G4S, Sodexo), two providers of child custody (Serco and G4S), and two providers for medical assessments (Atos and now Capita).¹⁰²

Large providers deliver a surprisingly broad range of public services. Serco for example provides prisons, immigration removal centres, local education services and services for Ofsted, various health services for hospitals, pathology services and GP out of hours services, social care and some contracts under the National Citizens Service.

Serco’s worldwide revenue was £4.9 billion in 2012, of which £1.8 billion came from the UK public sector.

Capita’s worldwide revenue was £3.4 billion in 2012, of which £1.1 billion comes from the UK public sector.

G4S’s worldwide revenue in 2012 was £8 billion, of which £0.7 billion came from the UK public sector.

Atos had worldwide revenue of £7.2 billion in 2012, of which £0.7 billion came from the UK public sector in 2012-13.

The Institute for Government has called for the Government to initiate an immediate cross-sector review of levels of competition

Good information on the opening up of public services to end users is lacking

The private sector is now dominant in providing services traditionally delivered by the public and voluntary sectors

The Government claims the proportion of procurement spending going to SMEs (small and medium size enterprises, with a turnover of 43 million euros or less) has risen from 6.5 per cent in 2010 to 10.5 per cent directly and 9.4 per cent in the supply chain in 2012-2013.¹⁰³ The Institute for Government points out that ‘a lack of transparency over the calculations involved, and the lack of data through supply chains, means we cannot replicate or verify that research.’¹⁰⁴ It also falls far short of the Government’s goal for 25 per cent by 2015. The Public Accounts Committee noted that ‘small and medium-sized enterprises (SMEs) are still hampered in their efforts to win government business by excessive bureaucracy and bidding costs.’¹⁰⁵ In evidence to the Committee, the Government admitted there was more to do.¹⁰⁶

The Institute for Government has called for the Government to initiate an immediate cross-sector review of levels of competition, in order to define the maximum market share that any provider should have in a specific sector and/or region.¹⁰⁷

In the absence of this review, the NHS is being opened up to greater competition as a result of the Health and Social Care Act 2012. Elsewhere, British military bases are to be partly privatised¹⁰⁸ and Probation Services have been contracted out. Questions have been raised about contracting programmes in the pipeline. A Public Accounts Committee report said the reforms to the Probation Service carry ‘significant risks’ heightened by the ‘MoJ’s extremely poor track record of contracting out – such as the recent high-profile failures on its electronic tagging contracts’.¹⁰⁹

NHS England is letting contracts, reported as being worth at least £5 billion, to external organisations to advise the new doctor-led clinical commissioning groups on contracting.¹¹⁰ According to media reports, in the 19-month period since the Act came into force, major private sector companies such as Virgin Care and Care UK have won two out of every three contracts awarded by the NHS – contracts worth £2.6 billion.¹¹¹ A Care Quality Commission report on the operation of the urgent care centre at Croydon hospital, which is run by Virgin Care, found ‘care and treatment was not planned and delivered in a way that was intended to ensure people’s safety and welfare.’¹¹² In January 2015, the only private sector provider of an NHS hospital, Circle at Hinchingsbrooke Hospital, announced it was prematurely ending the contract on the same day as a damning Care Quality Commission report.

However, plans to allow the private sector to bid to run children’s social work services in England, including child protection, were abandoned after consultation. Councils will still be able to commission charities and other not-for-profit organisations to run the services.¹¹³ Plans to hive off the Land Registry to private management or setting up a joint venture between the government and a private company have been abandoned in the short term at least.¹¹⁴

Lack of transparency and evaluation

Good information on the opening up of public services to end users is lacking. The NAO estimate the public sector spent £187 billion in 2012-13 on external suppliers of goods and services, with around half on contracting out services – but this still includes the contracting out of back office functions such as IT. The Cabinet Office collects data on expenditure and savings from suppliers, not public agencies, and 10 per cent of spending is not covered. There are no standard performance indicators and where the Cabinet Office does collect data it asks only for information such as whether the contract is being delivered on time, to scope, to budget, to the appropriate standards, and whether there have been any disputes.¹¹⁵

Dominance of the private sector

The private sector is now dominant in providing services traditionally delivered by the public and voluntary sectors: 46 per cent of foster care, 34 per cent of special education and 67 per cent of children’s homes by value are now being run by the private sector.¹¹⁶

The best figures available, which are subject to the data problems noted above, suggest that the private sector dominates government contracts with third parties, with the voluntary sector holding only 9 per cent of local contracts by value and 5.6 per cent of central contracts.¹¹⁷

Nearly
60 per cent
of secondary
schools
are now
Academies

Mutuals and spin outs¹¹⁸

Public sector mutuals are beginning to take off and achieve good results, although the Government's original target to move 1 million public sector workers into mutuals by 2015 was ambitious. Almost 92 projects are operating across England delivering over £1.5 billion of public services, a significant increase from the year before and around 100 more are developing.¹¹⁹

The Government has created a series of new charities from public sector agencies, including the Canal and River Trust in 2012. The new charity arm of English Heritage is the latest development.

According to independent evaluation, spin outs are significantly improving service performance and quality: financial performance, staff engagement, service-user engagement and service reputation.¹²⁰

Academies and free schools

There are now over 4,000 Academies, university technical colleges and studio schools (Academies for 14-19 year olds) and free schools, compared to 203 in 2010.

Nearly 60 per cent of secondary schools are now Academies: results show higher educational attainment, both in terms of performance and value added measurements, according to the Government.¹²¹ However, in February 2014, one of the largest Academy chains, E-Act was stripped of control of 10 schools because of poor performance.¹²²

By October 2014, the Government had supported the opening of 252 free schools.¹²³ Free schools are proving hugely popular with parents - attracting almost three applications for every available place.¹²⁴ Questions remain as to whether secondary free schools are in areas of greatest need and on how the pace of their roll out, rather than maximising value for money, has determined decisions to set them up.¹²⁵ Analysis shows that 11 per cent of free schools were inadequate, almost double the proportion of all state schools. But 15 per cent were judged outstanding, compared to 9 per cent of all state schools.¹²⁶

2. Voluntary sector funding – largely negative.

Voluntary sector income has fallen, despite rising demand, and anticipated cuts in statutory funding have proved deeper than expected, with more cuts to come in future years. Cuts have particularly hit parts of the sector working with vulnerable people, often in disadvantaged areas, and smaller organisations have lost proportionately more state funding than larger organisations. Government is seeking to increase social and other finance to the sector but analysis in this report shows this is very unlikely to fill a widening funding gap.

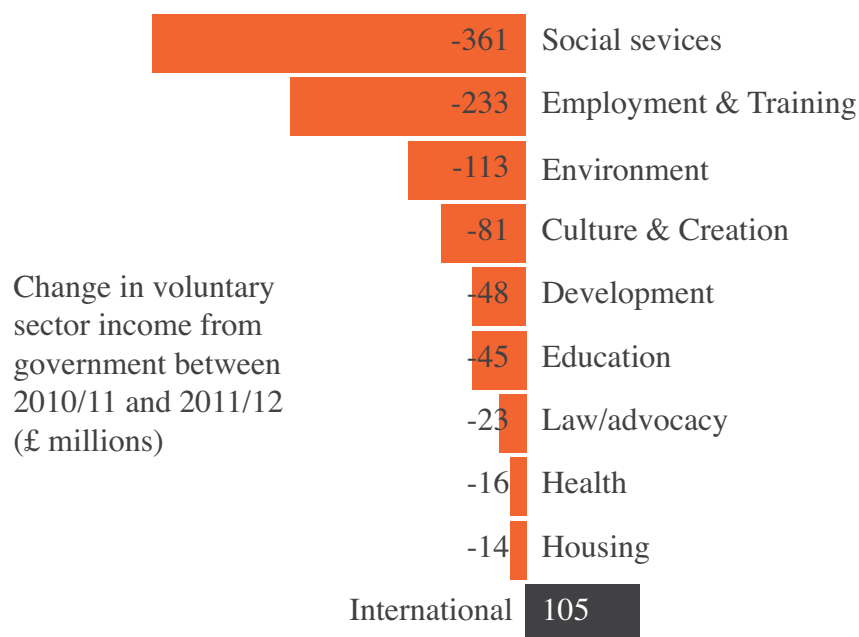
70 per cent of voluntary organisations disagree or strongly disagree that the 'government has succeeded in getting more resources into the sector.'¹²⁷

UK voluntary sector organisations lost over £1.3 billion in statutory income in real terms between 2010-11 and 2011-12, a reduction of 8.8 per cent – significantly worse than anticipated, which is attributed to relative failure to gain public sector contracts and disproportionate cuts by local authorities.¹²⁸ Even bigger cuts are expected each year to 2017-18 on current government plans.¹²⁹

25 per cent of voluntary organisations receive public money¹³⁰ and organisations working with certain groups, often disadvantaged people, are often more reliant on state funding than other voluntary organisations.¹³¹ Cuts in public funding have fallen hardest on areas with higher levels of deprivation.¹³² Loss of statutory income is hitting those which provide services to vulnerable groups - particularly social services and employment and training, as illustrated overleaf.¹³³

UK voluntary
sector
organisations lost
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in real terms
between 2010-
11 and 2011-12,
significantly worse
than anticipated

Change in income from government



Source: The UK Civil Society Almanac, NCVO, 2014

Smaller organisations appear to be suffering the most from cuts and inabilities to access public contracts.¹³⁴ Analysis for the Panel on the Independence of the Voluntary Sector¹³⁵ revealed that from between 2009-10 and 2011-12 all sizes of organisations lost some statutory income but small organisations (income from £10,001 to £100,000) and medium (income £100,001 to £1 million) lost nearly 25 per cent and 20 per cent of their statutory income respectively. Organisations with over £10 million of income lost only 1.6 per cent.¹³⁶

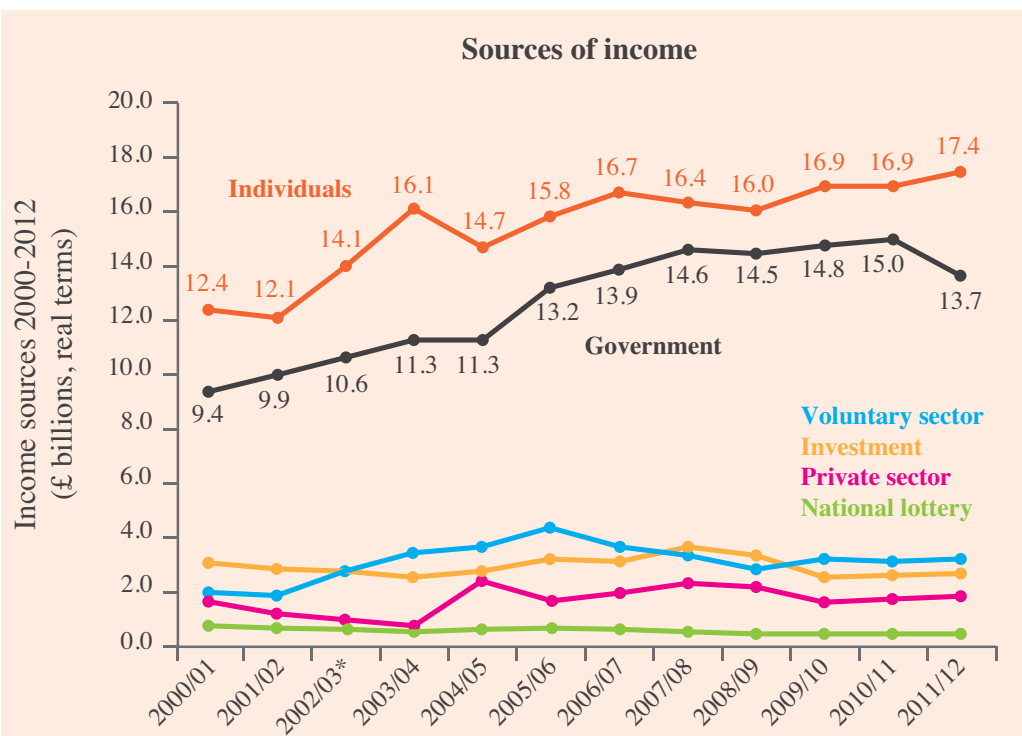
Demand for the voluntary sector's services are rising in key areas due to cuts in public services and welfare payments.¹³⁷ Small charities reported on average a 19 per cent increase in demand in the year to end May 2014.¹³⁸ One study found that 1 in 5 community organisations addressing poverty are facing risk of closure.¹³⁹

Government attempts to stimulate other forms of finance, including giving and social finance – will not fill the gap on current performance – see the analysis below and further details about those sources of finance in Chapter 4.

Government attempts to stimulate other forms of finance, including giving and social finance – will not fill the gap

Filling the funding gap left by loss of statutory funding

In 2011-12, the latest year available, statutory funding to the voluntary sector fell by £1.3 billion compared to the year before, and income from individuals (which includes legacies, earned income from fees and shops, as well as donations) rose by £0.5 billion in the same period. Income from trusts ('voluntary sector'), investment and the private sector (which includes donations in kind, corporate sponsorship and services provided under contract as well as donations) remained static, as shown overleaf.



Source: The UK Civil Society Almanac, NCVO, April 2014

The loss of statutory income will be significantly greater each year until at least 2017-18 and there is no sign of income from other sources filling the gap. Moreover, non-governmental funding is less likely to reach those causes which in the past have been funded by government and where needs may be greatest:

- A donor is four times more likely to give to medical research as to the homeless, or five times more likely to give to hospitals than to charities focused on older people and grassroots poverty-fighting organisations.¹⁴⁰
- People in the South East were nearly twice as likely (11 per cent) as those from the North (6 per cent) to be increasing charitable donations over the next 12 months.¹⁴¹
- The Directory of Social Change found counties in the north of England including Teesside, Northumberland and Durham have apparently no support from large corporate donors, whereas London receives 33 per cent of total corporate cash donations. One third of giving from the top

418 companies donate to charities based in London but Tower Hamlets, attracts just 5.9 per cent of corporate giving compared to 35 per cent going to Westminster.¹⁴²

- Large and major charities receive 78 per cent of all income from private individuals whilst small and micro charities receive just seven per cent.¹⁴³
- According to an expert social finance body, social investment lending may not be suitable for small organisations that are already in a precarious financial position: 'debt at this stage can bring undue risk of collapse.'¹⁴⁴

However, some well targeted new money may be being made available. Over the next few years Big Lottery funding will match European Union funding, if agreed, releasing more than £500 million new money for projects that address poverty and promote social inclusion.¹⁴⁵ The Office for Civil Society launched a consultation on the structure of a new fund of £40 million to be made available in 2014-15, to support voluntary organisations that deliver services to vulnerable groups but are in danger of closing because of financial pressures.¹⁴⁶

3. More accountable and responsive public services – largely negative.

High profile failings in key public services, particularly those delivered by large private sector contractors, have been widely documented and questions have been raised about the accountability of private sector providers and about Academy schools. Continuing concerns remain about the quality of social care, and complaints procedures in the NHS and social care have been criticised. **However, levels of public confidence in some public services are still relatively high.**

The Public Accounts Committee has raised concerns that large private sector contractors are not sufficiently accountable or being held to account for their performance by the state.¹⁴⁷ Against a background of high profile failures in major contracts it commented: ‘Competition for government business should bring with it a constant pressure to innovate and improve. But for competition to be meaningful, there must be real consequences for contractors who fail to deliver and the realistic prospect that other companies can step in. It was not acceptable for Government to give the impression that all business with Serco and G4S was halted whilst investigations took place, when in fact contracts were extended, new contracts were awarded and negotiations for new business continued.’

Problems with the big four large corporate providers

Despite concerns about Serco and G4S overcharging on electronic tagging (resulting in repayments by both companies and Serious Fraud investigation) and the early termination of a Serco contract, worth £37 million, to run community punishments in London amidst concerns, both corporations are now free to gain new contracts. Serco was awarded a major contract with the Ministry of Defence a few days after the ban was lifted in February 2014.¹⁴⁸ Subsequently, further concerns have been raised about the quality of Serco’s work. The company is to be investigated by MPs after it was forced to disclose a secret internal report revealing evidence that it failed to properly investigate a claim of repeated sexual assaults by one of its staff against a female resident at Yarl’s Wood immigration detention centre.¹⁴⁹ The Howard League for Penal Reform lists a catalogue of failures by prison contractors, including G4S.¹⁵⁰

The Public Accounts Committee (PAC) commented that it was shocking that the Ministry of Justice did not spot overcharging by Serco and G4S on electronic tagging for eight years. When Capita failed to deliver on a contract for translators for the courts, it was only fined £2,200, which the PAC said did not come close to covering the full costs.¹⁵¹

The Atos £500 million contract to carry out work capability assessments for the Department of Work and Pensions had to be terminated early. More than 600,000 appeals have been lodged against Atos judgments since the work capability assessments began, costing the taxpayer £60 million a year. In four out of 10 cases the original decisions have been overturned.¹⁵²

A survey by the Health Service Journal showed that a large majority of NHS commissioners see the competition regulations that are driving outsourcing as adding to their costs, and almost half see them as thwarting the best organisation of local services.¹⁵³

The Government now publishes a wide range of data on performance

Despite high and in some cases improving standards of health and education services, they are still not meeting the needs of those who most need their services

Standardisation of public services is leading to a 'systems failure' to deal with complex social problems, leading to escalating costs

The accountability and responsiveness of publicly-run services

The Government now publishes a wide range of data on performance including local crime statistics, sentencing rates, hospital infection rates and GP performance. The Department for Education's School and College Performance Tables received 2.8 million unique visitors in 2013. The Ofsted data dashboard received 800,000 unique visitors since it was launched in February 2013.¹⁵⁴

Failing to meet the needs of those with greatest need

A key part of the Open Services agenda, as demonstrated by the joint statement by David Cameron and Nick Clegg quote at the beginning of this chapter, was to increase the responsiveness of public services to the needs of disadvantaged groups. Despite high and in some cases improving standards of health and education services, there is evidence that they are still not meeting the needs of those who most need their services. For example:

- The gap in attainment between advantaged and disadvantaged students – from the early years to GCSEs – has not narrowed despite initiatives under successive governments. The gap has actually increased at GCSE level since the introduction of the new pupil premium for students on free school meals in 2011, though time is needed to see the effect of that investment.¹⁵⁵
- In 2013, 34 per cent of all care leavers were not in education, employment, or training at age 19, more than double the rate more generally.¹⁵⁶
- Avoidable mortality rates differ across regions of England. Rates are generally higher in the north than the south. Men in the most deprived part of the population across England, the bottom decile, die almost a decade earlier (nearly seven years for women) than those in the top decile.¹⁵⁷
- The number and severity of mental health cases in children referred to the NHS's Child and Adolescent Mental Health Services has increased significantly in recent years, according to the British Psychological Society, whilst services have been cut back.¹⁵⁸

Furthermore, certain populations are more likely to experience the punitive arm of the state:

- In 2012, 47 per cent of prisoners said that they had no qualifications, compared to 15 per cent of the working age population in the UK and over 20 per cent needed help with reading and writing.¹⁵⁹
- Looked after children make up 33 per cent of boys and 61 per cent of girls in custody.¹⁶⁰ Just over a quarter of people in prison are from a minority ethnic group,¹⁶¹ and 45 per cent of young men in custody.¹⁶² An estimated 36 per cent of prisoners were considered to have a disability in one study. 25 per cent of women and 15 per cent of men in prison reported symptoms indicative of psychosis. The rate among the general public is about 4 per cent.¹⁶³
- Minority ethnic groups are less happy with police contact in 2014 than they were in 2004 (56 per cent 'happy' in 2014 versus 61 per cent in 2004), whilst the 'happy' white group increased to 68 per cent in 2014 from 65 per cent in the same period. People from these backgrounds are far less confident that they would complain than the general public.¹⁶⁴

One report estimated that standardisation of public services is leading to a 'systems failure' to deal with complex social problems, leading to escalating costs, and estimated that savings of £16 billion could be made if services were more tailored to and responsive to diverse needs.¹⁶⁵

There needs to be a revolution in the way public services are run, and how the public perceives government

Complaints and whistleblowing

As reported in the last Big Society Audit, reports detailing poor standards of care in NHS Trusts, the Francis report into care at the Mid Staffordshire NHS Foundation Trust, and the Keogh report into mortality rates at 14 hospitals,¹⁶⁶ cast doubt on the effectiveness of existing models for maintaining care standards and ensuring local accountability:

‘[Mid Staffordshire NHS Foundation Trust] did not listen sufficiently to its patients and staff or ensure the correction of deficiencies brought to the Trust’s attention... [This was] in part the consequence of allowing a focus on reaching national access targets, achieving financial balance and seeking foundation trust status to be at the cost of delivering acceptable standards of care.’ Robert Francis QC, reporting on the Mid Staffordshire NHS Foundation Trust.

New ways to increase accountability in the NHS were announced by the Government in 2013, including a new criminal offence for wilful neglect, a new statutory duty of candour and publication of staffing numbers for each ward.¹⁶⁷

A Public Administration Committee Report concluded ‘There needs to be a revolution in the way public services are run, and how the public perceives government. As things are, most people believe there is no point in complaining. The shocking collapse of care at Mid Staffs hospital should be a warning to the whole public sector that too many managers in public services are in denial about what their customers and staff think about them.’¹⁶⁸

The NHS and social care complaints’ system is failing by its complexity - 75 types of organisations in England have a role in complaints handling and support, and there is a lack of consistent and easy to access complaints support services.¹⁶⁹ The Patients Association has attacked the quality of the Parliamentary Health Service Ombudsman investigations and said that it will no longer refer callers to its helpline to the Ombudsman.¹⁷⁰

A recent Public Accounts Committee report found that, although whistleblowing is an important source of intelligence to help government identify wrongdoing and risks to public service delivery, many concerns go unreported, and the intelligence that does exist is not routinely collected and shared.¹⁷¹ However, Sir Robert Francis QC is now leading an independent policy review into whistleblowing and creating a culture of openness and honesty in the NHS.

A new Consumer Rights Bill includes tuition fees, and use of childcare vouchers and personal care budgets and gives the right to request a repeat performance, a price reduction or even a refund if standards are not met.

Feedback from the public is being increased. The Friends and Family Test, which asks people to rate the quality of service received in hospital wards, A&E departments and maternity services. The test is being extended to Jobcentres and further education institutions.¹⁷²

Academies and Free Schools do not have to follow the national curriculum and are outside of local authority control. Concerns have been raised by the National Audit Office that Ofsted is unable to inspect sponsors and multi-academy trusts so there is no independent source of information about the quality of their work.¹⁷³ Accountability became a major issue in the so-called Trojan Horse scandal surrounding some Birmingham Academy schools, where it was alleged there was an organised campaign by extremists to take over their control.

Public satisfaction with services

Overall levels of satisfaction with some services in the public sector remain reasonably high though reports are mixed:

- For local government in October 2014, 68 per cent of the public are very or fairly satisfied with the way their council runs things, lower than a peak of 72 per cent in January 2013.¹⁷⁴
- Following a record fall in satisfaction with how the NHS runs in 2011, from 70 per cent to 58 per cent, satisfaction recovered slightly in 2012 to 60 per cent, where it still stood in 2013.¹⁷⁵ In another survey, 72 per cent say they get good quality care from the NHS or local

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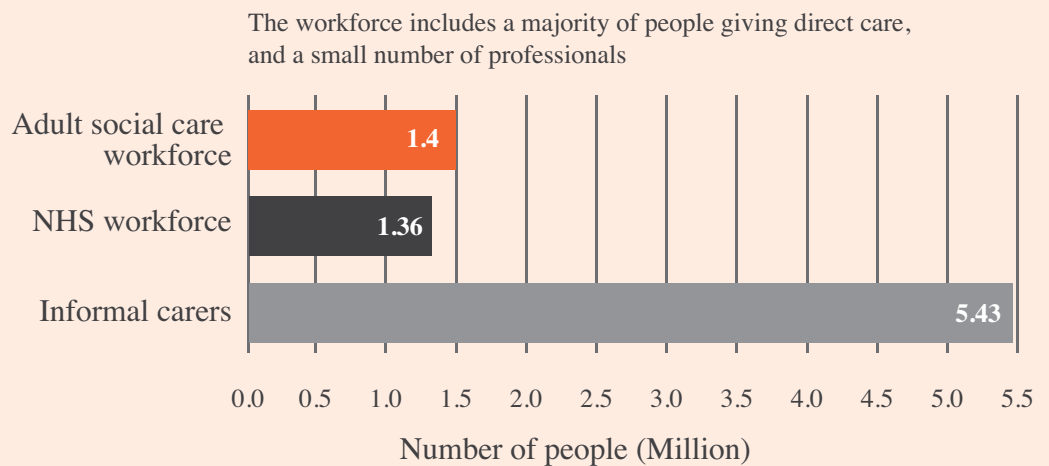
care services.¹⁷⁶ The NHS ranks highest out of 11 wealthy nations on a range of performance indicators, outperforming all countries in the management of chronic illness but it is second to last for the ‘healthy lives’ indicator which examines life expectancy, infant mortality and death rates for conditions treatable with medical care.¹⁷⁷ An overwhelming majority of the public (94 per cent) think NHS and social care services could be improved and almost 9 in 10 think that the health care system needs to change.¹⁷⁸

However, only a quarter of the public feel that providers of public services always or often understand their needs, with a slightly higher proportion (27 per cent) reporting that they hardly ever, or never do so.¹⁷⁹

Last year, we reported a ‘race to the bottom’ on price in contracts in social care in the home, reducing responsiveness to user needs, with 75 per cent of local authorities now commissioning 15-minute visits to provide personal home care for disabled or older people,¹⁸⁰ leading to poor quality of care.¹⁸¹ The HMRC had found that 48 per cent of employers caring for the elderly had paid below the minimum wage.¹⁸² Over recent years, adult social care has placed ever more pressure on the what the ‘Big Society’ can deliver through informal carers, the already low paid workforce and voluntary and private sector providers – see below.

The Big Society and Adult Social Care: cuts and the Big Society

Adult social care (care in people’s homes, day care and care homes) is already a good example of the Big Society in operation, with the vast majority of care being provided by informal, unpaid carers, as shown below.



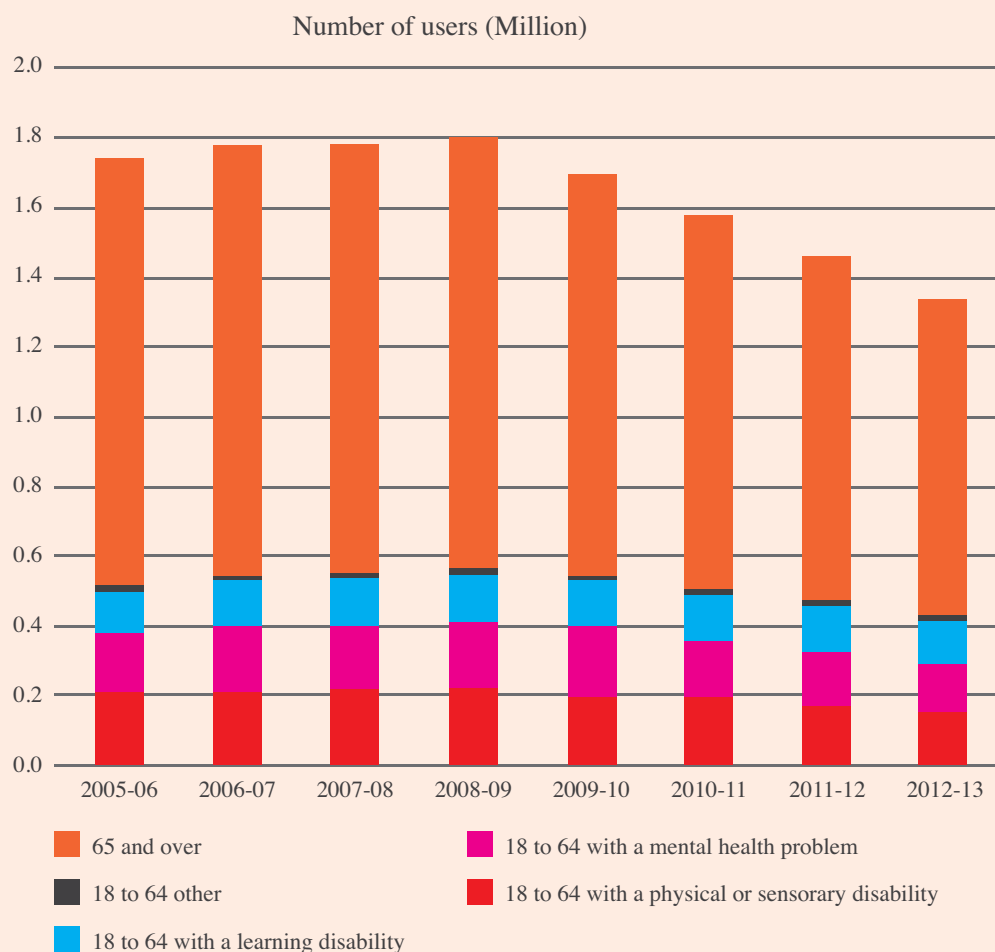
Source: *Adult social care in England: overview*, NAO, March 2014

Statutory spending on Adult Social Care fell by 12 per cent in real terms at a time when the number looking for support has increased by 14 per cent¹⁸³ – and fewer adults are being supported, putting ever more pressure on communities.¹⁸⁴

In the context of austerity, cutbacks have been inevitable but what has been lacking has been a strategy which actively and openly discusses the challenges with those affected, and engages and mobilises their energies

Adults receiving local authority social care services, 2005-06 to 2012-13

The number of adults receiving state-funded care fell from around 1.8 million in 2008-09 to around 1.3 million in 2012-13



Source: *Adult social care in England: overview*, National Audit Office, March 2014

In the context of austerity, cutbacks have been inevitable but what has been lacking has been a strategy which actively and openly discusses the challenges with those affected, including paid and unpaid carers, delivery organisations and the voluntary sector, and engages and mobilises their energies in planning the best way forward.

The NAO report that 87 per cent of adults now live in local authority areas that arrange care services only for those with substantial or critical needs. Informal carers now provide more hours of care per week and on average they are getting older. Changes to benefits for adults with disabilities and their carers will put further strain on care users' ability to pay for their own care and for informal carers to provide support.

The NAO also notes that local authorities are also saving money by changing contractual agreements, paying lower fees, negotiating bulk purchase discounts, as well as commissioning less care. Rates that local authorities pay for care home places for older people rose less than providers' costs between 2009-10 and 2013-14, which in turn is putting pressure on the financial sustainability of providers in the independent sector. Some providers have reported problems meeting all but users' basic needs and investing in staff skills and training.

Safeguarding vulnerable adults from abuse and neglect remains a major risk throughout the adult care sector. Between 2010-11 and 2012-13, safeguarding referrals recorded by local authorities rose by 13 per cent. Though this increase may reflect increased awareness of abuse, it may reflect overstretched resources and pressure within the system, the NAO concludes.¹⁸⁵

Research has found that relationships between government and the voluntary sector have weakened under the Big Society

Social sector organisations... rely increasingly on winning work from large private sector partners and some depend on these for their survival, creating lopsided partnerships

The Public Accounts Committee has called on the Government to take account of the impact that local authorities driving down providers' fees is having on service quality, the charges to those who fund themselves and use the same care services, and the financial sustainability of providers.¹⁸⁶

Low paid home carers are affected too. 93 per cent of councils in England and Wales do not make it a contractual condition for homecare providers to pay care workers for travel time, according to a Freedom of Information request by UNISON and it is estimated that up to 220,000 care workers across the UK earn less than the minimum wage.¹⁸⁷

Pressures on social care are pushing problems onto other parts of the public sector, most notably hospitals, with A & E departments now experiencing major challenges with increased admissions of frail elderly people.¹⁸⁸

4. Strong partnerships - largely negative.

The voluntary sector's sense of partnership with government has weakened under the Big Society; it has been encouraged to work as a sub-contractor to large private sector organisations, leading to problems, *though some steps have been taken to try to remedy them.*

Research has found that relationships between government and the voluntary sector have weakened under the Big Society:

- 61 per cent of voluntary sector leaders reported that central government policy had a damaging impact on their work.¹⁸⁹
- 40 per cent of respondents to another survey said their relationship with their local authority had got worse over the last 12 months, the highest percentage since the surveys began in 2012, and 40 per cent also said that they felt that their local council would have a negative influence on their success.¹⁹⁰
- Only just under half (46 per cent) of large voluntary organisations are engaging well with local NHS Clinical Commissioning Groups and only 22 per cent felt that their organisations could influence the decision making process.¹⁹¹
- Only one in four small charities were satisfied with the relationship with commissioners in their local authority and only one in three were satisfied with health and social care commissioners.¹⁹²

The Government has encouraged the voluntary sector to sub-contract to larger prime contractors to help them win contracts, as well as to form consortia, given their relatively small size. Almost 90 per cent of commissioners of public services are using commissioning to encourage social sector organisations to collaborate.¹⁹³

One study has commented that 'social sector organisations ... rely increasingly on winning work from large private sector partners and some depend on these for their survival, creating lopsided partnerships.'¹⁹⁴ Partnerships between prime contractors and voluntary sector sub-contractors in the Work Programme have been criticised by many authoritative sources. Problems include the voluntary sector, which is largely providing specialist support to vulnerable groups, being used as 'bid candy,' low referral rates, and passing on unfair financial terms.¹⁹⁵

Since problems emerged in the supply chain relationships, both the Department for Work and Pensions and the Ministry of Justice (MoJ) have sought improvements. The MoJ has introduced 'core market stewardship principles' for the supply chain, including appropriate management of risk and application of the principles of the Compact by providers and their supply chain.¹⁹⁶

Positive experiences of working with Serco have been reported in the Work Programme, Doncaster prison (where Catch 22 leads and Serco's responsibility is to deliver support) and the National Citizen Service, where the current holder of six regional contracts to deliver it is not Serco, but a consortium of Serco and four national charities as equal partners and Serco's role is to provide a national call centre and website and handle major procurement, financial and risk management and back office issues.¹⁹⁷ However, Serco is not renewing its contract on the National Citizen Service from 2015.¹⁹⁸

Some voluntary sector consortia are winning contracts. For example, in Knowsley, the 28-member Forward Together Consortium has won three contracts and ‘is now actively approached by commissioners’.¹⁹⁹ Newcastle Voluntary Sector Consortium has won its first contract - Fulfilling Lives, whereby six organisations will deliver around £750,000 of services for mental health in Newcastle and Gateshead.²⁰⁰

5. Accessibility of contracts to the voluntary sector – largely negative.

Despite efforts to improve accessibility, and some lessons learnt from the Work Programme, there remains a systemic bias toward the private sector and towards contracts with larger organisations.

Two thirds (67 per cent) of voluntary sector respondents to one survey disagreed with the view that the Big Society, where voluntary action flourishes and charities have a bigger role in public service delivery, is being realised.²⁰¹ 62 per cent of voluntary organisations disagreed or strongly disagreed with the statement that ‘the government has made it easier for charities to work with the state.’²⁰²

The Minister for the Cabinet Office estimated that 35-40 per cent of the Work Programme would be delivered by the voluntary sector but it was estimated independently that only 19.4 per cent of value ended up with the voluntary sector.²⁰³ Of the 40 prime contracts for the Work Programme, only two were held by the voluntary sector and although voluntary organisations held 48 per cent of individual contracts, the great majority were ‘call off’ contracts only.²⁰⁴ Only one of the 21 preferred bidders in the Transforming Rehabilitation contract is a civil society organisation, but 20 have civil society bodies as partners.²⁰⁵

A third of social enterprises that worked mainly with the public sector cited procurement policy as a principle barrier to their sustainability, an increase from a quarter in 2011.²⁰⁶ The Mutuals Task Force identified obstacles such as inexperienced commissioners and a lack of understanding or sympathy among senior management, with bidding requirements sometimes skewed in favour of large corporate organisations.²⁰⁷

Smaller voluntary organisations often have particular difficulties with public sector commissioning:

- A survey of organisations working with offenders and ex-offenders showed that the majority (53 per cent) of respondents from larger organisations were confident that the MoJ’s probation reforms would benefit their organisation compared with just 15 per cent of medium sized and a fifth (21 per cent) of smaller organisations.²⁰⁸
- Only 15 per cent of small charities were confident in their ability to successfully compete for contracts under the new structure of the Health and Social Care Act, and just over 40 per cent had negative experiences of bidding for a contract from their local authority.²⁰⁹
- 91 per cent of members of an alliance of poverty-fighting organisations involved in commissioning said they did not feel there was a level playing field for small organisations providing public services.²¹⁰

Payment-by-results contracts have been introduced through the Work Programme and in other contracts, such as for Rehabilitation Services, which transfer financial risk to providers. This is a particularly difficult model for voluntary organisations, which typically have low reserves and where charity trustees have a requirement to be prudent with charity funds.²¹¹ 78 per cent of third sector providers are worried about access to working capital.²¹²

The Social Value Act has the potential to encourage commissioners to take more account of social value. However, to date, only 65 per cent of local authorities in England and Wales had changed their practices as a result. The Chartered Institute of Purchasing and Supply reported that, nationally, the focus remained on savings and that there was little evidence that social, economic and environmental considerations were duly regarded in the award of contracts.²¹³

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The Government's £10 million Investment and Contract Readiness Fund is said to have helped charities and social ventures access £21.4 million in investments and won contracts worth £13.5 million.²¹⁴

Less than a quarter (24 per cent) of voluntary sector leaders believe that the NHS reforms have led to more contract opportunities for their organisation, while 27 per cent say that opportunities have decreased, and 49 per cent say there has been no change.²¹⁵ However, possible changes are explored in Chapter 6.

The EU Procurement Directive contains a number of promising measures, including encouraging public sector commissioners to break up procurement into smaller contracts and raising from €200,000 to €750,000 the threshold over which some types of contract, including social and health services, must go out to tender across the EU.²¹⁶

6. Decentralisation and personal control – no change.

Choice in public services has opened up under successive governments but is still limited and is working less well for disadvantaged groups.

Overall, over 70 per cent of personal budget holders reported a positive impact on their being as independent as they want to be

Marginalised groups continue to be excluded when patterns in the take-up of direct payments are analysed

Almost three quarters of English councils met the government target of having 70 per cent of eligible service users and carers on personal budgets by April 2013.²¹⁷ Overall, over 70 per cent of personal budget holders reported a positive impact on their being as independent as they want to be, getting appropriate support and being supported with dignity. Over 60 per cent reported a positive impact on physical health, mental wellbeing, control over important things in life and control over their support.²¹⁸

The Care Act 2014 puts personal budgets on a statutory footing for people with care and support needs and their carers. All patients who are eligible for 'continuing healthcare' from the NHS have been given a right to ask for a Personal Health Budget, to purchase tailored health care services. Patients needing treatment for a mental health problem can choose where they get their care.

The Public Accounts Committee has called for a more realistic timetable for the implementation of the Act, given existing pressures on social care.²¹⁹ 84 per cent of social workers felt that cuts to adult social care budgets in the past two years have reduced service users' choice and control over their supports; 75 per cent said the resource allocation systems are difficult for service users to understand; just 2 per cent reported that service users and their families actually take the lead in support planning.²²⁰

Marginalised groups continue to be excluded when patterns in the take-up of direct payments are analysed. The evidence highlights the dangers of inequity between those with financial and social resources to supplement their use of budgets and those without. The experience of self-funders in social care suggests that personal budgets will not address the overall failures of a poorly regulated market in social care services which is delivering suboptimal outcomes.²²¹

Choice and personalisation is limited in public services more generally. Just 16 per cent said they are always or often offered a personalised service, compared with almost half (44 per cent) saying that this was hardly ever or never the case. Only 14 per cent are always or often involved in decisions about how they use the service, but half (50 per cent) are hardly ever or never involved.²²²

A lack of willingness by government centrally and locally to listen to the views of the voluntary sector on key services

7. Civil society input in service design - largely negative.

Despite Government commitments to co-design,²²³ consultation of the sector has become truncated, and the policy and campaigning voice of the sector has been under attack.

The Government removed the 12-week minimum period for consultations with the voluntary sector in 2012, after widespread non-compliance, and has run a number of very short consultations in key areas, including changes to judicial review and the ability of the voluntary sector to challenge its decisions. It introduced major changes in the Transparency of Lobbying, Non-Party Campaigning, and Trade Union Administration Act 2014 limiting the ability of the voluntary sector to campaign, without any consultation.²²⁴

The Panel on the Independence of the Voluntary Sector heard evidence in 2014 from the Chairman of the Trussell Trust, which runs foodbanks, and the CEO of Women's Aid, documenting of a lack of willingness by government centrally and locally to listen to the views of the voluntary sector on key services.²²⁵

Gagging clauses exist in major government contracts which prevent voluntary organisations from expressing views about programmes with which they are involved, despite commitments in the Compact to preserve the right of the sector to campaign.²²⁶

65 per cent of members of an alliance of small charities involved in fighting poverty reported that contracts were not designed in a way that allowed them to utilise their knowledge and experience, whilst 67 per cent said they were not consulted about the design of relevant services. Commissioners, although more optimistic, still report low levels of engagement with 44 per cent stating they either never or only occasionally seek provider input when designing a tender.²²⁷

There have been some positive developments. NHS England launched NHS Citizen to enable engagement and communication with the public, patients and the voluntary and community.²²⁸

However, two thirds of voluntary sector leaders believe that the NHS reforms have not improved the opportunity for more patient voice in the commissioning process.²²⁹ Similarly, 85 per cent had a poor level of engagement and 95 per cent felt they have little influence in the decision making process of their Health and wellbeing boards.²³⁰

Chapter 4.

Social Action

‘There is such an appetite out there for people to play their part. Our job is to help them, encourage them, break down the barriers that stop them. So let’s scrap the health and safety rules that put people off. Let’s get community organisers to stimulate social action in our poorest areas. Let’s get going with National Citizen Service so more teenagers get some purpose in their lives.’

David Cameron, 2010²³¹

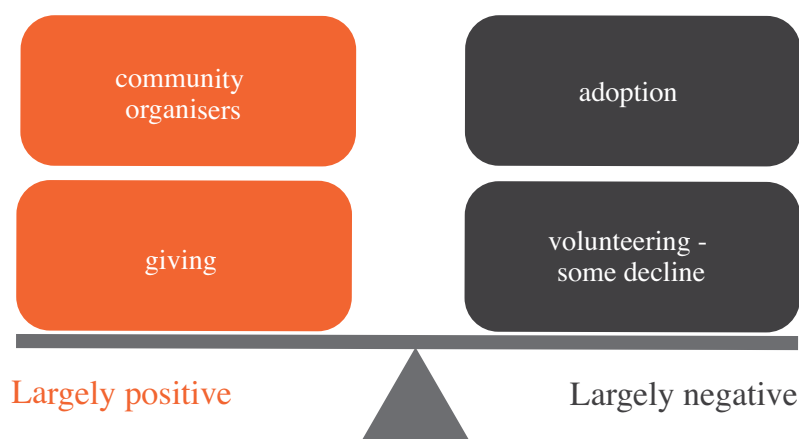
Social Action defined by the Government as ‘people being and being encouraged to be more involved in their communities through giving time, money and other resources.’²³²

- 1. Volunteering.** Increased volunteering amongst existing groups, from currently underrepresented groups, and through corporate volunteering.
- 2. Giving.** Increased giving by the private sector and individuals to civil society.
- 3. Community Organisers.** More community organisers.
- 4. Adoption.** As one indicator of increased social action and responsibility, an increase in adoption.

Social action: summary assessment

4.1 The Government has invested heavily in initiatives to encourage giving and volunteering and social action, as did the previous government. On volunteering and social action, the results are yet to shine through in the statistics, except in relation to volunteering by young people. There has been some increase in individual giving compared to a sharp dip last year but it has not recovered to pre-recession levels. Also disappointing has been the failure of business and high net wealth individuals to rise to the challenge of the Big Society, despite the growing financial crisis within certain parts of the voluntary sector. As analysis in the previous chapter shows, there is no sign that the loss of statutory funding to the voluntary sector is being sufficiently replaced by other parts of society or that non-statutory funding is likely to reach the organisations that are likely to need new support most. Two flagship Government initiatives have been criticised as poor value for money and are explored below.

How does it weigh up?



Initiatives and policies

4.2 Many policies and initiatives have been launched by the Government to promote social action, some of which build on initiatives under the previous government. These include policies to promote volunteering and action within communities:

- Efforts to stimulate 'impact volunteering' to mobilise volunteers 'to increase and enhance the outcomes achieved by public services.' A Centre for Social Action in the Cabinet Office is working with Nesta, which administers a £14 million Social Action Innovation Fund, and the Social Investment Business Group, which manages the £27 million Social Action Fund. Priorities are initiatives that foster prosperity, young potential, health, safer and stronger communities, ageing well, and the spirit of 2012.²³³
- The Social Action Fund has led to over half a million new volunteers being recruited in target areas, according to the Government. Programmes include supporting community and volunteer-led projects to provide extra support to older people during the winter 2014-2015; supporting people at the end of life and their families; increasing support for ex-offenders to stop committing crime; stimulating social action programmes that assist unpaid, family carers; and promoting volunteering programmes to support young people in vulnerable circumstances, including young offenders and care leavers.

- The National Citizen Service is a summer and autumn programme for 16 year olds, involving 30 hours of social action, which aims to have had 90,000 volunteers by 2014 and 120,000 in 2015. £56 million was invested in the programme in 2011 and 2012 and contracts have been awarded for 2013 and 2014 worth around £200 million. The Government also funds the Citizenship Foundation to run school-based programmes to encourage young people to get involved in communities and charities.
- Related projects include Join In to keep the spirit of the London 2012 volunteers alive, which received £2.1 million from the Government, and Dementia Friends, which received £2.4 million for training people to deal more effectively with dementia within communities.
- The independent initiative led by the Prince of Wales, Step Up To Serve, has the target of getting more than 50 per cent of 10–20-year olds to volunteer for youth social action projects by 2020. The Government is supporting it through the Youth Social Action Fund and Youth Social Action Journey Fund, worth £11 million in total, to encourage social action amongst young people.
- The Big Society Network, an independent charity launched by the Prime Minister in 2010 received £2.5 million of Big Lottery and public funding for various activities.
- Time Banking, where volunteers ‘deposit’ volunteering time and ‘withdraw’ equivalent support when they need it.
- Scaling back the Disclosure and Barring Service, which the Government says will reduce by up to 46 per cent the number of people who need checks from 9.3 million to 5 million.²³⁴

4.3 There are also initiatives targeted primarily at deprived communities, including:

- The Community Organisers programme to establish organisers in deprived areas to build new community action.
- Community First, a £30 million fund, which provides government funding and promotes endowments to help stimulate grass roots activity, often in deprived areas of the country.
- Business Connectors, developed by Business in the Community, to encourage local businesses to second people to help communities tackle social issues.

4.4 There are a wide range of initiatives to stimulate individual giving including:

- Changing inheritance tax incentives to promote legacies, at an estimated cost to the Government of over £100 million each year by 2016-17, simplifying Gift Aid with the aim of unlocking an additional £100 million per year by 2015-16 and measures to increase payroll giving.²³⁵
- A £10 million Innovation in Giving Fund to support and develop innovations in how people give money, managed by Nesta.

4.5 The Government has also invested in efforts to increase capital lending to the voluntary sector:

- Promoting social investment, including social impact bonds, with Big Society Capital launched in April 2012.
- A new tax relief to encourage private investment into social enterprises.
- A £20 million Social Outcomes Fund to stimulate social finance where benefits and savings accrue across multiple public sector spending ‘silos.’

4.6 The Prime Minister included adoption as one of his key Big Society initiatives in a keynote Big Society speech²³⁶ and the Cabinet Office suggested that this be included as one of the indicators in this Audit. The Government has provided £16 million to the voluntary adoption sector and £50 million to local authorities. From Spring 2015, it is setting up a £19.3 million Adoption Support Fund.

After the election?

4.7 It looks likely that any incoming Government will continue to promote social action. David Cameron has already pledged to offer a place to every teenager on the National Citizens' Service if a Conservative Government is elected.²³⁷ The Labour spokesperson on Civil Society, Lisa Nandy, has committed to do more to encourage volunteering including introducing a kite mark for businesses that give their employees the right to request time off for volunteering.²³⁸

Assessment against individual indicators

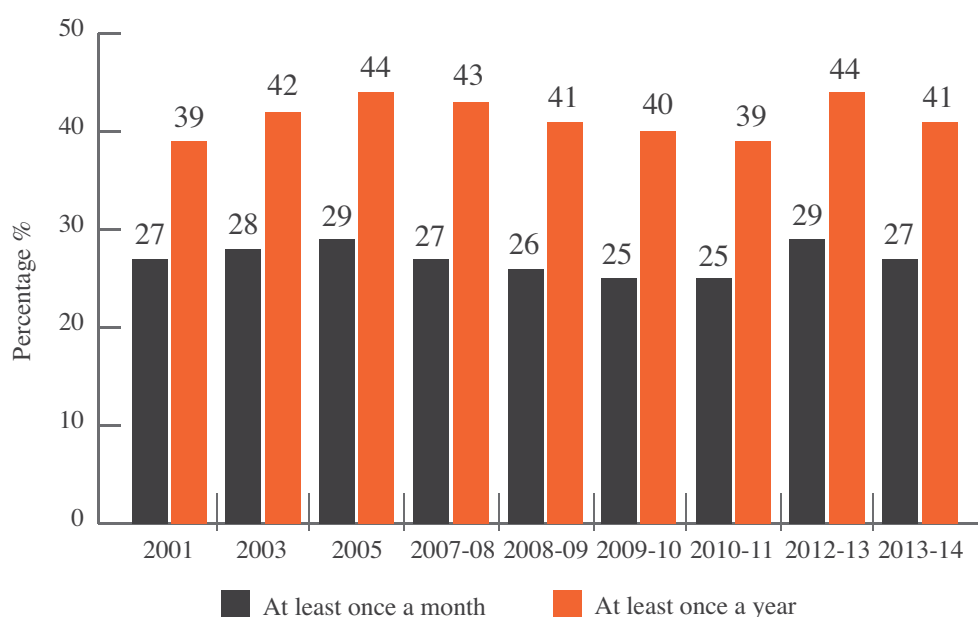
1. Volunteering – some decline.

Formal volunteering and social action declined over the last year and the overall trend for volunteering is broadly flat, despite efforts by successive governments. **However, more young people are volunteering.** The increasing use of compulsory volunteering in welfare programmes is controversial.

Despite the major investment in stimulating formal volunteering, there was a significant decrease in 2013-14 from the previous year

Despite the major investment in stimulating formal volunteering, there was a significant decrease in 2013-14 from the previous year: from 29 to 27 per cent of people who had volunteered formally at least once a month in the last year and from 44 to 41 per cent who had volunteered formally at least once. The overall trend in the last few years is no higher than before this Government took office – see the graph below.

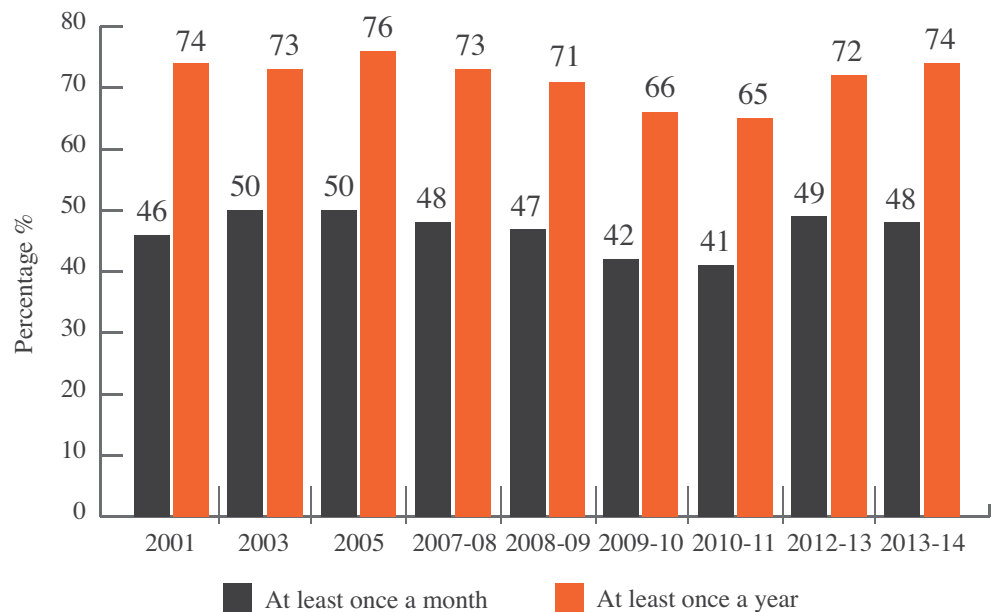
Whether people had participated in formal volunteering, 2001 to 2013-14



Source: Community Life Survey: England, 2013-2014

Informal volunteering rates in 2013-14 were broadly the same as in 2012-13. Taking informal and formal volunteering together, there was no significant change in England during 2013-14 compared to 2012-13. Some increase has occurred in the combined rate in recent years but these have still not reached the peak of 2005.²³⁹

Whether people had participated in any volunteering, 2001 to 2013-14



Source: Community Life Survey: England, 2013-2014

There has been a significant decrease in the proportion of people involved in social action - people getting together to support a community project in their local area – from 23 per cent to 18 per cent between 2012-13 and 2013-14.²⁴⁰

A focus on volunteering

Formal volunteering is giving unpaid help through groups, clubs or organisations.²⁴¹ The top five activities are, in order of magnitude, 'taking part in sport/exercise; coaching or going to watch; participation in groups revolving around hobbies/arts/recreation; giving time to religious organisations; and helping with children's education/school or youth activities outside schools.'²⁴²

There are more than 100,000 hospice volunteers in the UK, reducing hospice costs by an estimated 23 per cent.²⁴³ The National Trust employs 6,000 full-time, regular staff, and about the same number again of seasonal staff but has 70,494 volunteers.²⁴⁴ Three million people undertake voluntary work in health and social care settings.²⁴⁵ The number of volunteers staffing libraries jumped by 44 per cent last year, from 23,400 to 33,800 people.²⁴⁶ There is also evidence of an appetite for volunteering: One survey of Worcester residents found that 32 per cent would consider volunteering 'in response to staggering council cuts,' for example, improving green areas and open spaces or helping old people, libraries and public transport.²⁴⁷

New forms of volunteering are emerging as a result of social media, for example, micro-volunteering, where voluntary organisations use new technology to ask people to complete tasks or make commitments online, for example, 38 Degrees, and Casserole Clubs. Over 4,000 people have signed up as cooks in Casserole Clubs in England, providing a meal about once a fortnight for a local elderly person. The cooks are recruited online, whilst the diners are more likely to be referred locally. The concept is the brainchild of FutureGov, a for-profit company founded with risk capital via an 'impact investment' by NESTA. The key ingredient is piece of proprietary software, which links cooks and diners and forms the virtual core of the club. Discussions are well advanced to license the technology to others, possibly including the Scottish charity, Foodtrain, and of having a presence in Australia. FutureGov, are also looking at the feasibility of expanding the model to gardening and dog-walking.²⁴⁸

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Volunteering has doubled amongst young people to 34 per cent in 2014 compared to 14 per cent in 2003

The Government has also come under fire for its funding of two of its flagship Big Society initiatives, the National Citizen Service and the now defunct Big Society Network

Informal volunteering is giving unpaid help to people who are not relatives - in order of magnitude, 'giving advice; keeping in touch with someone who has difficulty getting out; transporting/ escorting, for example to a hospital; looking after property/ pet for someone away; shopping/collecting pension/paying bills for someone; and babysitting/childcare.'²⁴⁹

Volunteering has doubled amongst young people to 34 per cent in 2014 compared to 14 per cent in 2003, measured by 16-24 year olds who said they had volunteered in the last three months.²⁵⁰ Younger people now form the largest group of volunteers by age.²⁵¹ 38 per cent of students volunteer formally.²⁵² Almost two-fifths (37 per cent) of teenagers report that they had volunteered either formally or informally in the past year.²⁵³ Places for up to 90,000 young people were promised for 2014 under the National Citizen Service²⁵⁴ but funding was only made available for up to 80,000 places in that year. The Cabinet Office is also 'overdue in starting' the plans for up to 120,000 places in 2015.²⁵⁵

Charities are concerned by the Government's Help to Work Scheme, introduced in April 2014, which places unemployed people in mandatory unpaid 'Community Work Placements' within the voluntary sector. 502 voluntary charities have joined the 'Keeping Volunteering Voluntary' agreement and have boycotted mandatory workplace schemes.²⁵⁶

Employee volunteering

From the most recent estimates, around 70 per cent of FTSE 100 companies have some kind of Employer Supported Volunteering programme, compared with 20 per cent of medium-sized businesses, and 14 per cent of small businesses.²⁵⁷

To date, Business in the Community has recruited 118 Business Connectors from the private sector who have worked in 74 of England's communities of greatest need, the comparable figures from our last Audit were 77 Connectors and 53 communities. The aim is to reach 200 disadvantaged areas by 2017.²⁵⁸

Poor cost-effectiveness of interventions

The Government has also come under fire for its funding of two of its flagship Big Society initiatives, the National Citizen Service and the now defunct Big Society Network, both of which sidestepped existing voluntary sector infrastructure - for details, see below.

The National Citizen Service and the Big Society Network in focus

National Citizen Service (NCS)

Government was criticised by the Education Commons Select Committee for the disproportionately high cost of the NCS, projecting future costs equivalent to the total of local authority expenditure on youth services, which the Government itself had admitted had already been cut disproportionately, and calling for the programme to 'be adapted so that it accredits existing programmes while introducing a new focus and resources into the sector.' In evidence to the Select Committee the Chief Executive of the Scout Association said 'for the same cost per head that the NCS is anticipating spending in the first tranche of pilots we could provide two or three years' worth of the experience, week by week, for young people in the same age range.'²⁵⁹

Over 70 per cent of its participants said they were more likely to help out locally, while over 80 per cent agreed that the programme made them feel more positively towards people from different backgrounds. Societal benefits were said to far outweigh delivery costs in 2012 and 2013, according to the Government's evaluation,²⁶⁰ although Andrew Mycock from Huddersfield University says the unit costs, which have been rising since

2011, are 29 per cent of a year in secondary education and that the actual cost-benefits fall below other social programmes.²⁶¹

The Big Society Network

When the Prime Minister launched the Big Society Network at No 10 in 2010, he said it would be ‘an organisation that brings all the elements of the Big Society together. It had three goals: to encourage people to take action in their local area, to encourage people to take part in groups and to help community groups and social entrepreneurs to access new local powers.’²⁶² Since the launch, it has come under fire for poor performance and there have been allegations that public money had been wrongly allocated and commentators have pointed to close links between those involved in the charity and the Conservative Party.

A report from the NAO found that the Cabinet Office had broken its own guidelines in the awarding of almost £300,000 to the Society Network Foundation for the children’s fitness project ‘Get In’ because of poor performance, and was critical of the Big Lottery Fund in its management of £1.8 million awarded to two projects run by the Big Society Network and the charity that runs the Network, the Society Network Foundation.²⁶³ A second National Audit Office report found that the Prime Minister’s office ignored the Minister for Civil Society’s advice to withdraw or reduce the grant, citing poor performance and financial sustainability, and ordered the Cabinet Office to continue funding.²⁶⁴

The Charity Commission also investigated the Foundation, but took no action against the trustees, even though they found the Foundation’s accounts were non-Sorp compliant and that it had varied the use of a government grant without obtaining written permission, because it said the charity was in the process of winding itself up and action would not be proportionate.²⁶⁵

2. Giving – some positives.

Individual giving is recovering after a major fall last year though it is not back to pre-recession levels, payroll giving, text donation and crowd funding went up though corporate giving shows no signs of increasing.

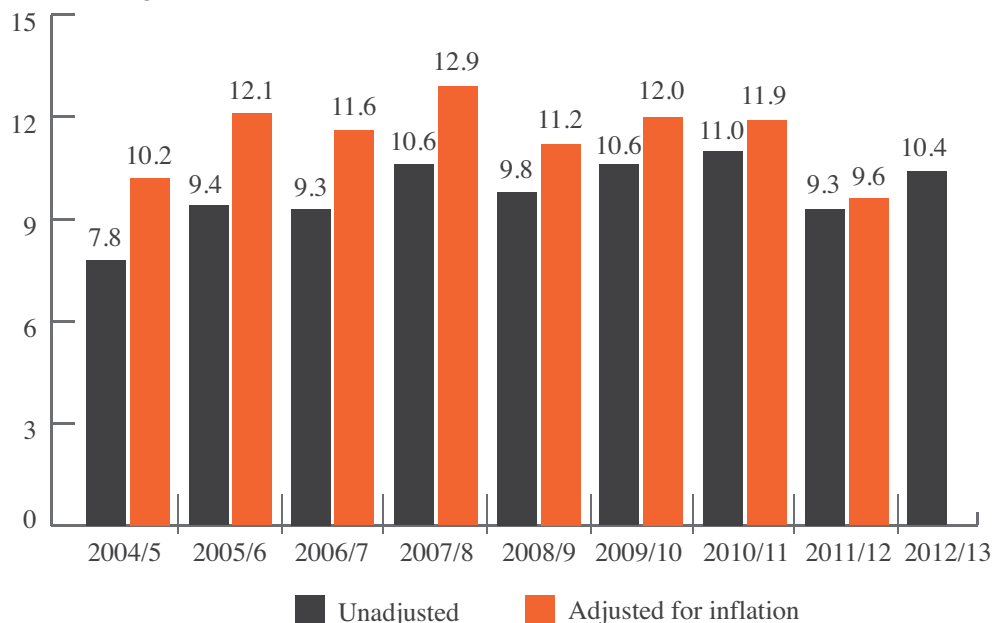
Giving

The UK is ranked joint 7th in the World Giving Index in 2014 – measuring giving time, helping a stranger and making charitable donations - slightly higher than the 8th position recorded last year, and joint 4th in terms of making donations to charity, the same as last year, but below the 2nd place recorded in 2012.²⁶⁶

Giving has increased compared to the all-time low of the previous year but has not recovered to pre-recession levels. An estimated £10.4 billion was donated by adults in 2012-13 (the last available figure), an increase £0.8 billion in real terms from 2011-12.²⁶⁷

Giving has increased compared to the all-time low of the previous year but has not recovered to pre-recession levels

Estimated total amounts given by individuals, adjusted for inflation and unadjusted 2004-05 to 2011-12 (£ billions)



Source: *UK Giving 2012/13 – an update*, CAF, March 2014

Payroll giving is up, reaching a record £155m in 2012-13, an increase of 31 per cent from 2011-12 and the number of employees donating through the scheme has surpassed the one million mark for the first time since the launch of the scheme. Changes in data collection may be a factor but Treasury measures to boost giving will have also played a part.²⁶⁸

New forms of giving through social media are burgeoning. £15 million was generated in text campaigns in 2010, £32.7 million in 2011 and £150 million is predicted in 2015, following the creation four years ago of VAT-free special short codes beginning with the number 7.²⁶⁹ JustGiving reported that total donations on Giving Tuesday - a global day for encouraging donations - were up 46 per cent compared to the same day last year and text donations were up by 80 per cent.²⁷⁰ A survey of nearly 8,000 UK charity donors confirms that Facebook and Twitter conversations do generate charity donations. Give as you Live's Donor Survey found that 30 per cent of UK charity supporters say that social media campaigns have inspired them to give.²⁷¹

Under Donation-Based Crowdfunding, people donate small amounts to meet the larger funding aim of a specific charitable project while receiving no financial or material return in exchange. In 2014, this market grew to £2 million from £0.8 million in 2013.²⁷²

Tax relief for individuals giving to charity more than doubled from £50 million to £1.1 billion from 2012-13 to 2013-14, most of which came in the form of inheritance tax relief and Gift Aid higher-rate relief, totalling £500m each. This is the fifth straight year in which donor relief has gone up.²⁷³

Donations over a million pounds

The value of donations over a million pounds in 2013 edged up from £1.35 billion to £1.36 billion over one year - but is still well below the £1.6 billion given in 2006-07,²⁷⁴ even though, according to the Sunday Times Rich List 2014, the wealth of the richest 1,000 individuals, couples and families rose by 15 per cent compared with 2013, well above pre-recession levels.

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Levels
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Legacies

Between 2008 and 2012 overall UK legacy income fell in real value by 9 per cent, although estimated total legacy income grew by 5 per cent in 2013. But experts say this growth was driven by the resurgence of the economy – and in particular house and share prices²⁷⁵ – and a rise in deaths during the cold winter of 2012-13. It is now believed that legacy income will again show a slight slowdown with the housing market cooling in many areas.²⁷⁶ One study found 71 per cent of all In-Memory donations went to hospices or hospitals or health charities.²⁷⁷

Corporate giving

Levels of corporate giving are disappointing, with NCVO figures (which include donations in kind, sponsorship and contracts for services delivered to them by the voluntary sector) flatlining at around £2 billion in recent years.²⁷⁸ The Directory of Social Change in 2013 found the average contribution of companies was worth 0.4 per cent of pre-tax profits, commenting that this was ‘nowhere near the 1 per cent level widely touted as a touchstone for corporate charitable support for many years.’²⁷⁹ This also comes at a time when some prominent high street names have been criticised by the Public Accounts Committee for failure to pay adequate taxes.²⁸⁰

Social investment

Social investment has been slow to take off since the Social Investment Task Force was established 15 years ago. The UK Advisory Board to the Social Investment Taskforce concluded in 2014 that ‘The social impact investment market in the UK remains relatively small but innovative’ pointing to estimates of its value as £202 million of funding per annum, with Big Society Capital being a major player.²⁸¹ Only 8 per cent of charities reported using social finance in one survey.²⁸² Since 2012 Big Society Capital has received £224 million from dormant bank accounts and the four largest UK high street banks, of which almost £150 million has been distributed to 31 charities and social enterprises in the form of social investment.²⁸³ Unity Trust Bank, the specialist bank for the social economy, more than doubled its lending to the social economy (£39 million in 2013 from £19 million in 2012).²⁸⁴

Voluntary sector income from charitable foundations

Grant-making by the top 300 UK foundations has risen by 10 per cent in real terms over the past year for which accounts are available: from £2.19 billion in 2010-11 to £2.41 billion in 2011-12. However foundation income fell by roughly a similar amount (from £2.56 billion to £2.31 billion) partly because of a slowing down in the number of new gifts made by wealthy donors due to weaker economic growth.²⁸⁵

3. Community organisers – an increase in numbers.

Numbers are increasing but there are doubts about effectiveness.

The number
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of August 2014

The number of community organisers was 3,550 at the end of August 2014, a significant increase from 117 in the last Audit, and on track (according to the Cabinet Office) on its target of training 5,000 by April 2015.²⁸⁶ But the Centre for Social Justice has called for changes in the programme to make it more effective.²⁸⁷ Organisers are required to work independently of existing voluntary sector and community infrastructure and must find their own funding after only one year. Research has found that progress in community development takes time and short-term funded projects have the negative impact of creating disappointment within communities.²⁸⁸

4. Adoption – recent decline.

After an increase in adoption in England since 2010, numbers of applications have dropped off dramatically over the last year; and the number of looked after children continued to increase steadily over the last 5 years.

There were 5,050 looked after children adopted in the year ending March 2014, an increase of 26 per cent from 2013 and an increase of 58 per cent from 2010. Although the number of looked after children adopted fell between 2010 and 2011, the number of these adoptions has since increased and in 2013 was at its highest point since the start of the current collection in 1992.²⁸⁹ However, in the last year, applications for adoption court orders fell by 34 per cent, according to figures from the Adoption Leadership Board, apparently in response to a number of high profile court judgements, which the Board says ‘risk reversing the substantial progress made.’²⁹⁰

Moreover, there were 68,840 looked after children (children in care) at 31 March 2014, an increase of 1 per cent compared to 31 March 2013 and an increase of 7 per cent compared to 31 March 2010. The numbers have increased steadily over the past 5 years.²⁹¹

Chapter 5.

A Divided Society

‘We all belong to the same society, and we all have a stake in making it better. There is no ‘them’ and ‘us’ – there is us. We are all in this together, and we will mend our broken society – together.’

David Cameron, 2011²⁹²

5.1 Ultimately, the Big Society initiative should lead to a better and more united society but, as this chapter explores, against a range of indicators the divisions are deep and many of these have been deepening. Far from being an inclusive ‘Big Society,’ society is more divided.

The Big Society gap

5.2 The objectives of the Big Society are, in general, far more of a reality for affluent people and for rural and affluent areas. People from lower socio-economic groups, disabled people and black and minority ethnic groups tend to fare worse against key indicators, enjoying less of the potential benefits of a society that supports itself well. There are also interesting differences between younger and older people and women and men. The box below explores this in more detail.

The Big Society gap

The affluence gap: the most affluent have the most power, get the best outcomes from public services and are more socially active. It’s the opposite for the least affluent, upon whom cuts in public services have fallen disproportionately, and who will also have suffered from cuts to the voluntary sector.

Community empowerment: People in the highest socio economic groups and living in the most affluent communities are far more likely than those in the lowest to feel people in their neighbourhood can be trusted, to agree that people pull together, to want to be involved in local decision making and feel they have influence. They are more than twice as satisfied with the present system of governing and they are twice as likely to take action to influence decisions, laws and policies.²⁹³

Public services: As explored in Chapter 3, outcomes on education and health are massively different for the most and least affluent groups in society, suggesting a failure of public services to meet the needs of those who need them most. Cuts in public services have fallen disproportionately on the poorest and most disadvantaged areas,²⁹⁴ areas in which the voluntary sector often rely on public sector funding²⁹⁵ providing support for those who have least in society. In monetary terms, by 2015-16 people in poverty will bear more than twice the burden of public sector cuts than the average citizen (£2,744 per head against £1,126) according to one estimate.²⁹⁶

Social action: The most affluent are the most likely to volunteer. The most common occupations of members of the ‘civic core’ (defined as the nine per cent of people who account for 66 per cent of charitable activity) are skilled professional (22 per cent) and manager or senior officers.²⁹⁷

The north-south, urban and rural gap: people in the south feel more empowered, tend to enjoy better services, and are more socially active. Rural and southern areas have more voluntary activity.

Community empowerment: people living in the south of the country feel significantly more influential over decision making than in England as a whole: 22 per cent of Londoners and 19 per cent of those in the South East feel they have some influence over national decision-making, compared to just 6 per cent of those in both Yorkshire and Humber and the North-East.²⁹⁸

Public services: Chances of being diagnosed early and surviving various forms of cancer differ significantly across the country, with a gulf between affluent parts of London and the Home Counties and the rest of Britain. Premature cancer mortality rates are more than twice as high in Liverpool – 157 deaths per 100,000 below the age of 75 – as they are in Kensington and Chelsea where fewer than 78 people die early.²⁹⁹ Charities are far more numerous in the more prosperous south than in the disadvantaged post-industrial north. Rural areas fare far better than urban ones. Eden in Cumbria has 7.2 registered charities per 1,000 people, compared with only 0.8 per thousand in Blackpool.³⁰⁰ 14 per cent of voluntary organisations are based in London but they have 40 per cent of the sector’s income and own 55 per cent of the net assets.³⁰¹

The most affluent have the most power, get the best outcomes from public services and are more socially active

People in the south feel more empowered, tend to enjoy better services, and are more socially active

The impacts of tax and welfare reforms from 2010-15 are more negative for families containing at least one disabled person

Problems with the contracting out of public services have been hitting disabled people disproportionately

Social action: The highest rates of formal volunteering were in the south (50 per cent in the South West and 49 per cent in the South East) compared with 35 per cent in the North East and 38 per cent in the North West.³⁰²

The disability gap: disabled people have been particularly hit by cuts in public services and welfare payments and will also have been hit by loss of income to voluntary sector groups in the field of social services and employment.

Public services: The impacts of tax and welfare reforms from 2010-15 are more negative for families containing at least one disabled person, particularly a disabled child, and these negative impacts are particularly strong for low income families. Poor families that have a disabled adult or child lose perhaps five times as much proportionally as better off able-bodied families.³⁰³

Cuts in public spending hit disabled people in poverty more than four times as much (£4,666), and people using social care almost six times as much (£6,409) as the average person (£1,126).³⁰⁴ 60 per cent of England's councils have either cut or frozen budgets for child and adolescent mental health since 2010-11, and 77 per cent of NHS Clinical Commissioning Groups have frozen or cut these budgets between 2014-2015 and 2013-2014.³⁰⁵ A lack of beds is forcing mental health patients in England to seek treatment in other NHS facilities up to hundreds of miles away. The number of patients travelling to seek emergency treatment for mental ill health has more than doubled in two years - from 1,301 people in 2011-12 to 3,024 in 2013-14, according to BBC research.³⁰⁶

Problems with the contracting out of public services have been hitting disabled people disproportionately. Research has found that the Work Programme has poor outcomes for disabled people and young lone parents who experience relatively lower job outcome rates than their 'non-disadvantaged' peers and concluded that 'the Work Programme at present may ... be reinforcing, exacerbating and making systemic the negative impacts of employment disadvantages.'³⁰⁷ When asked how to describe their experience of the Work Capability Assessment, run by ATOS, a contract which the government had to terminate, 95 per cent of sick and disabled people found the assessment damaged their health, 29 per cent severely; 95 per cent gave the assessment a mark of 5 out of 10 or less, with 43 per cent giving the lowest possible mark; and 80 per cent of the time the respondent felt that the assessor did not listen to them.³⁰⁸

Cuts to statutory funding to voluntary organisations is likely to be affecting those receiving social service and employment support, as these services have been hardest hit, as Chapter 3 shows.

Social action: Disabled people remain significantly less likely to participate in cultural, leisure and sporting activities than non-disabled people, and are significantly less likely to engage in formal volunteering.³⁰⁹

The ethnicity gap: Public services are failing to deliver equal opportunities. BAME people are less likely to vote and are poorly represented in local authority leadership, but in general feel more empowered and trusting in the political system. Volunteering rates are lower, relatively, but increasing.

Community empowerment: BAME groups are more confident in their ability to influence decisions affecting both their local area (49 per cent compared with 36 per cent for white people) and Britain (37 per cent and 20 per cent). Ethnic minorities as a group have increased their engagement in civic life over the years and now participate at similar levels to the white population.³¹⁰ But they are much less likely to be certain they will vote than the white population (31 per cent and 52 per cent).³¹¹

Most minority groups show similar if not higher levels of trust and satisfaction in political institutions than the White British population. However, within these communities, there remain significant differences – Black Caribbean groups express low levels of trust and satisfaction, especially with Parliament (21 per cent compared with 34 per cent of white people) and the

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Police (42 per cent compared with 68 per cent of white people).³¹² Ethnic diversity in local authority leadership is so low that it ‘almost defies analysis,’: there is just one non-White local authority CEO in London and none amongst the eight core cities’ outside London.³¹³

Public services: As explored in Chapter 3 and later in this chapter, public services are failing to deliver equal opportunities for BAME groups. Black Caribbean people are more likely than white people to feel that public service organisations would treat them differently to other races (better or worse) (37 per cent as against 22 per cent). 10 per cent of Muslim respondents and five per cent of Sikh people reported religious discrimination by public service organisations. The services most likely to be regarded as discriminatory on race were social housing (22 per cent) and criminal justice (17 per cent).³¹⁴ Almost half (49 per cent) of BAME people living with mental health problems had faced discriminatory behaviour from mental health staff.³¹⁵ Overall, black people are stopped and searched around seven times more than white people.³¹⁶

Social action: 59 per cent of BAME people say they volunteered at least once in the past year, compared with 65 per cent of white Britons.³¹⁷ Formal volunteering rates have increased significantly amongst ethnic minority groups, from 33 per cent in 2010-11 to 43 per cent in 2012-13.³¹⁸

Age and gender: Political engagement, volunteering and giving increases with age. The young are worryingly disengaged politically but are socially engaged: volunteering rates have increased dramatically. Services to both younger and older people have been reduced as a result of cuts.

Community empowerment: Those aged 55-74 are much more likely to feel they have some influence on local decision-making (31 per cent) than the younger age groups: only 21 per cent of 18-24s and 23 per cent of 25-34s feel influential locally.³¹⁹ The young are becoming worryingly disengaged politically - only 24 per cent of them are certain to vote in the event of an immediate election.³²⁰ The younger age groups are also less likely to think that Parliament ‘holds government to account’ and ‘debates and makes decisions about issues that matter to me’ than their older peers (36 per cent compared average of 51 per cent).³²¹

In terms of representation of women in politics, Britain still lags behind most of the rest of Europe, having fallen to 59th place prior to the 2010 general election to 65th in the world ranking of Parliaments.³²²

Public services: Services to both younger and older people have been reduced as a result of cuts. The amount of money spent on youth provision in England, including youth clubs and other out-of-school activities, education for excluded pupils, teenage pregnancy services and drug and alcohol support programme, has fallen by 36 per cent in real terms from £1.2 billion in 2010-11 to £791 million in 2012-13.³²³ As explored in Chapter 3, social services for older people have also been cut dramatically. The proportion of over-65s getting help has fallen by a third since 2005-6. Only 13 per cent of councils considered people with ‘moderate’ needs eligible for funding in 2013-14, compared with nearly half of councils in 2005-6.³²⁴

Social action: Volunteering amongst young people has risen dramatically, as explored in chapter 4,³²⁵ there are signs of an increasing interest in social issues amongst young people and a positive attitude toward social action amongst teenagers,³²⁶ although there is less buy in to formal state support through the welfare state.³²⁷

By July 2014, 26 per cent of women were volunteering and 27 per cent men were doing so – a gap closed. Women, however, form the majority (60 per cent) of the ‘civic core’ defined as the nine per cent of people who account for 66 per cent of charitable activity.³²⁸

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government
deficit

A fall in social capital

5.3 Social capital - the extent to which individuals and communities trust each other, reciprocate helpfully and are connected to other people - is the social glue that binds society together. The dramatic decline in the presence of that glue is one of the reasons for the Big Society initiative. This fall can be tracked from the 1950s, when the proportion of Britons who thought most people could be trusted was 60 per cent.³²⁹

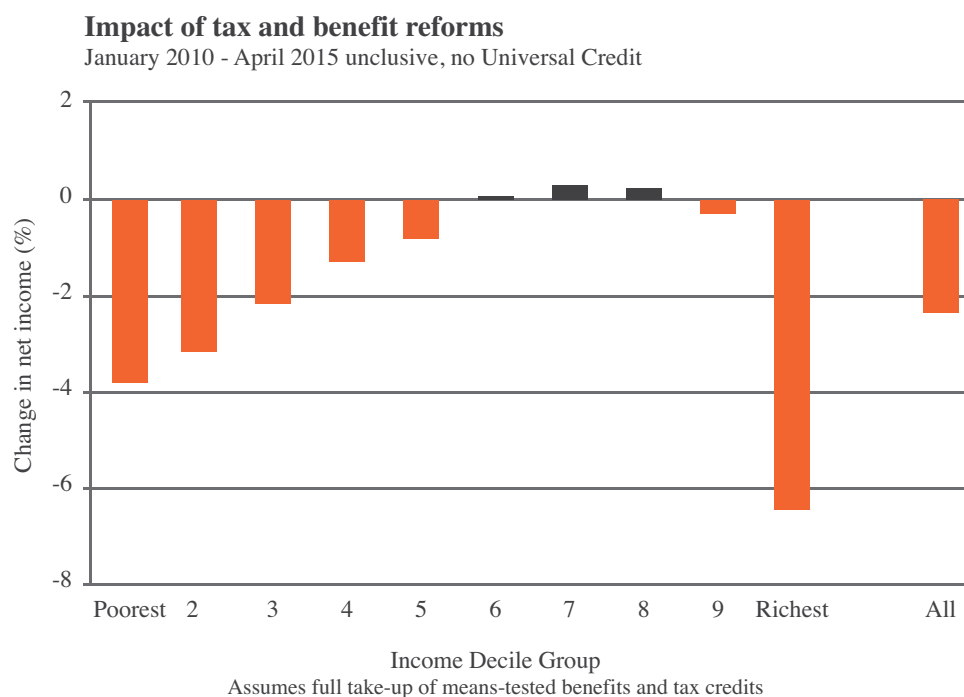
- In August 2012-April 2013, 41 per cent of people thought that most people could be trusted, a fall from 43 per cent from the previous year – the latest data available.³³⁰
- In 2013-14, 60 per cent of people agreed that people in their neighbourhood pull together to improve it, a slight fall from 2012-13 (62 per cent) but significantly lower than all other years since 2003.³³¹
- In 2013-14, 85 per cent of people were ‘very’ or ‘fairly’ dissatisfied with their local area as a place to live; no significant change in the proportion compared to all other years since 2008-09.³³²
- Chapter 2 also highlights a decline in neighbourliness, community attachment, and increase in racial prejudice over recent years.

Inequality is increasing

5.5 Britain is a very unequal society – and this is increasing. The UK ranking on income inequality is 28th out of 34 OECD countries, just above the USA (31st) but well below countries like France (12th) Germany (15th), Greece (18th), and Spain (22nd).³³³ In the UK today, the richest one hundred people have as much wealth (income and assets) as the poorest 30 per cent of all households.³³⁴

5.6 As Thomas Piketty has documented, the wealth gap in western democracies has continued to widen - according to him, an inevitable consequence of free markets.³³⁵ This has worsened as a result of the near collapse of the banking system in 2008-09. The Bank of England’s policy of quantitative easing - which has been pushing up the value of financial assets since 2009 - has had a disproportionate impact on the wealthiest, with the top 5 per cent of households holding 40 per cent of the affected assets.³³⁶

5.7 The poorest in society have paid disproportionately for efforts to reduce the government deficit over a period when many higher earners have seen their income (not just the value of their assets) increase. Cuts in public services have hit the poorest particularly hard – double the cuts for someone on a low income according to one estimate.³³⁷ For those in work, income levels have risen slowly. At the same time, rising prices in utilities and food have affected the poorest in society badly.³³⁸ The impact of tax and benefit reforms are shown below, illustrating how many better off people have escaped the pain whilst the poorest have contributed the most, with the exception of the top 10 per cent of earners.



Source: Institute for Fiscal Studies³³⁹

5.8 One in five people in the UK is living in poverty - and for the first time, more working households are living in poverty in the UK than non-working ones.³⁴⁰ 3.5 million people are currently estimated to be unable to afford to feed themselves in the UK.³⁴¹ The UK has one of the highest rates of low pay in the developed world. Today, 4.8 million workers, often women, earn less than the Living Wage.³⁴² The proportion of households which fall below society's minimum standard of living has increased from 14 per cent to 33 per cent over the last 30 years, despite the size of the economy doubling.³⁴³

5.9 Child poverty is higher in northern regions and the West Midlands, with Yorkshire and the Humber having the highest poverty rate in the UK – 23 per cent. The North East has a youth unemployment rate of 25 per cent, more than eight percentage points above average.³⁴⁴ The Commission on Social Mobility and Child Poverty noted in 2014 an economy that is recovering but a gap in prosperity between London and the rest of the UK that is widening.³⁴⁵

5.10 Inequalities are also hitting black and minority ethnic groups more:

- In 2013, 15.3 per cent of Pakistani/Bangladeshi workers earned the minimum wage, almost double the proportion for the white workers.³⁴⁶
- Almost all minority groups have unemployment rates that were almost double the national average. Black Africans have the highest unemployment rate (14.8 per cent).³⁴⁷
- Young people fare particularly badly. In 2013, 45 per cent of those from Pakistani and Bangladeshi backgrounds not in full-time education, and 40 per cent from Black backgrounds, were unemployed – more than double the white youth unemployment rate of around 17 per cent. For those from Pakistani and Bangladeshi backgrounds, this is up a worrying 12 percentage points from the previous year. These troubling unemployment figures cannot be explained by differences in educational attainment.³⁴⁸
- Muslim men were up to 76 per cent less likely to have a job of any kind compared to white, male British Christians of the same age and with the same qualifications. And Muslim women were up to 65 per cent less likely to be employed than white Christian counterparts.³⁴⁹
- A third (34 per cent) of young black people think it easier to get a well-paid job if one is white.³⁵⁰

Indicators of wider well-being and quality of life

5.11 Ultimately, a Big Society would also be a better one, with greater well-being and quality of life going hand in hand with greater equality. As David Cameron noted in his Hugo Young Lecture in 2009 ‘it’s the more unequal [countries] that do worse according to almost every quality of life indicator, referring to the evidence given in the book, *The Spirit Level*.’³⁵¹

5.12 Measures of well-being in the UK rose between 2011-12 and 2013-14, except for those who are not in work due to long term sickness or disability.³⁵² In 2013-14, the average ratings for each of the four measures of personal well-being were:

- 7.5 points out of 10 for life satisfaction (compared with 7.4 in 2011-12).
- 7.7 out of 10 for feeling that what one does in life is worthwhile (the same figure in 2011-12).
- 7.4 out of 10 for happiness yesterday (against 7.3 in 2011-12).
- 2.9 out of 10 for anxiety yesterday (down from 3.1 in 2011-12).³⁵³

5.13 In some areas, quality of life does appear to have improved:

- For the year ending in June 2014, the crime rate in England and Wales fell by an unexpected 16 per cent to an estimated 7.1 million offences, its lowest level since the official survey began in 1981.³⁵⁴
- In October 2014, unemployment at 6.0 per cent was relatively low.³⁵⁵

5.14 In others, however, the picture is of decline:

- The number of households in temporary accommodation has been rising steadily from 2011, after a steep fall from 2005 until the end of 2010.³⁵⁶
- The Trussell Trust, one foodbank provider, reports that in 2013-14, over 900,000 people received 3 days emergency food from their foodbanks, compared to nearly 350,000 in 2012-13.³⁵⁷
- Last year, levels of drug use increased to 8.8 per cent and 18.9 per cent for 16 to 59 year-olds and 16 to 24 year-olds respectively in 2013-14, compared to 8.1 per cent and 16.2 per cent for these age ranges in the previous year.³⁵⁸
- Hospital admissions for people under 30 with alcohol-related liver disease have increased in England by 117 per cent.³⁵⁹
- The number of children in care has been rising steadily between 2010 and 2014 and is at its highest level for 20 years in England.³⁶⁰
- Between June 1993 and June 2012 the prison population in England and Wales more than doubled from 41,800 to over 86,000³⁶¹ an imprisonment rate of 149 per 100,000 of the population, compared to rates of 100 and 77 per 100,000 in France and Germany.³⁶²

Power in the hands of the few

5.15 Another sign of a good Big Society would be that power is more equally shared. But power is still concentrated in the hands of the very few. As the Commission on Social Mobility and Child Poverty has noted, elitism is so embedded in Britain ‘that it could be called ‘social engineering,’ with power across all walks of life concentrated amongst those who went to public school and Oxbridge, despite forming only 7 per cent and 1 per cent respectively of the population.’³⁶³ There are no signs of this power gap closing. The Commission on Social Mobility and Child Poverty concluded that social mobility could go into reverse in the first part of this century.³⁶⁴

5.16 Power is also hugely concentrated in the hands of large corporate interests. The UK has the third-largest lobbying industry in the world, behind only the US and Brussels, agitating behind closed doors on behalf of major corporations.³⁶⁵ There are some 4,000 people working professionally in the UK’s £2 billion influence industry.³⁶⁶ Almost three quarters of the public agree that big businesses have too much power over government. A similar proportion agree that politicians put the interests of large businesses over those of ordinary people.³⁶⁷ The Transatlantic Trade and Investment Partnership (TTIP) has caused recent concern amongst some

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commentators. It is a series of trade negotiations being carried out mostly behind closed doors between the EU and US to reduce the regulatory barriers to trade for multinationals. TTIP will provide transnational corporations with the power to sue governments for lost future profit as a result of government actions. An American trade union has, for example, warned that under this agreement a corporation could sue a government for raising the minimum wage.³⁶⁸

5.17 Finally, power is highly centralised in England compared to most European countries.³⁶⁹

Conclusion

5.18 Looking across all these indicators, it seems that the Big Society has not succeeded in bringing people within society closer together or in closing major gaps in income, wealth and power. The next chapter considers why and looks at what a 'good' Big Society might look like.

Chapter 6.

A ‘Good Big Society’?

Lessons and recommendations

‘We simply cannot take the capitalist system, which produces such plenty and so many solutions, for granted. Prosperity requires not just investment in economic capital, but investment in social capital.’

Mark Carney, Governor of the Bank of England³⁷⁰

A ‘good Big Society’ cannot be driven by government alone but must engage wider social forces more collaboratively

The market based model of public sector reform works against the Big Society

Real power has not been transferred

6.1 In numerous speeches about the Big Society, David Cameron promised to give more power to people, to make public services more accountable and responsive to their needs and to inspire more social action – and, as described in earlier chapters, numerous initiatives and many millions of pounds have been devoted to that end. Whilst it will take time for some of this investment to feed through, it is also apparent from the previous chapters that the Big Society has not succeeded overall to date, although it does include some inspiring initiatives.

6.2 Ultimately, the broader current direction of travel of society looks unsustainable, as the Mark Carney quotation at the beginning of this chapter suggests. Investment in social capital is needed at a time when the state is seeking to reduce its costs. Politicians are looking to new ways to do ‘better with less,’ including looking to society to do more. Democracy is looking increasingly weak when so many people feel disempowered. All this creates a compelling reason for the next Government to pursue ‘Big Society’ type ideas. However, the danger is that, if it does not learn the lessons of the Big Society, it will end up in the same place, five years on. This chapter looks at what has gone wrong, as well as what is working, and makes recommendations for the future. The overall lesson is that a ‘good Big Society’ cannot be driven by central government alone. A Big Society must engage wider social forces far more collaboratively than to date and include everyone, especially those with least power and influence now.

Negative lessons

The market-based model is working against the Big Society

6.3 One of the greatest problems of the Big Society is the continuing dominance of a market-based and managerial model for reforming public services. As documented in Chapter 3, this has concentrated power in the hands of new ‘quasi-monopoly’ private sector providers rather than in those of local people and organisations. It has also been reducing, not increasing, transparency and accountability despite commitments. Pressure on resources, applied to a market model, is also creating the kind of ‘race to the bottom’ on contract price that is leading to problems in the health and social care system, as also explored in Chapter 3.

6.4 Furthermore, although successive governments, including this one, have tried to make public services fairer and more responsive to different needs, key services are still not meeting the needs sufficiently of those who need them most, with stubborn educational attainment gaps and health inequalities between the richest and poorest. Simply putting information, and sometimes budgets, into individuals’ hands and allowing them to make choices, for example of schools, or GPs or personal care, does not correct the inevitable imbalance of power between institutions and individuals, or between those who have most power in society and those who have least. Empowerment of individuals very often ends up empowering the already empowered.

Power has not been transferred on any scale

6.5 The second major problem for the Big Society has been that real power has not been transferred on any scale, despite commitments to do so. There has been a lack of genuine engagement of civil society – individuals, communities, the voluntary sector, faith groups, trade unions, businesses – in decisions made by government, including the design of public services. The symptoms of this problem are outlined in Chapter 2: fewer people feel they can influence local decisions, disenchantment with the political system remains widespread and communities are less strong.

6.6 Furthermore, defensiveness rather than responsiveness is still evident in the culture of the public sector, despite efforts to increase transparency and openness. The Public Administration Committee in a report last year commented: ‘The shocking collapse of care at Mid Staffs hospital should be a warning to the whole public sector that too many managers in public services are in denial about what their customers and staff think about them.’³⁷¹

Foodbanks illustrate the potential and the problems

6.7 There are major opportunities for politicians and the public sector to learn about what is going wrong, and work with wider social partners, as illustrated positively and negatively in the case of foodbanks, explored below.

The power of organised voluntary activity: foodbanks³⁷²

Although the fact that foodbanks are needed at all is controversial, they do demonstrate the power of social activism and co-ordinated civil society activity – communities, faith groups, businesses – both at local and national level. But so much more could be achieved if government were prepared to work more closely with them.

The Trussell Trust is tackling poverty through practical projects, providing foodbanks and other support. It provided emergency food for over 900,000 adults and children in crisis during 2013-2014. Well over 90 per cent of the food is donated by local communities, with an estimated 11 million donations of food in 2013, mobilising at least 4 million citizens who consciously decide to take action to help a neighbour in trouble, and supported by at least 12,000 churches and over 8,000 schools. Each of its 430 foodbanks in over 1,200 locations is locally run, within a framework provided by the national organisation. Nationally, the Trust opens up relationships with supermarkets. But it is because of their community base that they are able to inspire so much local support – support which the state itself could never harness.

Precisely because foodbanks are not an arm of the state, the Trussell Trust is also able to establish a different kind of relationship with those they help, which can be transformative. Chairman, Chris Mould says: ‘Clients tell us again and again, ‘this is the first place we haven’t felt judged.’ They disclose underlying issues to the volunteers they meet in the foodbank, often things they have not told statutory services. The foodbank volunteers are carefully trained to signpost people they are helping to other local services organising referrals where appropriate. This is why such a high proportion of foodbank clients do not need to return to foodbanks repeatedly and why the service with its rule of no more than three vouchers in six months works without creating dependency.’ Indeed, an evaluation of the founding Salisbury foodbank showed that it prevented crime, family breakdown, housing loss, mental and physical ill health and had changed the way local statutory and voluntary services responded to people in crisis. It was saving some local services money.

However, far from the Trussell Trust’s voice being welcomed in the policy debate by the Government, attempts to feed back lessons to improve the welfare system have been attacked. The Secretary of State for Work and Pensions, Iain Duncan Smith, refused a request to meet and – in a leaked letter to the media – suggested that the charity was publicity seeking to raise funds.³⁷³ Behind the scenes, the charity was threatened.³⁷⁴

What could make the relationship between organisations like this and the state more effective? Chris Mould suggests three things. First, infrastructure support from the state. Second, respect: ‘The balance of power needs to change. We face the consequences of state-provided services failing, sometimes we put right the problems state-provided services have caused. We have a mutually shared interest in seeing public services improved, over-simplistic policy assumptions challenged and fewer citizens in trouble. To exercise that interest we need an equal place at the table.’ And finally: ‘genuine collaboration between the voluntary sector and the state on the creation of effective, scalable solutions to societal problems.’

Changes in benefits and cuts in public services are hitting those who most need the support of the Big Society worst

Two key failures have been lack of engagement with the voluntary and private sectors

Some communities have taken more power

Failure to target those who most need the support of a Big Society

6.8 The third major problem has been a failure to target those in society who benefit least from society, resulting in the 'Big Society gap' which is explored in Chapter 5. Changes in taxation, to benefits and cuts to public services are hitting these groups disproportionately rather than supporting them most. Commissioning and procurement practices are not helping: The Work Programme has failed to deliver sufficient resources for those with greatest needs. Social action – giving time and money to good causes and communities – has been promoted by this and previous governments with some successes, but is still below levels achieved in the last decade and is not reaching the parts that need it most, as explored in Chapter 3.

Failure to establish a strong partnership with the voluntary sector

6.9 A key failure of the Big Society is the lack of recognition of the vital contribution of the voluntary sector. The voluntary sector has been increasingly characterised as a contractor for services instead. Existing voluntary sector infrastructure has been undermined by disproportionate cuts in public funding, whilst the independent voice of the sector has been threatened. The Government has focused on launching expensive new initiatives, such as the Big Society Network and National Citizen Service, as explored in Chapter 4, rather than working with what exists.

Failure to mobilise the private sector to work for the common good

6.10 Finally, the private sector and the richest in society have not taken on sufficient responsibility for the Big Society. Apart from an increase in social investment, which remains in its infancy, there has been no evident growth in financial support for the voluntary sector from the private sector during this period, despite the withdrawal of the state and increase in wealth. At the same time, there have been high profile cases of tax avoidance amongst some multi-nationals.

Positive lessons

6.11 The Big Society may have been marred by major problems but it has also demonstrated real potential. There are foundations on which to build:

- *The voluntary sector remains resilient and resourceful* in the face of challenging circumstances, though many would say that this in spite of Big Society policies rather than because of them, as explored on the negative side of the scorecard. At its best, the sector has been able to mobilise social forces - including individuals, faith groups and businesses - for the common good, providing help in the communities that most need them, as well as trying to tackle the causes of demand for their services – foodbanks being a prime example, as explored earlier.
- *Individual generosity remains high and giving is up*: people have been generous in giving their donations, volunteering time and support, with the UK scoring as the 7th most generous of nations, up one place from last year. After a recent sharp fall, individual giving is up.
- *Social engagement by young people appears to be increasing*, despite disengagement with politics. Volunteering amongst 16-24 year olds has almost doubled since 2005 and now stands at 35 per cent. 80 per cent of young people think that their generation was more concerned about social issues than previous generations of teenagers. Participants in the National Citizens Service are positive about its impact.
- *Some communities have taken more power*, have been resourceful in taking over community assets and in getting involved in experiments at neighbourhood level, including Our Place, to shape services to meet their needs. The potential of communities to work together is demonstrated by the 5,000 community energy projects across the UK which have helped reduce bills for many poor households.

The power of communities working together: Community Energy³⁷⁵

Community energy is a powerful example of what a ‘good’ Big Society’ might look like in practice - individuals coming together to create social and financial value for themselves and wider society that they could not achieve individually, assisted by social finance from the private sector. Critically, the Government recognises that state support - advice and funding - is needed to get projects to the point where they can raise long term capital.

At least 5,000 community energy projects have been active across the UK since 2008, producing enough community-owned renewable electricity installed capacity to supply up to 12,000 homes. The Department of Energy & Climate Change thinks by 2020 community electricity could generate about 45 times more than now - from a mixture of solar PV, onshore wind and hydro, providing about one per cent of UK energy consumption.

The Newport Solar Project has provided 74 fuel poor households in Newport, South Wales with free solar panels. These panels save the households between 25 and 35 per cent of their energy bills, provide a seven per cent return to equity investors who put in £400,000, and generate an income for the community that is being used to provide advice clinics on switching suppliers, managing consumption, and improving insulation. On a much larger scale, Westmill Solar Park is the world’s largest co-operatively run and community owned solar farm. Its 1,650 members subscribed £6 million of equity, whilst a local authority pension fund provided £12 million of debt financing, which will pay RPI plus three per cent over 25 years. Like other community energy projects, Westmill Solar Co-operative has ring-fenced a proportion of its income to fund energy advice targeted on the fuel poor. Community energy projects also engage in collective switching – Cheaper Energy Together helped 21,000 household switch suppliers with an average saving of £131. Some local authorities, such as Enfield, are working with the Centre for Research on Socio-Cultural Change (CRESC) to develop bulk purchasing of energy and other services.

The potential of this approach is enormous. By the end of 2010, ‘community’ energy made up 40 per cent of Germany’s total renewable energy capacity, largely through private citizens investing in energy cooperatives. An example of this in action is in Feldheim, a small village south of Berlin, which is carbon neutral, self-sufficient in energy, benefits from significantly cheaper than average energy prices and about a third of the inhabitants are employed directly by the local wind farm or solar PV factory. Over the five years to 2012, approximately 150 distribution grids have also been taken over by some 450 new energy cooperatives formed to generate and manage energy across the country.

Some local
authorities
are seeking to
share power

- *Some local authorities are seeking to share power* and actively engage people and voluntary and community groups in decisions and services that affect them, though initiatives such as co-operative councils and through Community Budgets. This approach, if combined with more devolution and adequate resources from Westminster, is promising, as explored in Chapter 3.
- *Some public services are seeking to engage the ‘renewable energy’ of the voluntary sector.* The NHS Five Year Forward View, for example, commits to doing so and to introducing longer term and lighter touch contracts for this purpose, recognising that the existing market based model will not allow it to do so.

The NHS is seeking to move from ‘a factory model’ of care and repair’ to one that harnesses the ‘renewable energy’ of patients and communities

People powered services? The NHS

In many ways the NHS remains one of the most inspiring examples of what is meant by the Big Society. It is funded from taxation with no other purpose than to serve. Moreover, some three million people already support the NHS through various kinds of voluntary work in health and social care settings.³⁷⁶

In Chapter 3, problems with the responsiveness of the NHS are discussed: a culture that is unresponsive to complaints, negative towards whistleblowing and that has an ineffective complaints system – and which over many years has failed to tackle major health inequalities. In the future, the introduction of competition runs the risk of creating a less accountable organisation. At the same time, it is facing a major gap in resources as demand rises.

In its Five Year Forward View, it commits to working with wider partners to seek to deliver better health, not just better NHS services, and it also signals a move towards more community-based services. These responses are seen as central to a strategy to cope with reduced resources at a time of rising demand.

As part of this, the NHS is also seeking to improve its responsiveness and accessibility to patients and communities, developing a new partnership based approach to the voluntary sector. As it says in its Five Year Forward review:³⁷⁷

‘One of the great strengths of this country is that we have an NHS that - at its best - is ‘of the people, by the people and for the people’. Yet sometimes the health service has been prone to operating a ‘factory’ model of care and repair, with limited engagement with the wider community, a short-sighted approach to partnerships, and under-developed advocacy and action on the broader influencers of health and wellbeing. As a result we have not fully harnessed the renewable energy represented by patients and communities or the potential positive health impacts of national and local governments.’

The report calls for stronger partnerships with charitable and voluntary sector organisations as they ‘often have an impact well beyond what statutory services alone can achieve’ and ‘provide a rich range of activities, including information, advice, advocacy and they deliver vital services with paid expert staff. Often they are better able to reach underserved groups, and are a source of advice for commissioners on particular needs’.

Part of the key is a new ‘voluntary sector friendly’ approach to funding the voluntary sector. The review says the NHS will seek to reduce the time and complexity associated with securing local NHS funding by developing a short national alternative to the standard NHS contract where grant funding may be more appropriate than burdensome contracts, and by encouraging funders to commit to multiyear funding wherever possible.

Collaboration
should replace
the market
based model as
the best way to
deliver social
outcomes

Greater
devolution
provides an
opportunity to
move toward
a new more
enabling model
of government

What would a ‘good Big Society’ look like?

6.12 In the light of these lessons and examples, we conclude that government action to stimulate a ‘good Big Society’ would have these ingredients:

- *Collaboration with civil society*, as the model for creating a stronger, more inclusive society, mobilising and supporting all social forces, rather than seeking to engineer outcomes solely through the delivery of existing public services and promoting competition and personal choice. In a collaborative model, responsibilities would be shared. In relation to health, for example, businesses have not just a role in relation to their employees’ health and safety but also a duty and ultimate interest to promote healthy and safe products, because a healthier society is both more prosperous and they benefit from a healthier workforce. The voluntary sector too has a contribution to make, for example, by campaigning for policies that promote health and by supporting and advising people with health needs, for example in relation to mental health and addiction. The state would see its role as being primarily that of an enabler and facilitator, helping to deliver wider social outcomes, rather than as a manager of public services.
- *Greater power sharing and devolution*, with the genuine engagement of civil society and local people in key decisions, particularly those with least power now. Engagement is even more important at a time of cuts than new investment, as the opportunity for positive change as well as potential harm is greatest. All communities would be given more influence over what matters to them - not just community shops, pubs and planning - but also key public services, within a national framework of standards. The role of the voluntary sector is especially valuable, as it can help to give voice to those whose needs are currently not being effectively met. More services should be delivered locally, with a new default switch of ‘local first,’ where this would result in better services, reversing the current presumption in contracting for public services that ‘big is best.’ Greater devolution should be a means to deeper dialogue and engagement with wider civil society, not just a shift in power from one arm of government to another. Changes to responsibilities for local authorities provide an opportunity to refocus government on an enabling role, with central Government providing leadership, vision and national standards.
- *Targeting of resources and support on areas of greatest need*, in order to increase fairness, opportunity and inclusiveness in society. This would apply not just to specific initiatives but also to wider government expenditure. Government (locally and nationally) would seek to provide necessary financial and other support for the voluntary sector infrastructure. There would be a recognition that all will benefit from a greater sharing of power, wealth and well-being within society.
- *More business engagement*. Businesses as well as the state and the voluntary sector, faith groups and trade unions would all be expected to show leadership, commit resources for the common good and ensure their activities promote social well-being.

6.13 Some specific steps for an incoming Government to take include:

- *Use greater devolution to create a new collaborative model of government and commit resources to shift the culture of the public sector* toward collaborative working and greater openness, transparency and responsiveness. This should include collaborative, cross-sector development activity and training for public sector managers which looks at what went wrong in the case of major problems, such as those that occurred at the Mid Staffordshire NHS Foundation Trust.
- *Establish a Civil Society Commission*, independently chaired, to advise on how best to deploy social resources to create a stronger, fairer society. It would look at how to refocus public services more effectively to meet diverse and complex needs, engaging those affected in finding solutions and seeking to nurture a more preventative approach. It should also consider the contribution of all civil society institutions, including the voluntary sector, faith groups, businesses and trade unions.

- *Create formal mechanisms for ongoing dialogue* between civil society and government around key decisions, locally and nationally, focusing particularly on how to increase the power of marginalised groups to influence the policy agenda.
- *Carry out a public review of current public sector contracts* to establish the relative cost-benefits of existing contracts, the potential benefits of smaller contracts and different collaborative rather than competitive approaches, particularly at local level, and to remove biases against small and voluntary organisations.
- *Understand and help fill the funding gap for the voluntary sector* being left by cuts in public spending and work with the sector to ensure that vital social infrastructure can continue to function, whether through additional state support, including for fund-raising, or by gaining hard commitments from businesses to fill the gaps. Moreover, just as DTI recognises the particular value of small businesses, so the Cabinet Office should be investing in the local infrastructure of voluntary organisations and encouraging diversity and localism, where this adds value.
- *Hold a summit on the role of the private sector*, involving business and voluntary sector leaders, to consider how it can pursue a social purpose in everything it does, ensure it pays its fair share of taxes and provides more support to the parts of the voluntary sector that need it most, not just in the form of loans, but as donations.

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