



# CIVIL EXCHANGE

Strengthening Society's Connection to Government

## THE BIG SOCIETY AUDIT 2013



## Acknowledgements

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# Foreword

At a time when many people are disengaging from formal politics and confidence in many key institutions is declining, civil society in its many manifestations continues to connect with millions of people and inspire their trust. Perhaps that's why politicians across the political parties look to it as a regenerative force, most recently in the shape of the Big Society.

This second Big Society Audit takes a look at what's actually happening, beyond the rhetoric of this controversial policy. It finds a lot that is potentially positive - for example, communities taking over local assets and new forms of volunteering, giving and social finance, all stimulated by this and previous governments. There is also the underlying resilience, strength and diversity of the voluntary and community sector itself, which endures, regardless of any political initiatives.

What stands out, however, is the way in which this Government continues, like previous administrations, to turn to the private sector for inspiration for the reform of public services. This is looking increasingly out of date when the large corporate sector has come under fire, for example through banking scandals, tax avoidance and alleged fraud and poor management of public services. Many will be surprised to learn that delivery of our public services is concentrated in so few large companies. People are also increasingly concerned about the human impact of public contracts that focus on efficiency but not service – for example, the growth in the use of 15-minute home care visits that leave many elderly and disabled people without effective support. Questions are also being asked about standards of care in the NHS, after years of reforms designed to make it more business-like and accountable.

By contrast, the voluntary sector, which commentators originally thought would be at the heart of any Big Society, has been largely left out in the cold. Demand for its services has been rising as a consequence of cuts in public services and welfare changes. Despite this, some voluntary sector organisations have lost vital income, particularly those that work with vulnerable people, often in disadvantaged areas. Many are already running on empty and potential further cuts in public funding lie ahead, an estimated £6.6 billion in total between 2011-12 and 2017-18. Their contribution in tackling the symptoms of social inequality is vital but the Government has also sometimes shown little interest in what they have to say, despite expertise on many issues that could help the state become more effective and efficient.

The results of this Audit suggest that it is time for the Big Society to live up to its rhetoric. Top priority should be to do more to draw on the strengths of civil society in helping to make public services more accountable and responsive to different needs.

**Caroline Sloccock**

Director

Civil Exchange

December 2013

## The Big Society - long roots, still evolving

‘We are also pioneering new forms of civic engagement in our public services - foundation hospitals truly accountable to their local communities, schools with a stronger voice for parents and local employers, local councils more open and accountable including directly elected mayors where local people vote for them.’

*Tony Blair, Speech to the Fabian Society, June 2003*

‘Out of the reaction against the Left’s over emphasis on government and the Right’s blind faith in markets, a new more balanced approach has emerged, one that sees the individual enhanced by a supportive community and envisions a strong and effective civic society in what we might think of as the middle ground between markets and state.’

*Gordon Brown, Speech to NCVO Annual Conference, December 2004*

‘The right were guilty of focusing too much on markets. The left were guilty of focusing too much on the state. Both forgot that space in between – society. And having watched, absorbed and learned from all this, I believe this coalition has a once-in-a-lifetime opportunity to transform our public services. From schools to the NHS, policing and prisons, we have developed a clear plan for modernisation based on a common approach. A Big Society approach, which empowers not only services users, but professionals, that strengthens not only existing providers, but new ones in the private and voluntary sectors too.’

*David Cameron, Modern Public Services, January 2011*

‘So the bureaucratic state and the 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, Speech to the Fabians, January 2011*

# Executive Summary

‘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 2010 <sup>1</sup>

Voluntary and community organisations continue to inspire huge public support but it is largely the private sector to which the Government has turned

Many people continue to turn to civil society as a positive force for social change

## Introduction

1. Across the country, communities are taking control of their own assets, from shops, to pubs, libraries and even piers. Voluntary and community organisations continue to inspire huge amounts of public support. Councils are also forming new partnerships in communities to tackle deep social problems. But in the reform of public services, it is largely the private sector to which the Government has turned, although large companies have recently come under fire for the way they run those services. At the same time, many specialist and local voluntary organisations that help address the symptoms of a socially and economically divided society are being left out in the cold.

2. Deep questions are also being asked about just how accountable and responsive key public services are, as they demonstrate financial efficiency but show a lack of basic care.

3. This is the territory surveyed by this second Big Society Audit, which looks beyond the deeply polarised debate about its merits to what is actually happening on the ground. It shows that the Big Society can be inspiring, but is also failing to live up to its own rhetoric in key areas.

4. The Big Society is one of the Coalition Government’s big political ideas, launched with many good intentions and followed by numerous initiatives. Although some have declared it dead, it isn’t going away. Not only has it spawned many new initiatives with real impact on the ground, many people – politicians, senior business men, religious leaders and civil society itself – are also continuing to turn to civil society as a positive force for social change at a time when trust in other key institutions has declined.

5. The Big Society Audit focuses on three key strands identified by the Government as key to its delivery when it was launched: community empowerment, opening up public services and social action. The Audit looks at each strand and assesses progress against key indicators, to see how and whether action has lived up to these aspirations.

## Assessment against the indicators

6. Each of the three strands are assessed below, with **positives in orange**, negatives in black.

Communities are taking over vital assets and services

A significant proportion of voluntary organisations are experiencing financial difficulty

Public service outsourcing is dominated by large private sector companies, though some new forms of delivery are also taking hold

## Community empowerment: the indicators

### 1. Individual influence over local decisions – no real change.

Most people recognise the importance of influencing local decisions but only a minority feel they can.

### 2. Increased local control – mostly positive.

Communities are taking over vital assets and services locally and local authorities are working in new partnerships in England to tackle key social issues. But central government has taken control of Academies away from local authorities, is still inclined to micro-manage and devolution is in its infancy in England.

### 3. Greater transparency and accountability – mostly positive.

The amount of publicly available information has increased; and there are more elected officials. But electoral interest has been low and central government data has been criticised for lack of transparency and accessibility. Initiatives to engage the public, taken over many years, are having no impact on widespread disengagement with politics.

### 4. Stronger communities – mostly positive.

This remains a broadly positive feature of British life, although the picture varies between affluent and disadvantaged, rural and urban communities.

### 5. Voluntary sector strength and influence – mostly negative.

Despite an underlying resilience, with voluntary and community organisations continuing to carry out a key social role, a significant proportion are experiencing financial difficulty due to rising demand and falling income.

## Opening up public services: the indicators

### 1. Diversification – largely negative.

Public service outsourcing is dominated by large private sector companies, though some new forms of public ownership and delivery are also taking hold.

### 2. Voluntary sector funding – largely negative.

Many cuts in state funding have already fallen on the voluntary sector and dramatic falls are estimated over the next 4 years, with many organisations working with vulnerable people, often in disadvantaged areas, under serious threat. Government is seeking to increase social and other finance to the sector but this is unlikely to be large enough to fill this gap.

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

High profile failings in key public services have recently been uncovered, particularly amongst large private sector contractors, and questions have been raised about standards of basic care in home care and health services. However, levels of public confidence in some public services remain high.

High profile failings in key public services have recently been uncovered, particularly amongst large private sector contractors

Levels of volunteering have risen

There has been a dramatic fall in giving

#### **4. Strong partnerships – largely negative.**

The voluntary sector is increasingly working as a sub-contractor to large private sector organisations and problems have developed.

#### **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 in contracting.

#### **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.

#### **7. Civil society input in service design – largely negative.**

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

### **Social action: the indicators**

#### **1. Volunteering – largely positive.**

Levels of volunteering have risen - but only back to pre- 2007-08 levels. More young people are volunteering. The increasing use of compulsory volunteering in welfare programmes is controversial.

#### **2. Giving – largely negative.**

There appears to have been a dramatic fall in giving, perhaps linked to the wider economy, with some rise in new forms of funding stimulated by the Government.

#### **3. Community organisers – positive.**

Numbers are increasing.

#### **4. Adoption – positive.**

The number of adoptions is one measure of a very personal kind of social action and is increasing.

### **A divided society**

7. Ultimately, the Big Society initiative should lead to a better and more united society and social capital, commonly measured by levels of trust, would increase. Yet levels of trust have fallen between 2010-11 and 2012-13, the UK is still a very unequal society on international rankings and there are wide variations in wealth across the country.

8. Moreover, the 'Big Society Gap' between different groups and communities in relation to community empowerment, public services and social action shows no sign of closing.



Against each Big Society goal, there is a significant class divide

A new model for delivering public services is needed which draws on the respective strengths of all sectors, rather than seeing them as interchangeable

## The Big Society Gap: the headlines

- Against each Big Society goal, there is a significant class divide.
- The Big Society is healthiest in affluent and rural communities and there is no sign of the gap closing.
- Disabled people have been badly affected by changes to public services.
- Ethnic minority people have lower levels of volunteering and reported levels of trust than the white population but are more positive about political engagement. Ethnic minority and religious groups are more likely to report discrimination by public services.
- Political engagement, volunteering and giving increases among older aged people, with the young becoming worryingly disengaged politically.

## Beyond the Big Society

**9.** What shines through is the considerable power of civil society to connect with communities and respond to diverse needs, from bringing people together to run a local shop, to delivering trusted specialist services, from hospices to citizens' advice.

**10.** It is time for a radical review of the Big Society, in which the value of this activity is reflected, not just in community empowerment and social action, but also in the delivery and design of public services. This Audit recommends:

- **Development of a new model for delivering public services** which explicitly involves and draws on the respective strengths of voluntary and community organisations and wider civil society, as well as public service professionals and businesses, rather than seeing them as interchangeable. Voluntary and community led activity can add real social value, particularly where services are best delivered on a human scale and involve caring and resolving complex social problems. A long-standing bias toward the private sector and financial efficiencies of scale at the expense of social efficiencies should be corrected. The voluntary sector should also be given a more active role in the co-design of policies and services.
- **More investment in early action**, harnessing voluntary and community sector expertise in how to tackle complex social issues at their root.
- **Increased investment in building the social infrastructure of disadvantaged and urban communities**, particularly ensuring that valuable local voluntary and community organisations continue to thrive.
- **Steps to increase public sector understanding of the potential of the voluntary and community sector**, with more interchange and joint development between individuals working in the public and voluntary sectors.
- **Bringing the Big Society to business**, to ensure that all enterprises, whether for or not for profit, behave ethically in everything they do, especially when they contract with the public sector.

# 1. *Is the Big Society Dead?*

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

David Cameron’s Conference speech, October 2013

‘Some people have asked whether I still believe in building a bigger, stronger society? I say to them... See how social investment can help change lives. See how social investment is bringing communities together. See how social investment is making our societies and therefore our countries stronger. Am I prepared to fight for that? You bet I am.’

David Cameron, 6 June 2013 <sup>2</sup>

‘[David Cameron’s ] ‘big society’ and the ‘post-bureaucratic age’ were good ideas.... we in Labour need to build our own story of the big society.’

Jon Cruddas, leading the Labour Party’s policy review, in December 2012 <sup>3</sup>

The Big Society has long roots and there are wider forces at work that lead politicians and others to see civil society as a regenerative force

Its credibility has been undermined, partly because of a gap between rhetoric and reality

**1.1** The Big Society isn't going away, though some have declared it dead.

**1.2** The Big Society now has a lower political profile than when first launched but Ministers, including David Cameron, still confirm their commitment to it in speeches and it was included prominently in the Government's mid-term review. It has also spawned many important new initiatives with real impact on the ground. From free schools, to Big Society Capital, to the National Citizen Service – the Big Society has also continued with many others started under the previous government – such as Academies, the opening up of public services, the transfer of community assets and promoting social action and giving.

**1.3** The Big Society also has long roots. As explored in the last Big Society Audit, the idea closely resembles policies under the previous government. Gordon Brown, for example, called for 'civic renewal' and published *Communities in Control: real people, real power* in 2008. The Labour party in opposition continues to explore similar ideas.

**1.4** Indeed, there are wider forces at work that lead politicians and others to see civil society – from individuals active in their communities and giving their time and money, to community and voluntary organisations, to faith groups and businesses working within the community, mutuals, social enterprises and campaigning groups – as a regenerative force. Whether we call it the Big Society or not, the drivers behind the concept are here to stay.

**1.5** Civil society shines, at a time when many other traditional institutions, from politics and government to large private sector corporations, are seriously tarnished. The proportion who trust charities 'quite a lot' or 'a great deal' has risen three successive years to 66 per cent, compared to 38 per cent of people who trust the church, 19 per cent banks, 17 per cent newspapers, 16 per cent multinational companies and insurance companies, 16 per cent government, and 8 per cent political parties.<sup>4</sup>

**1.6** Civil society is also connected, at a time when politicians have lost grass root membership and when nearly 60 per cent of people say they are not interested in politics.<sup>5</sup>

**1.7** However, the Big Society idea is increasingly presented as representing a smaller state or a series of initiatives, rather than political philosophy, in David Cameron's speeches.<sup>6</sup> It has also become more slippery, with the Coalition's Mid Term review no longer including localism and improving public services under its banner, while the Minister for Civil Society, defending the Big Society's record, continued to do so a few days later.<sup>7</sup>

**1.8** The credibility of the Big Society has also been undermined. The gap between rhetoric and reality is one of the reasons – the continuing concentration of public contracts with large profit making corporations, the increasingly negative relationship between the voluntary sector and government, and the continuing tendency of central government to micromanage local government in England. Austerity has also played a part, with state funding to the voluntary sector being cut at the same time as it is being forced to step in to provide a safety net for those no longer supported by the state. Many saw the Big Society as cover for cuts. The Government has tended to sidestep existing infrastructure, with the National Citizen Service being launched at a cost of £200 million, while many local youth services have suffered badly from reduced funds.

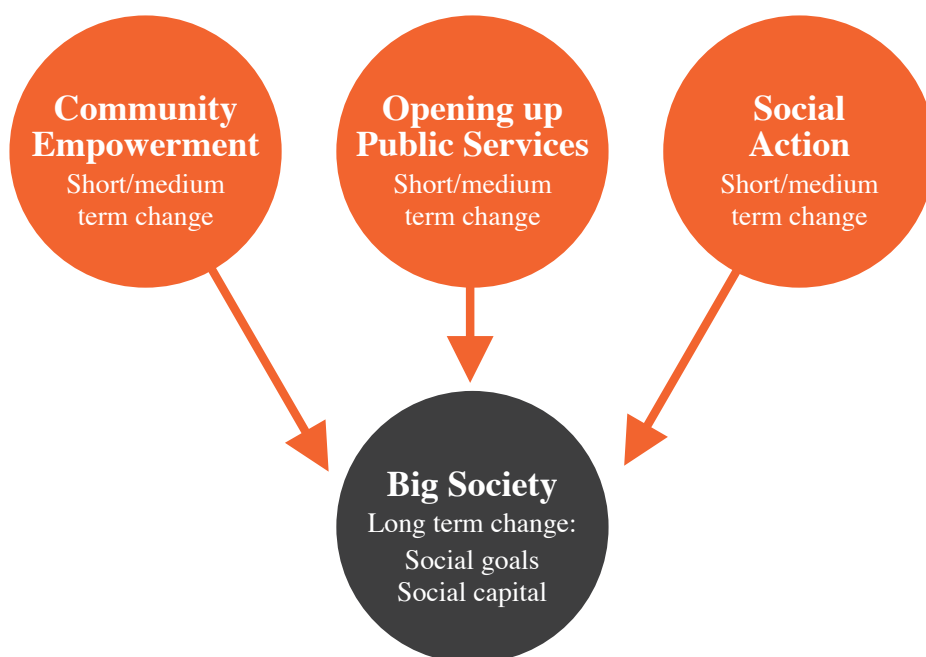
The Big Society and similar policies under previous governments remain important political ideas, with a radical potential to transfer more power from the state to society

## The Audit itself

**1.9** However the concept may have been implemented, the Big Society and similar policies under previous governments remain important political ideas, with a radical potential to transfer more power from the state to society. And as others turn to civil society for inspiration, it is all the more important to look beyond the rhetoric to the facts and find out what is working well and what is not.

**1.10** The Audit therefore analyses progress against three core goals for the Big Society: community empowerment; opening up public services and greater social action, with a number of indicators for each that are derived from government statements when the Big Society was launched. Each is considered in more detail in the following sections.

## Big Society Goals





# 2.

# Community Empowerment

‘Civic societies are the warp and weft of our communities..... They care passionately about the places they belong to and will stop at nothing to safeguard the character of their local areas.

Eric Pickles, Communities Secretary, Parliamentary launch of Civic Day 2013 <sup>8</sup>

‘Local people taking control of how things are done in their area and being helped to do this by local government and others’

**2.1** Community empowerment is the area where the Big Society has scored most highly over the last year – but it is still a mixed picture across all the indicators, with some major areas of concern. The box below shows how it is defined and measured.

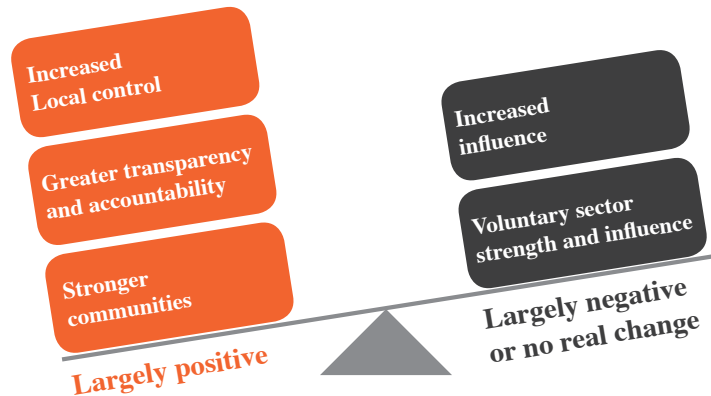
### Community empowerment:

described by the Government as ‘local people taking control of how things are done in their area and being helped to do this by local government and others.’ <sup>9</sup>

### Key indicators

- 1. Individual influence:** people feeling 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. Transparency and accountability:** greater transparency and accountability for decision making by elected officials.
- 4. Stronger communities:** greater sense of community, including increased integration and stability.
- 5. Voluntary sector strength:** strength and influence of voluntary and community groups.

## Community empowerment: how does it weigh up?



### Initiatives and policies

2.2 As with the three other pillars, the previous administration had a number of policies in place to deliver community empowerment. When it came into power, the Coalition Government launched:

- The Localism Act, including new community rights.
- The transfer of community assets.
- New elected mayors for England's major cities, following a referendum.
- A new 'right to data' for the public on government expenditure.
- Community Shares allowing local people to raise money to finance community assets and enterprises such as shops and pubs.
- Community Budgeting, which is pooling local resources to help troubled families in a number of pilot areas.
- Community First, which is channelling £80 million of government funds and endowment funds to grass roots organisations.

2.3 Since the last Big Society Audit was published in 2012, a number of new initiatives have been set in train, most notably City Deals and new Local Growth Funds to help generate jobs by working in partnership with others, and Neighbourhood Planning which aims to give communities a greater say. A £250 million community asset fund was announced in June 2013 to help communities purchase assets.

### Assessment against the indicators

2.4 There has been positive progress against the majority of the indicators over the last year, each of which is explored in turn below, with positive points in orange, negative in black.

#### 1. Individual influence over local decisions – no real change.

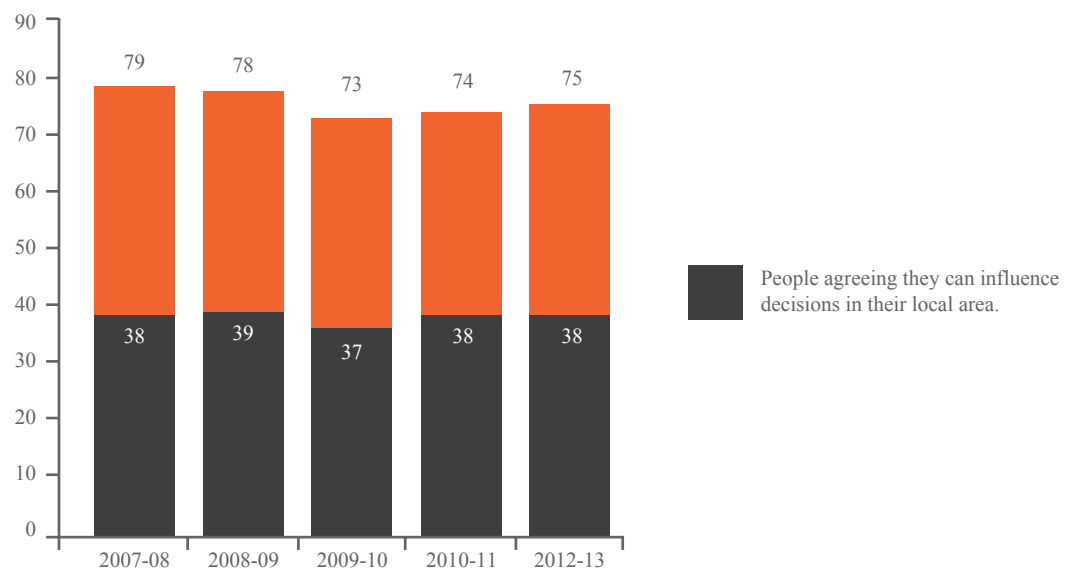
Most people recognise the importance of influencing local decisions but only a minority feel they can.

Only 38 per cent of people feel they can actually influence local decisions and only 10 per cent are active in doing so

- Only 38 per cent of people feel they can actually influence local decisions and only 10 per cent are active in trying to do so <sup>10</sup> – both figures have stayed broadly the same for the last 5 years, suggesting initiatives have had little impact.<sup>11</sup>

- 75 per cent think it is important for them personally to influence local decisions, up slightly from the previous two years, although still significantly lower than in earlier years.

**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, Cabinet Office  
(NB: these figures exclude “don’t knows” and non-responses)

The number of community shops has more than doubled since 2002 and over 425 Community libraries are operating or planned

## 2. Increased local control – mostly positive.

Communities are taking over vital assets and services locally and local authorities are working in new partnerships in England to tackle key social issues. But central government has taken control of Academies away from local authorities, is still inclined to micro-manage and devolution is in its infancy in England.

- Many communities are actively regenerating community services or taking over assets, sometimes using new rights introduced by this Government, including the right to buy community assets. The number of Community Shops more than doubled since 2002 – from 85 to 303 in 2012.<sup>12</sup> Over 425 Community libraries are operating or planned<sup>13</sup> and 100 Community Pubs have been listed as assets of community value.<sup>14</sup> 193 assets have transferred to community ownership, and many more have been listed. This community control can lead to better services – see the case study below.

Local people saved the Deptford library from closing and it now has 25 per cent more users and offers more services

The new police crime website has had an estimated 500 million visits in its first two years

Despite many years of open government, reported interest in politics remains at its lowest in 10 years

### Case Study: from Deptford Library to the New Cross Learning Centre

The New Cross Learning Centre, the former local authority library, now operates in Deptford, the deprived northern third of the London Borough of Lewisham. Its leaders cannot now recall the moment when their campaign to persuade Lewisham Council not to close the library became an initiative to ensure its survival by running it. Two years on, it was a thriving, though financially insecure venture, open longer than the Council Library it replaced, with a larger footfall – 5,000 users per month, a 25 per cent increase. More activities are also offered, including book sales, art exhibitions, poetry workshops, and storytelling, as well access to the Council's Library Service. The Learning Centre has no core funding and no paid staff. A diverse group of 25 volunteers sustain a service open 32 hours a week.

- Partnership working to tackle major social issues with more devolved powers has been introduced. There has been an expansion of the Whole Place Community Budget initiative and the Troubled Families scheme together involving 170 authorities.<sup>15</sup> 10 Neighbourhood Budget Pilots,<sup>16</sup> 28 City Deals<sup>17</sup> and new Single Local Growth funds<sup>18</sup> have also led to further devolution. 27 Neighbourhood plans, which allow communities more say in planning, have been introduced.<sup>19</sup>
- This Government has started to interfere in decisions taken by local authorities: the regularity of emptying refuse bins,<sup>20</sup> the use of parking restrictions and parking fines.<sup>21</sup> Control of Academies and free schools has been taken away from local authorities too.
- However, the Local Government Association and large cities in England have bitten back, asking for more power, access to property tax revenues and fewer government departments.<sup>22</sup>

### 3. Greater transparency and accountability – mostly positive.

The amount of information that is made available to the public has increased and there are more elected officials, with the introduction of elections for Police and Crime Commissioners and more elected mayors. But electoral interest has been low and central government data has been criticised for lack of transparency and accessibility. Initiatives taken over many years are having no impact on widespread disengagement with politics.

- The new police crime website has had an estimated 500 million visits in its first two years.<sup>23</sup> Far more financial information is available across central and local government and new information has been released for education and health services.<sup>24</sup> But the data published by central government has been criticised for lack of transparency and accessibility, making it impossible to analyse central government performance or hold it to account.<sup>25</sup>
- Three new elected majors and new Police and Crime Commissioners are in place. But elected majors were rejected in nine cities and the turnout for new police commissioners was only 15 per cent.<sup>26</sup>
- Despite attempts by successive administrations to create more open government, reported interest in politics remains at its lowest level in ten years, with 58 per cent of the public saying they are 'not very' or 'not at all' interested in politics and the same proportion saying they know 'not very much' or 'nothing at all about it.'<sup>27</sup> 43 per cent trust British governments in general 'not very much' or 'not at all'.<sup>28</sup>

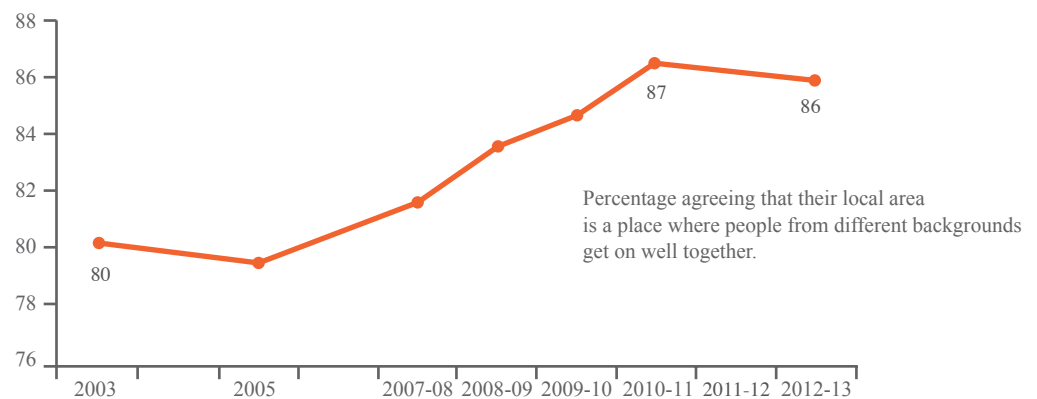


78 per cent  
of people feel  
strongly that they  
belong to their  
neighbourhood

#### 4. Stronger communities – mostly positive.

This remains a broadly positive feature of British life although the picture varies between affluent and disadvantaged, rural and urban communities.

- 78 per cent of people feel strongly that they belong to their neighbourhood, the same level as a year ago and significantly higher than between 2003 and 2007-08. 86 per cent of people agree their local area is a place where people from different backgrounds get on well together, a slight dip from the year before but with an overall rising trend.<sup>29</sup>



- But there are strong differences between affluent and less affluent communities and rural and urban areas, as explored in Section 5.

#### 5. Voluntary sector strength and influence – mostly negative.

Despite an underlying resilience, with voluntary and community organisations continuing to carry out a key social role, a significant proportion are experiencing financial difficulty due to rising demand and falling income.

- The voluntary sector has an underlying strength, regardless of the political context and initiatives that impact on it, and continues to deliver key services, advice and policy and campaigning work across a broad range of issues, mostly entirely independent of state support. According to one source, collectively it reaches nearly 125 million beneficiaries,<sup>30</sup> with 55 per cent of people giving to it each month.<sup>31</sup> This compares with dramatically declining membership of the three main political parties, which was two million in the 1970s and is now in the region of 375,000.<sup>32</sup> Income for the voluntary sector as a whole appears to be holding up, but the picture is distorted by boundary changes to what is included, including Academies.<sup>33</sup>
- The picture is different for the small but significant proportion of organisations that receive state funding.<sup>34</sup> Reduced income has been hitting these organisations particularly badly: surveys shows demand for their services is rising, largely as a result of cuts in public services, and there are real signs of growing financial instability as expenditure exceeds income.<sup>35</sup>

A significant  
proportion  
of voluntary  
organisations  
are experiencing  
financial  
difficulty

62 per cent of voluntary organisations in Nottingham are running at a loss or using up reserves

The three most frequently cited reasons for referrals to food banks were benefit delays, low income and benefit changes

## Voluntary organisations at risk

56 per cent of voluntary organisations in the North East in 2013 are using their reserves to top up their income and almost a quarter had no reserves left at all.<sup>36</sup>

A Birmingham Council review of voluntary organisations between November 2012 and January 2013 found increased demand over the previous 2-3 years for front line services, such as advice and help for addiction and homelessness, with reserves depleted to precarious levels.<sup>37</sup>

In August 2013, 80 per cent of voluntary organisations across Nottingham reported an increase in their services over the last 12 months and 62 per cent of organisations are running at a loss or using up reserves.<sup>38</sup>

34 per cent of voluntary and community organisations surveyed in Greater Manchester had spent more money than they had received in the past 12 months.<sup>39</sup>

- Voluntary organisations are having to step in to provide essential services where the welfare state appears to have failed, for example through food banks. This raises questions about whether voluntary organisations should be used to provide lifeline services that should be the responsibility of the state.

## Case Study: Food banks

It is estimated that at least half a million people are now reliant on food aid.<sup>40</sup> The Trussell Trust, the UK's biggest provider of food banks, reported that 347,000 people turned to food banks for help in 2012-13, up from 129,000 the previous year, and 100,000 more than anticipated. As well as the Trussell Trust, food banks and informal emergency interventions are provided by churches, community groups and housing associations.

The three most frequently cited reasons given for referrals to food banks, and almost all users are referred, were benefit delays (29.7 per cent), low income (18.5 per cent) and benefit changes (14.7 per cent). Homeless people, who used to be the major users, now constitute a small minority (4.2 per cent).<sup>41</sup> In October 2013, Chris Mould, CEO of the Trussell Trust, called for an inquiry into the cause of UK food poverty and the consequent surge in food bank usage.

# 3.

## *Opening up Public Services*

‘Contracting with private sector providers is a fast-growing and important part of delivering public services. But there is a crisis of confidence at present, caused by some worrying examples of contractors not appearing to treat the public sector fairly, and of departments themselves not being on top of things.’

Amyas Morse, head of the National Audit Office, November 2013 <sup>42</sup>

‘Public sector organisations and individuals demonstrating innovative ways of delivering public services and charities, social enterprises and private companies showing new ways of delivering them’

**3.1** This is the area where the Big Society has scored most negatively over the last year, though it is still a mixed picture against most indicators. The box below shows how it is defined and measured.

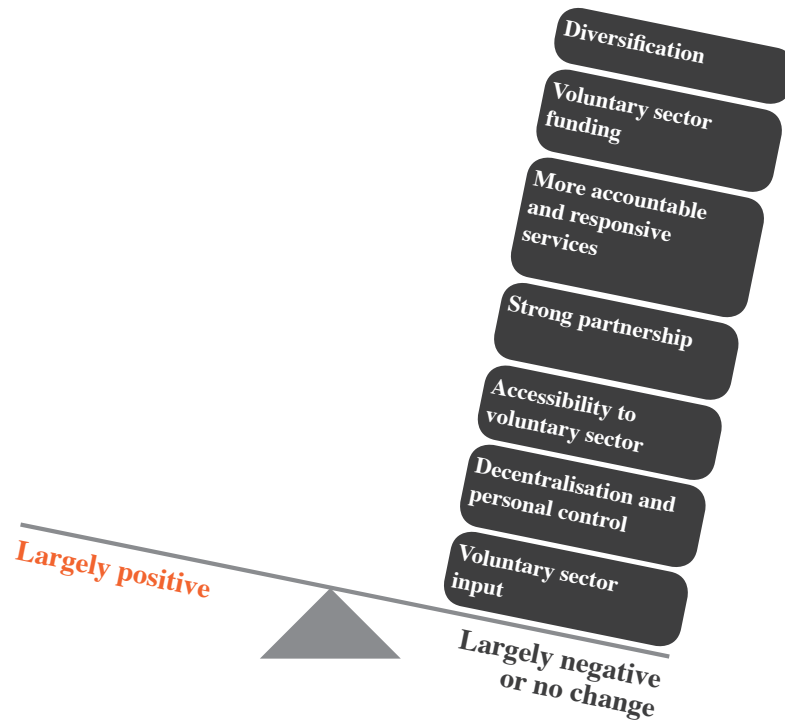
### **Opening up public services:**

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 them.’<sup>43</sup>

### **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: how does it weigh up?



### Initiatives and policies

**3.2** This Government's goal of opening up public services continues a process which pre-dates even the previous Government. There is a long history of contracting out and creating more independent and locally-accountable public services, as well as turning to private sector-inspired disciplines to drive performance, including using targets and increased competition.

#### Contracting out

**3.3** The UK was already a 'world leader' in public service industries, including all forms of 'contracting out,' when the Coalition Government came to power.<sup>44</sup> This process has continued with major new contracts being let over the last year, for example the 10 year £1.6 billion contract awarded to the US-based Bristow, which will take over search and rescue helicopter duties from April 2015. Despite the emphasis placed on opening up the delivery of public services to private and voluntary sector providers over successive governments, and a commitment to transparency, there is no overall information available on the scale of this specific form of outsourcing, as opposed to expenditure on all types of public contracts, of which this is a part.

**3.4** New payment-by-results contracts have also been introduced in an attempt to ensure that commissioning produces not just a lower price but a better outcome.

**3.5** Since the last Big Society Audit in May 2012, the Government has launched initiatives designed to improve commissioning and voluntary sector access to contracts, including the Social Value Act and the Commissioning Academy.<sup>45</sup>

This Government's goal of opening up public services continues a process which pre-dates even the previous Government



### Greater local independence

**3.6** 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. This was extended in 2004 to 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.

**3.7** This independence creates a challenge: how to enforce uniform standards and maintain ministerial responsibility. The answer is seen as a combination of regulation, managerial targets and funding controls, supplemented in some cases by internal markets and purchaser/provider splits, notably in the NHS. Robust data on the impact of these changes on quality, as opposed to costs, is difficult to find.

### Spin outs

**3.8** 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.

### Greater choice

**3.9** Users have also been given more choice of service providers, for example over schools, and some receivers of social care now have the option of holding personal budgets to purchase services from the provider of their choice.

### The voluntary sector

**3.10** The Coalition retained the Compact, a set of guidelines for working with the voluntary sector, which was reissued in a simplified form. New forms of social investment are being encouraged, such as Big Society Capital launched in April 2012 with a fund of £600m. Some short-term funding also exists, most recently the £30m Transforming Local Infrastructure Fund to rationalise local voluntary sector infrastructure bodies (2012) and the £67m Advice Services Transition Fund for local advice providers across England to help with the loss of legal aid funding (2012 -2014).<sup>46</sup>

## Assessment against the indicators

**3.11** Overall, there has been negative or limited progress against the majority of the indicators over the last year, each of which is explored in turn below, with positive points in orange, negative in black.

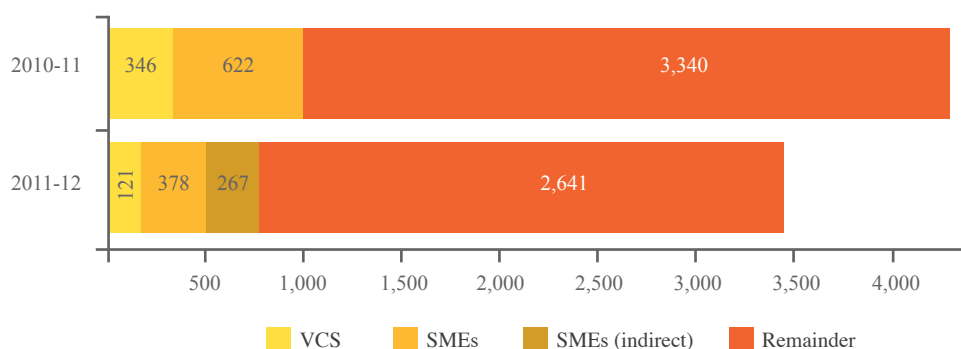
### 1. Diversification – largely negative.

Public service outsourcing is dominated by large private sector companies, though some new forms of public ownership and delivery are also taking hold.

60 per cent of Government contracts are with 100 suppliers, with £4 billion worth held with 4 multinational companies

- The National Audit Office (NAO) estimates that total public spending on goods and services with third parties is £187 billion. Of this, the NAO estimates that contracting out accounts for around half, including both ‘back office’ activities such as ICT support services and facilities management and ‘front line’ activities such as managing prisons, medical assessments of benefit claimants and maintaining nuclear weapons.<sup>47</sup>
- Government contracts are still largely held by large private sector contractors and their market share is increasing in certain areas such as with contracts let by the Department of Work and Pensions and Primary Care Trust spending on secondary care.<sup>48</sup>

DWP Procurement spend, showing the share spent with the voluntary and community sector and SMEs 2010-11 and 2011-12, £ millions



Source: DWP Annual Report and Accounts, 2011-12

- According to the Cabinet Office, 60 per cent of the Government’s spending on contracts is with just 100 suppliers.<sup>49</sup> £4 billion worth of contracts are with 4 large multinational companies - Atos, Capita, G4S and Serco, profiled below.<sup>50</sup>

## Who runs British public services?

**Atos** provides business process outsourcing and has worldwide revenue of £7.2 billion in 2012, of which £0.7 billion came from the UK public sector in 2012-13. The UK is its second largest market after Germany.

**Capita** is a FTSE 100 company with origins in local government outsourcing. Its worldwide revenue was £3.4 billion in 2012, of which £1.1 billion comes from the UK public sector.

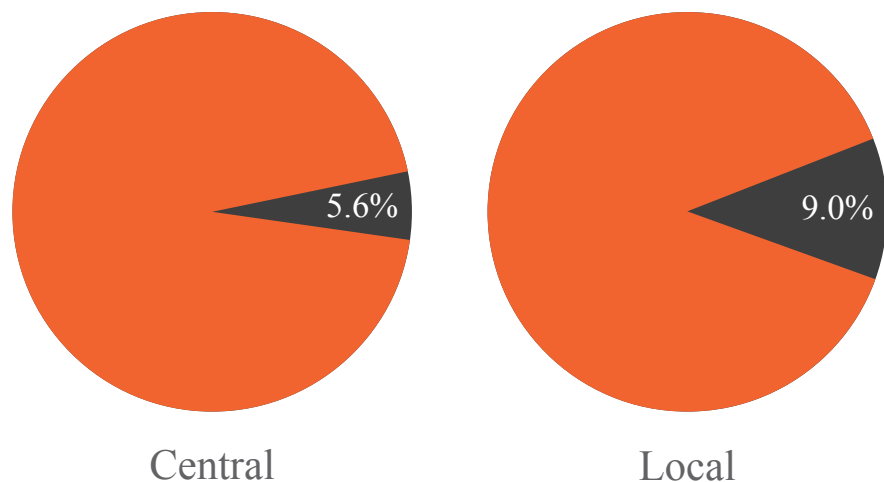
**G4S** is a FTSE 100 company providing security for buildings, people and cash in 125 countries. Its worldwide revenue in 2012 was £8 billion, of which £0.7 billion came from the UK public sector.

**Serco** is a FTSE 100 company providing a range of public services, whose origins were in UK defence contracts. Its worldwide revenue was £4.9 billion in 2012, of which £1.8 billion came from the UK public sector.

There are  
now 3,304  
Academies  
and 182  
free  
schools

- There are concerns that of these large private sector organisations some may be too big to fail. For example, the UK Border Agency let 8 contracts in 2012 for asylum seeker services, each worth over £100 million, to 3 companies, G4S, Serco and Clearel.<sup>52</sup>
- The private sector is now dominant in providing services once mostly provided by the public and voluntary sectors. For example, 53 per cent of children in children's homes are now in privately run homes, compared to 5 per cent in voluntary sector run homes and the remainder in local authority homes.<sup>51</sup> Only a small proportion of contracts for goods and services are held by the voluntary sector, according the Whole of Government Accounts for 2010-11, see pie charts below.

### Proportion of government contracts held by the voluntary sector by value



Source: NCVO Civil Society Almanac 2013/the Whole of Government Accounts 2010-11

- Voluntary organisations are increasingly acting as sub-contractors, as in the Work Programme.<sup>53</sup>
- There are now 3,304 Academies<sup>54</sup> and 182 free schools.<sup>55</sup> The transfer of British Waterways to the voluntary sector as the Canal and River Trust has apparently brought in new resources and greater accountability to the public.<sup>56</sup> Evaluations of Academies paint a mixed picture, with higher educational attainment<sup>57</sup> but also a more selective intake<sup>58</sup> and use of vocational qualifications to boost results.<sup>59</sup>
- The Mutuels Task Force hoped that 1 in 6 civil servants would be part of a mutual by 2015.<sup>60</sup> The Cabinet Office website has stated that 65 mutuals are now delivering 'around £1 billion' in public services, suggesting slow progress. So far, the only spin outs from central government involves 500 employees who own 25 per cent of MyCSP Ltd, which will administer the Civil Service Pension scheme, and the Cabinet Office Behavioural Insight Team.

Voluntary sector services in disadvantaged areas and to disadvantaged groups have been badly hit by cuts

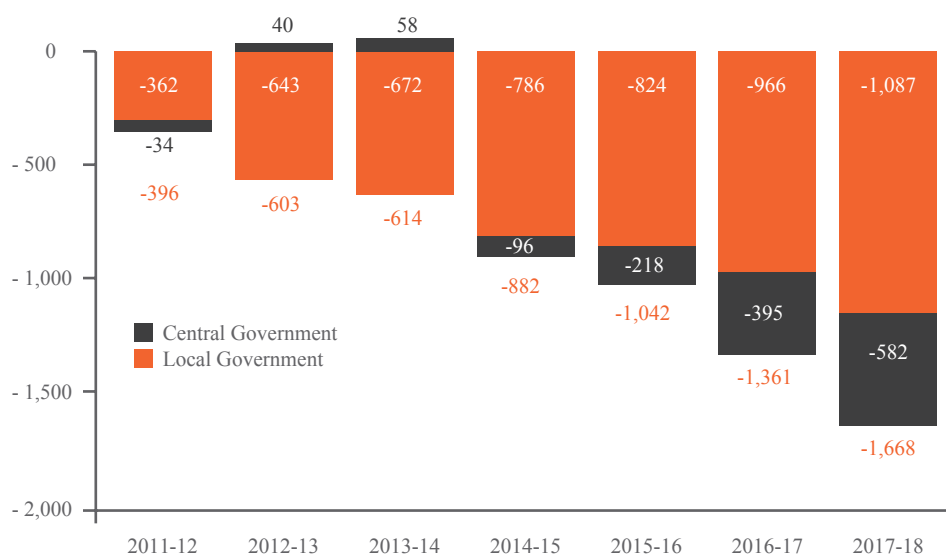
£6.6 billion is the estimated cumulative loss of state income to the voluntary sector by 2017-18, compared to 2010-11

## 2. Voluntary sector funding – largely negative.

Many cuts in state funding have already fallen on the voluntary sector and dramatic falls are estimated over the next 4 years, with many organisations working with vulnerable people, often in disadvantaged areas, under serious threat. Government is seeking to increase social and other finance to the sector but this is unlikely to be large enough to fill this gap.

- A significant minority of voluntary organisations have a financial relationship with the state. In 2010, 31 per cent of charities and social enterprises said they were involved in the delivery of public services<sup>61</sup> but the NCVO, using a narrower definition, report this figure as 25 per cent.<sup>62</sup>
- Voluntary sector services in disadvantaged areas and to vulnerable groups have been badly hit by cuts. Deprived areas have a much higher proportion of publicly-funded voluntary organisations than less deprived areas and those serving socially-excluded or vulnerable people are more likely to receive public funding than other organisations.<sup>63</sup> The Audit Commission found that councils in the most deprived areas experienced substantially greater reductions in government funding between 2010-11 and 2011-12 as a share of revenue expenditure than those in less deprived areas.<sup>64</sup> 50 per cent of local authorities reported making disproportionate cuts to grant funding for the voluntary and community sector.<sup>65</sup>
- However, the worst is yet to come. £6.6 billion is the estimated cumulative loss of state income to the voluntary sector by 2017-18, compared to 2010-11 levels. Because the cuts are now planned to last longer and cut deeper than when the last Big Society Audit was produced, this is nearly double the NCVO's estimate last year.<sup>66</sup>

NCVO estimated change in government spending on the voluntary sector compared to 2010-11, £ million



Source: NCVO



- Government attempts to bring in support through other means, as explored in section 4, only fill a small proportion of this gap, especially given the fall in donations to the voluntary sector.
- Some Government support has been provided to organisations giving advice to help cope with the loss of legal aid funding, but the challenges are great, as illustrated by the case study of Birmingham Citizens Advice service below.

### Case Study: The Citizens Advice service in Birmingham

Birmingham CAB is one of the largest of the 382 charities that make up the Citizens Advice service and one of the busiest. This did not stop Birmingham City Council in 2011 cutting its annual funding from £600,000 to £285,000, leading to a reduction in paid staff from 85 to about 60. Funding was further reduced from April 2013 when legal aid for advice on debt, social welfare, employment and most housing issues was abolished, leading to the loss of 13 specialist paid advisers who provided a casework service on welfare benefits and debt advice.

Birmingham was one of the successful bidders to the Big Lottery Fund (BIG) Advice Services Transition Fund (see above), receiving £350,000 over two years. This is no substitute for the loss of other funding and most of the money will be shared with partners. The Transition Fund money will be used to work with statutory and voluntary sector partners, including Mind, Action for Blind People, Birmingham Settlement and the law centre, to create a 'Gateway to Birmingham Advice Services,' effectively a city-wide triage and referral system that will remove duplication and help ensure that people get appropriate advice faster with less hassle. In terms of meeting demand for advice, this may achieve more for less.

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

High profile failings in key public services have recently been uncovered, particularly amongst large private sector contractors, and questions have been raised about standards of basic care in home care and health services. However, levels of public confidence in some public services remain high.

Near monopolies have been building up in some areas, with high profile failings in some services

- Near monopolies have been building up in some contracted out services.<sup>67</sup> There has been alleged fraud or failure in a wide range of contracted out services, including:
- Alleged overcharging for electronic tagging by G4S and Serco of up to £50 million for offenders, including some who had died;<sup>68</sup>
- A4e's Mandatory Work Activity contract was terminated by the DWP in May 2012 due to 'significant weakness in A4e's internal controls';<sup>69</sup>
- 2 weeks before the Olympics, G4S announced it could not provide full security and the armed services were brought in as substitutes;<sup>70</sup>
- In an annual performance review of prisons, 2 of 3 prisons given the lowest ranking possible were privately managed: G4S-run Oakwood and Serco-run Thameside;<sup>71</sup>
- NHS Direct was awarded 11 contracts to deliver 111 emergency services but pulled out of 2 of these in July 2013, and according to media reports, is now seeking to withdraw from the other 9, amidst predictions that it would only earn half the income it had expected;<sup>72</sup>
- Many GPs now outsource out-of-hours services but 55 per cent of those who use GP out-of-hours services are dissatisfied with them.<sup>73</sup>

The police investigated alleged fraud by Serco staff working on a £285 million contract to transport prisoners between jails and courts

- The following case study focuses on Serco.

### Case Study: Serco

In the decade to 2012, Serco's sales nearly quadrupled from £1.3 billion in 2002 to an estimated £4.9 billion in 2012 and its pre-tax profits increased more than fivefold (from £51 million to £271 million).<sup>74</sup> Serco delivers a very wide range of public services, including:

- Criminal justice: Prisons, a young offenders institute, a secure training centre, out of court escort services, electronic devices for offenders and asylum seekers.
- Immigration: the National Border Targeting Centre for the UK Border Agency, immigration removal centres.
- Education: local education services, one of Ofsted's Regional Inspection Service Providers.
- Health: facilities management services with a number of hospitals, pathology services for an NHS trust, GP out-of-hours services.
- Social care: it recently won a contract to run community services.

### Concerns about quality

Concerns have been raised about the quality of its services, notably on electronic tagging and running prisons, on GP out-of hours services and on prisoner escort services.

Serco's contract to provide out-of-hours GP services in Cornwall runs from 2011 to 2016 and is worth an estimated £32 million. An investigation by the NAO found that, during 2012, Serco regularly had insufficient staff to fill clinical shifts and its performance in meeting national quality requirements was overstated in seven instances.<sup>75</sup>

In August 2013, the City of London police was asked to investigate alleged fraud by staff working on a £285 million contract to transport prisoners between jails and courts across London and East Anglia. Serco agreed to repay all past profits made on the prisoner escorting and custodial services contract and to forgo any future profits.<sup>76</sup>

In October 2013, Serco announced that its CEO had resigned, following an announcement that the company was to be re-organised to split government work into a separate business that could be more closely monitored.

- Commentators highlight a range of concerns about contracts being placed in the hands of a small number of providers. These include a lack of competition, reduced consumer choice and the redistribution of public funds away from the voluntary to the private sector.<sup>77</sup>
- The trend toward economies of scale may also squeeze down prices that can lead to higher costs to the public purse elsewhere. For example, bidding on price usually means lower wages, which triggers in-work benefits, and makes it difficult for the workforce to save for their old age, again with knock-on costs for taxpayers. Private firms are placing vulnerable children and adults in parts of the country often far from home, where care is cheapest. Apart from the human costs involved, this creates a strain on public services in already poorer areas.<sup>78</sup>

A ‘race to the bottom’ has led to home care visits lasting 15 minutes and 88 providers breaching minimum wage laws

- A ‘race to the bottom’ on price in social care is reducing responsiveness to user needs.

### Case study: ‘Race to the bottom’ in home care

Nowhere has the downward pressure on prices and, thereby, on quality been more acute than in social care. So much so that Norman Lamb, the Minister for Care, described it as ‘a race to the bottom’ and talked of the ‘hopelessness of commissioning in many parts of the country.’<sup>79</sup>

In 1992, the proportion of publicly-funded home care provided by the private and voluntary sectors was only two per cent. By 2009-10 this had increased to 84 per cent.<sup>80</sup> Often the largest providers are private equity firms. Charterhouse Capital Partners owns Saga Homecare, which, with the purchase of Nestor Healthcare and Allied Healthcare last year, became the largest provider, supporting 50,000 mainly older people (they provide a mix of residential and domiciliary services).<sup>81</sup>

A survey of local authorities in England found that 60 per cent of local authorities now commission 15-minute care visits and that the proportion of visits that lasted 15 minutes or less has risen by 15 per cent over the last five years. Some local authorities deliver more than three quarters of their care visits in 15 minutes.<sup>82</sup> Recent research found that 40 per cent of disabled people receiving care don’t meet their basic needs like washing, dressing or getting out of the house.<sup>83</sup>

An Equality and Human Rights Commission report in 2011 found evidence of commissioning which led to a ‘time and task’ approach, not reflecting people’s needs, with shortened care visits and an increase to the risks to older people’s human rights and to the quality and safety of their care.<sup>84</sup> A Care Quality Commission report in 2013 documented complaints by users of home care, for example, late and missed calls and lack of consistency of care workers.<sup>85</sup>

Cost pressures in social care are leading to low wages in the sector. HMRC found, after a 2 year investigation, that 88 employers caring for the elderly had paid below the minimum wage out of 224 employers investigated, with some investigations still to complete.<sup>86</sup> Over the summer of 2013, the social enterprise and charity Turning Point attracted media attention after it sacked 2,600 of its staff and re-employed them on less advantageous contracts, allegedly involving salary cuts of up to £6,000 a year.<sup>87</sup>

- The Institute for Government’s report, *Making Public Sector Markets Work*, calls 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.<sup>88</sup>
- The National Audit Office has expressed concerns about the Government’s dependency on its major providers, noting ‘a sense that some may be ‘too big to fail.’ It also commented that the transparency to government and taxpayers over the rewards contractors make is limited.’<sup>89</sup>

## Reports into the NHS cast doubt on existing models for maintaining care standards

- Recent 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,<sup>90</sup> 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 have been announced, including a new criminal offence for wilful neglect, a new statutory duty of candour and publication of staffing numbers for each ward.<sup>91</sup> Following critical Ofsted reports into the Discovery primary in school in Crawley, West Sussex, and the Al-Madinah free school in Derby, there are newspaper reports that the Department for Education will introduce a new regulatory regime for Academies and free schools.<sup>92</sup>

- However, overall levels of satisfaction with public services remain high, with little change since last year. Following a record fall in satisfaction with the NHS in 2011, from 70 per cent to 58 per cent, satisfaction recovered slightly in 2012 to 61 per cent.<sup>93</sup>

### 4. Strong partnerships.

The voluntary sector is increasingly working as a sub-contractor to large private sector organisations and problems have developed.

- Almost half of the charities that responded to a New Philanthropy Capital survey into commissioning reported that they were subcontracted to deliver services, and 44 per cent reported that they worked as part of a consortium.<sup>94</sup>
- Partnerships between private sector prime contractors and voluntary sector sub-contractors in the Work Programme have been criticised by many authoritative sources. Criticism include the use of the voluntary sector, which is largely providing specialist support to vulnerable groups, as 'bid candy,' with low referral rates, and the passing on of unfair financial terms.<sup>95</sup>
- Only 41 per cent of voluntary organisations report a good relationship with their private sector partner.<sup>96</sup>
- Some modifications have been made to similar programmes, for example, contracts for Rehabilitation Services and the National Citizen Service, but it is as yet unclear how successful they will be.

### 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.

- There are significant entry barriers because of the size of prime contracts and financial risk created by payment by results.

Partnerships between private sector prime contractors and voluntary sector sub-contractors in the Work Programme have been criticised

There remains a systemic bias toward the private sector

Despite guidance to avoid arbitrary turnover limits that can exclude the voluntary sector, ‘mystery shopping’ found this was still an issue

Less than half of the public feel they have a choice in the public services they use, though surveys suggest the majority of them are happy

- At its launch, the Work Programme was hailed as a key Big Society initiative <sup>97</sup> with Ministers saying that, because of its expertise with hard-to-place clients, the voluntary sector would pick up a greater proportion than in the past. Although there are disputes about the proportion of work ultimately gained by the voluntary sector, this has not taken place on any significant scale.
- As well as requiring access to high levels of working capital, the Work Programme included a requirement that prime contractors have a turnover of £20 million. This stipulation prevented most charities from taking on this role when contracts were let in 2011. The new Rehabilitation Services contracts being introduced have a lower level of payment by results but still include a significant element. There will be 21 main contracts compared to the 35 previous probation services areas. So there remain concerns that large private sector primes will continue to hold the main contracts.
- Government commissioning guidance issued in February 2012 calls for contracting authorities to avoid arbitrary turnover limits which may exclude smaller enterprises. A Cabinet Office ‘mystery shopper’ exercise with suppliers highlighted that this was still an issue in February 2013.<sup>98</sup>
- 90 per cent of large service-providing charities feel that they face more risk in the new commissioning environment. More than half of charities (55 per cent) believe that payment by results would have a negative impact on their financial security.<sup>99</sup>
- Responses collected online from some charities with incomes of under £1.5 million found that just one in four felt confident to compete in new areas of public procurement, while only one third of respondents with experience of bidding for a local authority contract were happy with their experience.<sup>100</sup>
- However, up to £6 million is available from the Government to help mutual and other voluntary organisations bid for contracts or secure social investment through the Investment and Contract Readiness Fund,<sup>101</sup> and at least £1 million to support these organisations using social action in the rehabilitation of offenders through Cabinet Office’s Centre for Social Action.<sup>102</sup>
- The Government is trying to improve accessibility to government contracts, for example through requiring commissioners in some circumstances to consider wider social benefits through The Public Services (Social Value) Act. However, many Government support measures focus on helping the sector become like the private sector rather than adapting processes to its needs.<sup>103</sup>

## 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.

- Less than half of the public feel they have a choice in the public services they use, though surveys suggest the majority of them are happy with the service they use, even with limited choice.<sup>104</sup>
- One in five parents (22 per cent) – rising to one in three living in cities – feel they had no access to a good school in their local area.<sup>105</sup>

The voice of the voluntary sector, which could help shape key services, appears little valued by Government

- Lack of choice poses problems for some groups. A third experienced difficulties or were unhappy with the range of choice, with lower socio-economic groups experiencing particular problems.<sup>106</sup> Disadvantaged groups valued choice the most but are most negative about it in practice.<sup>107</sup>
- There are problems with the complexity of the personal budget system in social care, the bureaucracy and rules around using it and a lack of information, with a shortage of choice due to preferred supplier lists and lack of diversity of suppliers.<sup>108</sup> Personal budgets are to be provided for NHS continuing care by April 2014, after a positive initial evaluation.<sup>109</sup>

### 7. Civil society input in service design.

Despite Government commitments to co-design,<sup>110</sup> consultation of the sector has become truncated, and the policy and campaigning voice of the sector has been under attack.

- The voice of the sector, which could help shape key services, appears little valued by Government. For example, in December 2012 the Department for Communities and Local Government issued guidance for councils to ‘cease funding sock puppets and fake charities’ that ‘lobby and call for more state regulation and more state funding’.<sup>111</sup> In 2013 the Government tried to introduce legislation to restrict voluntary and campaigning groups from campaigning 12 months before elections, and only relented after massive opposition.
- The Government’s minimum consultation period of 12 weeks for new policies and other changes was removed in 2012 and since then numerous short consultations have been launched, for example on judicial review changes, and changes on campaigning in the Transparency of Lobbying, Non-party Campaigning and Trade Union Bill (often known as the in the Lobbying Bill) were introduced without consultation.
- Successive surveys suggest that the voluntary sector does not feel listened to or sufficiently consulted by central or local government.<sup>112</sup> The National Association for Voluntary and Community Action report that ‘relationships with local authorities are under pressure.’<sup>113</sup>
- An invitation in November 2013 to the voluntary sector to support the Health Service in reducing A&E demand appears to be a positive development, although it is unclear whether it will materialise.<sup>114</sup>



## 4.

*Social Action*

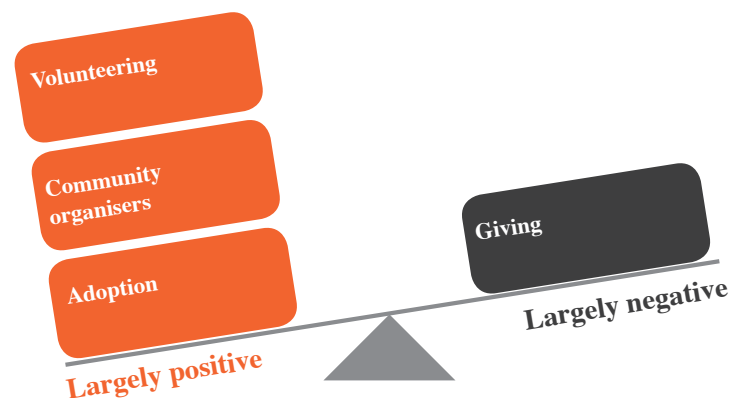
‘People being  
and being  
encouraged  
to be more  
involved  
in their  
communities  
through giving  
time, money  
and other  
resources’

**4.1** Progress in this area is mixed. The box below shows how social action is defined and measured.

**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.’<sup>115</sup>

- 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: how does it weigh up?**

**4.2** New 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:

- The National Citizen Service - a summer programme for 16 and 17 year olds, aiming to have had 90,000 volunteers by 2014.
- The Community Organisers programme to develop new community organisers, together with Community First, 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.
- Volunteering and Time Banking, where volunteers 'deposit' volunteering time and 'withdraw' equivalent support when they need it.
- A Social Action Fund in target areas such as people at or approaching retirement or National Citizen Service graduates.
- Changing inheritance tax incentives and simplifying Gift Aid.
- Promoting social investment, including social impact bonds, with the Big Society Capital launched in April 2012. The Government's 2013 Budget included plans for a new tax relief to encourage private investment into social enterprises to be included in the Finance Bill 2014.
- The launch of Join In to keep the spirit of the London 2012 volunteers alive; and Dementia Friends.

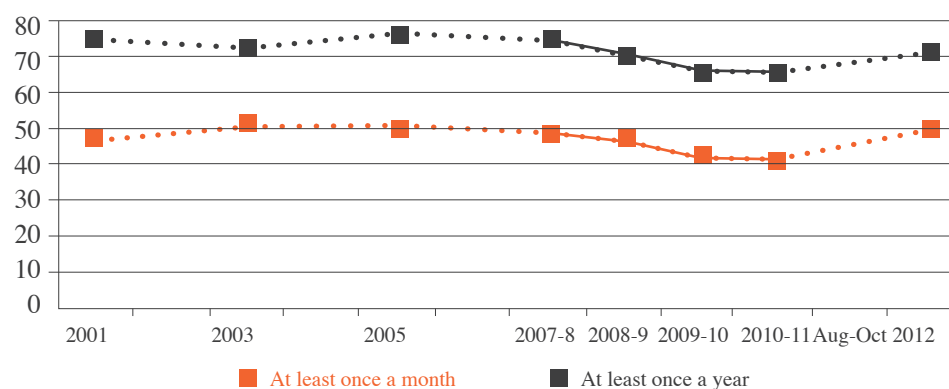
## Assessment against the indicators

**4.3** Progress against this area has been mixed.

### 1. Volunteering – largely positive.

Levels of volunteering have risen - but only back to pre- 2007-08 levels. More young people are volunteering. The increasing use of compulsory volunteering in welfare programmes is controversial.

**Combined participation in formal or informal volunteering over the last 12 months, 001-2012, % of adults over 16, England**



Source: Community Life Survey: August 2012-April 2013, Statistical Bulletin, Cabinet Office, 2013

Volunteering  
has increased  
amongst full  
time students  
and 16-19  
year olds

The  
Government  
created  
Join In to  
capitalise on  
the Olympics  
but some  
think it  
should have  
invested  
in existing  
organisations

- The increase in volunteering has been seen across most groups, though notable increases in formal volunteering have been observed amongst full-time students and young people (16-19 year olds).<sup>116</sup> This may be because volunteering is increasingly being seen as a route into work.
- The Olympics may have had some impact.

### Case Study: The London Olympics

The London Organising Committee received more than 240,000 volunteer applications and interviewed 100,000 people at selection centres across the UK.<sup>117</sup> 78,000 Olympics Games Makers and Ambassadors were chosen. There were over 2,000 16-18 year olds through the Young Games Maker programme.

McDonald's used its expertise and UK-wide presence to help attract, select and train the volunteers, with the aim of leaving an enduring training and volunteering legacy for years to come.

### Post Olympics

The Government created a new organisation, Join In, to capitalise on the spirit of volunteerism, which has access to a database of more than 70,000 people willing to volunteer, and received £2.1 million from the Office of Civil Society in the summer of 2012.

Join In's first venture was to encourage people to volunteer with local sports clubs. Join In and the London Mayor's Team London unit organised an event in July 2013 in the Queen Elizabeth Olympic Park just before it opened, with funding drawn from a new £1.5 million grant from the Big Lottery Fund. Priority will be given to last year's volunteers.

Join In is now seeking to extend its operations beyond sports, working with other charities. But it has attracted criticism from more established organisations. Debbie Usiskin, Vice-Chair, Association of Volunteer Managers, said 'I don't think we really need new organisations. What we need is proper investment in the organisations that exist already.'<sup>118</sup>

- As well as new activity such as the Olympics, some traditional volunteering activities have been faring well. For example, scouting in the 1990s was in a state of decline, with almost 30,000 members leaving every year.<sup>119</sup> By 2013 it was celebrating its eighth consecutive year of growth with 535,000 members, of whom over 100,000 were adult volunteers, with 37,766 young people on waiting lists for local troops, and payments of start-up grants to 300 new groups.<sup>120</sup>
- Organisations like the Citizens Advice service are noticing a change in the profile of volunteers. Whilst 21 per cent of the stock of their volunteers are over 65 and 29 per cent under 45, only seven per cent of new recruits are over 65 whilst 56 per cent are under 45. There is a similarly dramatic shift in ethnicity with 23 per cent of new volunteers from BME communities compared to 12 per cent of the total.
- The Government's welfare policies are increasingly using compulsory volunteering as a tool, which is seen as controversial by many. The Chancellor of the Exchequer announced

The UK is a generous nation, but its position in the World Giving Index has fallen from 5th to 8th

Dementia Friends aims to give one million people an understanding of dementia

Corporate giving has fallen 27 per cent

in September 2013 that those who are still unemployed at the end of two years on the Work Programme will only retain their benefits if they move into a 'Help to Work' scheme, one of the options of which will be a six month 'community work placement.'

- Amongst those volunteering formally on a regular basis, the most commonly cited activities include organising or helping to run an activity or event (53 per cent) and raising or handling money or sponsored events (53 per cent). Sports organisations were the most popular type of group for which people volunteered formally.<sup>121</sup>
- The Government has invested £200 million in a new National Citizen Service for young people and £2.4 million for Dementia Friends, explored in the following case study.

#### Case study: new forms of volunteering: Dementia Friends

Dementia Friends is a £2.4 million Alzheimer's Society initiative, funded by the Government, to give one million people an understanding of dementia and the things they can do that can make a difference. Evidence suggests that people with dementia live better lives within communities that understand the condition. A Dementia Friend learns more about dementia from information sessions run by volunteer Champions, and are encouraged to take action – however small – within their existing networks. It is too early to judge success – by May 2013 3,000 people had signed up to be Champions, 522 had been trained, and had reached nearly 3,000 Dementia Friends.

- Business in the Community has so far recruited 77 Business Connectors from the private sector who have worked in 53 areas of greatest need across England, worth just over £1 million in volunteering time and donations.

#### 2. Giving – largely negative.

There appears to have been a dramatic fall in giving, perhaps linked to the wider economy, with some rise in new forms of funding stimulated by the Government.

- The UK is a generous nation, but its position in the World Giving Index has fallen from 5th to 8th and the number of people making a donation fell from 2nd to 4th.<sup>122</sup> The estimated total amount donated by adults in 2011-12 was £9.3 billion, a decrease of £1.7 billion in cash terms (or by 15 per cent) from 2010-11, and £2.3 billion (or 20 per cent) in real terms after adjusting for inflation.<sup>123</sup>
- The impact on voluntary organisations of this change will vary. The most popular causes measured by proportion of donors were medical research (supported by 33 per cent), hospitals (30 per cent) and children and young people (23 per cent).<sup>124</sup> Universities and colleges saw a 14 per cent increase in donations in 2011-12, many of which came from former students.<sup>125</sup>
- An annual study of companies with Corporate Social Responsibility programmes found total cash giving of £470 million in 2011-12, down 16 per cent the year before. The total value of community contributions fell by 27 per cent to £600 million during the same period.<sup>126</sup>

There has been a 9.8 per cent increase in adoptions, the largest annual rise in 15 years

- Legacies are currently worth almost £2 billion a year to UK charities; and levels of giving are starting to recover but are still well below their peak before the recession in real terms.<sup>127</sup> There is a similar picture with the level of gifts of £1 million pounds or more in the UK, with an increase in 2012 bringing levels to £1.35 billion, but still well below the £1.6 billion given in 2006-07.<sup>128</sup>
- Social investment is estimated to grow to £1 billion by 2016 by some commentators.<sup>129</sup> Big Society Capital began operating in 2012, committed £56 million of finance to 20 social finance intermediaries in 2012, and may eventually have up to £400 million available to lend from the Reclaim Fund Limited. In addition four banks have agreed to invest up to £50 million each.<sup>130</sup>
- Last year, £9 million was raised through community shares, a tripling on the year before.<sup>131</sup> Nesta estimates that crowd funding could raise £4.7 billion a year for UK charities by 2016,<sup>132</sup> though others warn of a 'hype-cycle'.<sup>133</sup> £347,000 was generated in the first 6 months of ATM giving.<sup>134</sup>

### 3. Community organisers – positive.

Numbers are increasing.

- There are now 117 fully trained community organisers, a further 166 in training, and 1,290 voluntary recruited.<sup>135</sup>

### 4. Adoption – positive.

The number of adoptions is one measure of a very personal kind of social action and is increasing.

- There has been a 9.8 per cent increase in adoptions in England and Wales, the largest annual rise in the 15 years figures have been collated.<sup>136</sup> This follows changes in policy and practice in both England and Wales.

# 5. *A More Divided Society*

‘..whatever the arguments, 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, 2011 <sup>137</sup>

The percentage of people trusting others, a key indicator of social capital, has fallen from 43 per cent to 41 per cent

The UK ranking on income inequality is 28th out of 34 OECD countries

**5.1** Ultimately, the Big Society initiative might be expected to lead to a better and more united society. So far, the signs are not good.

## **A fall in social capital**

**5.2** One of the stated reasons for the Big Society initiative was concern about a dramatic fall in social capital, the extent to which individuals and communities trust each other, reciprocate helpfully and are connected to other people. This fall can be tracked from the 1950s, when the proportion of Britons who thought most people could be trusted was 60 per cent.<sup>138</sup> The Cabinet Office’s latest Community Life survey shows:

- In August 2012 - April 2013, 41 per cent of people thought that most people could be trusted, a fall from 43 per cent in 2010-11.
- Sixty two per cent felt that people in their neighbourhood pulled together to improve it, a fall from 67 per cent in 2010-11.
- 84 per cent of people were satisfied with their local area as a place to live, a drop since the previous year (from 86 per cent).

Against the Legatum Prosperity Index, the UK scores 12th in the world on social capital in 2011.

## **Inequality**

The UK ranking on income inequality is 28th out of 34 OECD countries, just above Portugal, Israel, the USA, Turkey, Mexico and Chile.<sup>139</sup> Income inequality, as measured by the Gini coefficient, increased considerably during the 1980s, but has been broadly flat in recent years. However, after benefits and taxes are taken into account, the gap actually narrowed slightly



The Big Society is a policy better suited to the leafy suburbs and more privileged groups

People who live in poverty are bearing a disproportionate share of public sector cuts

between 2010-2011 and 2011-2012 partly because of changes in taxes and benefits.<sup>140</sup> Welfare changes taking effect in 2013 are likely to change this. The cost of living squeeze will also hit those with the least disposable income the most. Median household incomes fell by 2.8 per cent in 2011-12 from £440 to £427 a week, a fall since 2009-10 of 5.8 per cent.

Marked inequality exists in different parts of England. In the most affluent parishes, less than one per cent of children live in poverty and boys can expect to live for 85 years or more. In the most deprived parishes, up to two-thirds of children live in poverty and male life expectancy is around 70 years or less. Poverty is heavily concentrated in the north of England, and in urban and coastal areas.

## The Big Society Gap

The Big Society is a policy better suited to the leafy suburbs and more privileged groups and there are few signs that this is changing.

### Socio-economic gaps

Against each Big Society goal, there is a class divide.

- 66 per cent of ABs would like to be involved in decision-making in their local area, compared to 44 per cent of C2s and DEs.
- The proportion of DEs who feel the system of government is working ‘extremely’ or ‘mainly’ well nearly halved between 2009 (33 per cent) and 2013 (17 per cent) – whereas the proportion of ABs who feel the same has increased marginally (from 36 per cent in 2009 to 41 per cent in 2013).<sup>141</sup>
- Six in 10 (60 per cent) people in managerial or professional occupations thought that many in their neighbourhood could be trusted, but fewer than four in 10 (37 per cent) of unemployed people shared this view.<sup>142</sup>
- Lower socio-economic groups are more likely to feel their local area is an area where people from different backgrounds got on well together.<sup>143</sup>
- According to one study, those in poverty, who make up 21 per cent of the population, will bear 39 per cent of the all public sector cuts, increasing the number of children in poverty.<sup>144</sup> Reductions in legal aid, reducing access to redress in social welfare, and the reduction of £150 million in local welfare assistance following the transfer of the Social Fund to local authorities, also affect those on low incomes.
- People who give time or money are more likely to be older, with higher levels of education, in higher-level occupations and actively practising a religion.<sup>145</sup>
- Levels of social action, such as organising a street party or preventing the closure of a post office, are higher amongst people from managerial or professional occupational groups (28 per cent) than people in routine or manual occupations (15 per cent) or who have never worked (12 per cent).<sup>146</sup>

73 per cent of people living in the 10 per cent least deprived areas thought many in the neighbourhood could be trusted, compared to just 22 per cent of those in the 10 per cent most deprived areas

Disabled people comprise eight per cent of the population but it has been estimated that they will bear 29 per cent of the cuts in public services

### The Gap between communities

The Big Society is healthiest in affluent and rural communities and there is no sign of the gap closing.

- People living in the 10 per cent most deprived areas were far less likely to agree that people pulled together to improve things than those in the 10 per cent least deprived areas (52 per cent compared with 79 per cent).<sup>147</sup>
- In the 10 per cent most deprived areas, 75 per cent of people agreed that people from different backgrounds get on well together in their local area, compared to 85 per cent as the national average.<sup>148</sup>
- 80 per cent of people living in rural areas thought people pulled together, compared to 64 per cent in urban.<sup>149</sup>
- Surprisingly perhaps, those living in the more deprived areas had a greater chance of feeling that they belonged to their neighbourhood compared with those living in the 10 per cent least deprived areas.<sup>150</sup>
- 73 per cent of people living in the 10 per cent least deprived areas thought many in the neighbourhood could be trusted, compared to just 22 per cent of those in the 10 per cent most deprived areas.<sup>151</sup>
- 69 per cent of people in rural areas said that many people could be trusted, while 45 per cent said this in urban areas.<sup>152</sup>
- As noted in Section 2, voluntary organisations working with disadvantaged groups in disadvantaged areas will have been hit hardest by cuts in public funding, at a time when surveys show demand for their services is rising.
- Higher levels of charitable giving and formal volunteering are more common in affluent areas, rural areas and certain regions: levels are consistently higher than average in the East of England and lowest in the North East.<sup>153</sup>

### Disabled people

Disabled people have been badly affected by changes to public services.

- Disabled people comprise eight per cent of the population but it has been estimated that they will bear 29 per cent of the cuts in public services, including welfare. The most severely disabled people – those entitled to social care – who represent two per cent of the population will face 15 per cent of the cuts.<sup>154</sup>
- Vital mental health services appear to be under pressure in England, with a shortage of beds for mental health patients.<sup>155</sup>

43 per cent of BME people feel getting involved is effective, compared to 32 per cent of white people

### Ethnicity and Religion

People from ethnic minorities have lower levels of volunteering and reported levels of trust than the white population but are more positive about political engagement. Ethnic minority and religious groups are more likely to report discrimination by public services.

- 43 per cent of BME people feel getting involved is effective, compared to 32 per cent of white people. BME people are also more likely to feel they have influence over local decision-making (37 compared to 24 per cent); and want to be involved in local decision-making (66 in contrast to 46 per cent).<sup>156</sup>
- 53 per cent of white people say that many people in their neighbourhood can be trusted, compared to the following percentages for different ethnic minority groups: Chinese (35 per cent), Mixed Race (32 per cent), Indian (31 per cent), Pakistani (31 per cent), Asian Other (30 per cent), Bangladeshi (27 per cent), Black Caribbean (26 per cent) and Black African (23 per cent) people, as well as people of other ethnicities (22 per cent).<sup>157</sup>
- Black Caribbean people were 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). Ten per cent of Muslim respondents and five per cent of Sikh people reported religious discrimination by public services organisations. The services most likely to be regarded as discriminatory on race were social housing (22 per cent) and criminal justice (17 per cent).<sup>158</sup>
- 59 per cent of ethnic minorities say they volunteered at least once in the past year, compared with 65 per cent of white Britons.<sup>159</sup> Formal volunteering rates have increased significantly amongst ethnic minority groups, from 33 per cent in 2010-11 to 43 per cent in 2012-13.<sup>160</sup>

There has been a marked decline in political engagement amongst younger people

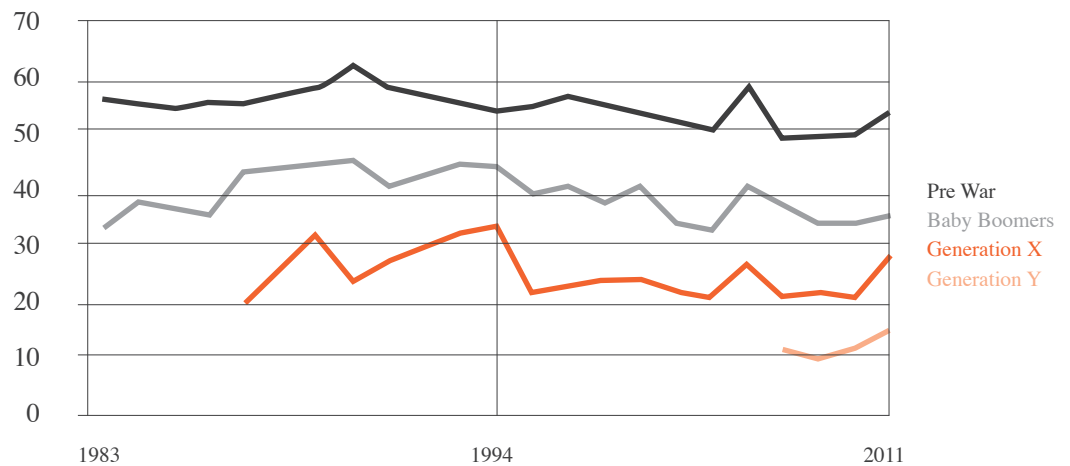
## Age

Political engagement, volunteering and giving increases with age, with the young becoming worryingly disengaged politically.

- There has been a marked decline in political engagement amongst younger people. The pre-war generation (adults aged 66 and over) identify strongly with any one political party, with each succeeding generation - baby boomers (adults aged 45-65); generation x (adults aged 31-44) and generation y (adults aged under 31) identifying progressively less strongly.<sup>161</sup>

### Do you think of yourself as a supporter of any one political party?

% 'yes'



Source: Ipsos MORI reanalysis of BSA

- Between the ages of 16 and 74, the level of giving rises by age. 65 per cent of those aged 16 to 24 give to charity, with the figure rising to a peak of 78 per cent of 65 to 74 year olds, before dropping slightly to 73 per cent for those aged 75 and over.
- Age is a factor too in social action, with higher level of involvement amongst those aged 35 or over than amongst those aged 16-34 (25 compared with 18 per cent).<sup>162</sup>

## Gender

Gender differences exist in relation to political engagement and a sense of belonging.

- Women claim to be less knowledgeable and interested in politics and less certain to vote (38 per cent compared to 44 per cent of men).<sup>163</sup>
- A higher proportion of women (68 per cent) agreed or strongly agreed that they belonged to their neighbourhood than men (64 per cent).<sup>164</sup>

# 6.

## *Beyond the Big Society*

‘I still believe that the big society, given the right drivers, could deliver good, but it doesn’t have the leadership at the moment.’ <sup>165</sup>

Camilla Batmanghelidjh of Kids Company

‘...The job of changing our country is far from done. The sheer scale of the challenges that still face us – and the need to hold our own in a competitive world – mean that we need to change the way government works.....That means learning from the best in the private sector..... the way the best businesses nurture talent, flatten management structures, reduce unnecessary bureaucracy, and improve services while reducing costs all hold lessons for us in the public sector.’

David Cameron, Foreword to the Civil Service Reform Plan <sup>166</sup>

The default switch of successive governments has been to turn to the private sector for public sector reform

The way in which voluntary organisations connect with communities gives them a power beyond profit and a voice that has real authority

**6.1** In the light of the findings of the Big Society Audit, it is time for a reappraisal of the Big Society.

**6.2** The Audit shows that civil society can be a powerful regenerative force – through communities acting together to provide mutual support, drawing on strong social networks to take a shared responsibility for providing important local services, saving key community assets or working with public agencies to find new ways to solve complex social problems through early action. From running the local library, to supporting the health service to care for people in the community, to providing specialist help and assistance to people with complex problems, civil society can add immense social value both as an independent force and in conjunction with the state.

**6.3** This power is evident but still largely unharnessed as a force to improve public services. The default switch of successive governments has been to turn to business disciplines, competitive models and the large corporate private sector to deliver improvements in public services through greater efficiency. At the same time, many specialist and local voluntary organisations that tackle profound social and financial inequalities are being left out in the cold and the future of many looks increasingly at risk.

**6.4** This reliance on private sector models now looks out of date, given high profile examples of alleged fraud in major private sector contractors, lack of faith in the integrity of banking and other major industries in the light of various scandals, including tax avoidance, and increasing signs of stress in ‘reformed’ public services, particularly in the NHS and care services, which may demonstrate financial efficiency but can sometimes show a lack of basic care.

**6.5** Although many voluntary organisations are today run like businesses, and provide highly professional services, from hospices, to social housing and law centres, what still makes them distinctive is the way in which they connect with communities. They do this through the volunteers that govern them, the many people that give their time for free to support them and the many millions that they serve. This gives them a power beyond that simply of profit and a voice that has real authority.

**6.6** Many different organisations are turning to ideas of a good society or the common good as a potential model for strengthening society, reinventing government and renewing the connection between businesses, religion and society. For example:



- The Labour Party has been developing its thinking, with Jon Cruddas, in charge of its policy review, saying :’in the last thirty years, British politics has been about the market and the state and not about society. A market without a society, a state that dominates society are the enemies of our wellbeing...In short, we in Labour need to build our own story of the big society.’<sup>167</sup>
- Senior businessmen have also been turning to civil society principles to restore faith in business in a Blueprint for Better Business, with the idea that ‘profit should come through a purpose that serves society. This means producing goods that are truly good and services that truly serve.’<sup>168</sup>
- In July 2013, the Archbishop of Canterbury launched support for a new credit union to try to provide a better loan service for those in need than the high interest rates being provided by payday lenders. People of different Christian traditions, other faiths and their secular allies have also joined forces in a movement known as Together for the Common Good, which is exploring how they can work together to promote social justice.
- A wide group of civil society leaders and thinkers, under the leadership of Community Service Volunteers, met in April 2013 at St George’s House, Windsor Castle, to discuss the future of civil society.<sup>169</sup> Out of this came A Call to Action for the Common Good proposing the following principles for further discussion: mutual self-interest, solidarity and the connected society; shared responsibility, agency and ownership; and stewardship and investment in early action for the common good.

## Recommendations

6.7 In the light of the findings of this Audit, Civil Exchange recommends:

- **Development of a new model for delivering public services** which explicitly draws on the respective strengths of voluntary and community organisations and wider civil society, as well as public service professionals and businesses, rather than seeing them as interchangeable. This would recognise the added value of voluntary and community organisations in certain circumstances. For example, it should draw on their ability to harness community networks and volunteers, providing specialist knowledge of how to tackle complex social problems, particularly those which involve trust and long term relationships, and giving voice to the needs of different people and communities. Government contracts should be awarded on the basis of social value and the quality of services as well as price, recognising the social economies of organising services locally around individual needs rather than simply focusing on economies of scale. There are already some existing models and ideas across the public sector. For example, the NHS and social care system already draws on 3 million volunteers in England, the same number as its combined paid staff, and could do more.<sup>170</sup> The voluntary and community sector should also be given a much more active role in the co-design of public services and policy.

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The Big  
Society  
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applied to  
business  
too

- **More investment in early action**, harnessing voluntary and community sector expertise, as many of these organisations have deep knowledge and many years of experience in what works in helping people with complex needs to resolve their problems and in building strength and resilience within individuals and communities. This should be at the heart of any Big Society.
- **Increased investment in building the social infrastructure of disadvantaged and urban communities**, starting by preserving the valuable voluntary and community sector infrastructure that is already there and recognising the value of existing public sector investment in it.
- **Steps to increase public sector understanding of the potential of the voluntary and community sector**, with more interchange and joint development activities between people working in the public and voluntary sectors.
- **Bringing the Big Society to business**, to ensure that all enterprises, whether for or not for profit, behave ethically in everything they do, especially where they deliver public contracts, for example, paying their staff the minimum wage.

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