

- The Big Society is principally defined by what it is not: Big Government
- Short term cuts are likely to undermine the capacity of civil society to deliver long term savings
- The Government must tread carefully if it is not to upset the symbiotic but far from straightforward relationship between the voluntary sector and public services
- Its current vision for the sector is contradictory and morally questionable
- Commissioning of public services has hidden costs and other negative impacts for voluntary sector organisations
- The impact of employee-owned public service co-operatives is likely to be neutral at best and at worst could skew the market further
- We are sceptical that greater citizen choice will improve accountability (except where citizens become commissioners though individual budgets)
- The greatest threat to central government's ability to manage and direct public services comes from the devolution of power to local authorities and citizens
- The Government will be unable to effectively promote and enable public services if it does not have sufficient data to tell the difference between best and worst practice
- Local authorities have a crucial role to play in the fair transfer of power to communities
- Postcode lotteries are inherent to the new system, undermining the popular understanding that all citizens have an equal right to benefit from the welfare state

1. Children England is the leading membership organisation for the children, young people and families' voluntary sector. With member organisations working in all parts of the country ranging from small local groups to the largest household names in children's charities, Children England is in a unique position to use the collective voice of the voluntary sector to achieve positive change for children. Children England is committed to working alongside its members in the creation of a society where children and young people are valued, protected and listened to, their rights are realised and their families supported.

Question 1

2. Whether by error or design the 'Big Society' is a poorly defined and understood concept. Within central government, it means many things to many departments with no apparent links or coherency. However, we believe that it can broadly be broken down into three key strands; public service reform, promoting active citizens and improved government accountability and transparency (though each of these categories necessarily overlap and complement each other).

3. Central to the Big Society narrative is greater involvement of charities, social enterprises, employee mutuals and private companies in the delivery of public services with the aim of increasing citizen choice, improving competition, reducing costs and creating more responsive and people centred services.

4. The second major objective of the Big Society is to mend '*societally Broken Britain*', by placing emphasis on the importance of individual action, activism and self-reliance – people doing things to help themselves and each other out of the goodness of their hearts or the fire in their belly, rather than waiting for, or 'depending on', the State to do it for them.

5. The third element, forged during the collapse in public confidence that resulted from the parliamentary expenses scandal, promises an inversion of government power structures, a dismantling of the institutions and securities of the Big State, while putting citizens themselves in possession of information and new rights to know and challenge the fine detail of government accounts and activities.

6. Throughout these three strands, the most consistent theme is that that the state currently does too much; wasting money, infantilising citizens and breeding contempt for the political system. Indeed, the Big Society is principally defined by what it is not: Big Government. However, we must not fall into the trap of assuming that Big Government somehow 'crowds out' Big Society when the international evidence shows that there is very little correlation between the size of the state and the strength of civil society.

7. The Big Society agenda has placed great emphasis on the 'proud and longstanding charitable tradition' of the UK, as one of the main vehicles for their vision of civic renewal. However, proposals show a lack of understanding of how the whole complex, idiosyncratic 'Cinderella economy' of voluntary and community enterprise really works.

Question 2

8. Voluntary and community groups are central to the Government's Big Society vision; however there are clear and substantial threats to the continued existence of a significant proportion of these organisations. In 2009/10 over one third of the voluntary sector's income came from statutory funding. Children England members, who have a combined annual turnover of around £750million, receive more than half of their total income from statutory sources.

9. Local public spending cuts are being passed on to our sector in terms of immediate contract withdrawals, as well as the prospect of deeper cuts/de-commissioning at the end of most existing contracts in March 2011. The result is that many organisations who are providing vital services may be lost over the next 18 months due to the suddenness and severity of statutory funding withdrawal, and the lack of viable alternative funding pathways to 'bridge' their survival and adaptation to the new evolving environment. Infrastructure organisations who should be in a position to support this transition are being cut and closed, thus depriving the sector of a vital source of expertise and assistance at the very time it is most needed. There is a significant risk that while placing a growing voluntary sector at the heart of Government's Big Society plans, the Coalition has created the conditions for the most substantial reduction of the sector for many decades. The parallel policy of *Localism* means that national government have no levers, other than finger wagging, to halt the massive impact on the sector from LA funding decisions.

10. Reducing public expenditure is actually one of the aims of the Big Society. Whether or not one believes those who allege that the Big Society is merely a cynical cover for cuts, it is certainly true that the Coalition see it as a way of reducing the responsibilities and outgoings of the state. The problem is that short term cuts are likely to undermine the capacity of civil society to deliver long term savings, develop self help mechanisms in communities and to meet other government aspirations such as an

increase in volunteering.

Question 3

11. The voluntary sector receives around £13bn a year from the state, of which around two thirds is in the form of contracts to deliver public services. As such, the sector already plays a significant role in public service provision. Historically, the voluntary sector has delivered services due to a lack of suitable statutory provision. Over time, the functions of the state have broadened as society has taken collective responsibility for social ills. Indeed, it is a sign of society's evolving social conscience and the success of the charitable sector that pioneering, mould breaking projects taking place in individual communities have been brought into the mainstream and delivered nationally. It would be a distinctly backwards step if the Government was to downgrade this collective duty. This does not mean that the state should not deliver public services through the voluntary sector but rather that this is qualitatively different from withdrawing statutory provision and leaving it to the sector to pick up the pieces in a misguided attempt to encourage "self help".

12. The Government must also resolve an inherent contradiction in its vision for the future of the voluntary sector. On the one hand it seeks to increase the involvement of the sector in the delivery of public services whilst on the other it wants to reduce the percentage of the sectors' income that comes from statutory sources. The problem is that many voluntary organisations are reliant on the state precisely because they have successfully bid for public service contracts. While in the long term it might be possible to square this circle through increased philanthropy, for the foreseeable future these are contradictory policy objectives.

13. The ability of voluntary organisations to recruit and motivate volunteers is one of the critical 'working assumptions' beneath the Government view that they are a *cheaper* alternative to public services. Volunteering is indeed one of the most important defining features of the voluntary sector and it is true that the voluntary sector can offer good value for money, and the ability to 'add value' to any state spending, through charitable fundraising and volunteer capacity. It is, however, vital that volunteering is respected and nurtured for its true voluntary nature. A reliance on volunteers where once we paid professionals for the same work, or a reliance on private donations where once we paid collectively through taxation, risks exploiting the fundamental altruism and freedom in the giving of one's time and money *as a gift*. Volunteers and donors are unlikely to be as generous if they feel that they are merely subsidising the work of the state.

14. Having said that, in practice significant voluntary resources already support public service delivery both directly, through the provision of voluntary labour and match funding, and indirectly through mechanisms such as using voluntary income to pay for managers applying for statutory contracts. As such there exists a symbiotic but far from straightforward relationship between the voluntary sector and public services. The Government must tread carefully if it is not to upset this fragile equilibrium.

15. This approach also risks a 'postcode lottery' of time and compassion becoming the haphazard driving force for wide local variations in the volume and quality of public services – variations

corresponding more closely to the interests, availability and generosity of local residents than to the nature and levels of actual service need. In a profoundly socio-economically unequal society such as the UK, the ability to participate in volunteer action is also unequally distributed, and limited by inequalities in capacity, access and time such that communities that most need support are generally least able to help themselves.

16 At a more fundamental level however we must question the morality of annexing charitable activity and resources to implement a political ideology. It is of course perfectly valid for the Coalition to believe in the creation of a smaller state but to manipulate *charity* in its broadest sense to achieve this end risks killing the goose which lays the golden egg. Charity is in part defined by its distinctiveness from both state and profit; if it becomes enmeshed in creating profit/added value for the state as a primary purpose, the very independent features which inspire our currency of passion, commitment and generosity risk being fatally compromised.

Question 4

17. We are worried about the impact of current commissioning and procurement practices on the long term sustainability of the sector. Our a two year study, *Commissioning a better way?*, revealed the hidden costs and other negative impacts associated with the competitive tendering process.

- Many managers in the voluntary sector now spend 80% of their time managing various contracts and the burdensome reporting which comes from them, rather than managing front line work
- New contract managing posts have had to be created in a catch 22 situation whereby organisations are forced to become more top heavy because of the additional bureaucratic burden associated with commissioning yet are unable to secure sufficient funding from commissioners to pay for these additional core costs
- While short contracts minimise risk for local authorities, they lead to instability for providers, their workforce and the vulnerable groups they support. Short term contracts have a serious impact on staff retention due to a lack of long term job security. Well qualified and experienced staff will quite reasonably begin to search for their next job in advance of the contract ending, with the obvious difficulties for delivery if they are successful
- Key staff may be transferred to another organisation due to TUPE, destabilising other parts of the organisation's work
- Commissioning has led to a downward pressure on qualifications, staff development and wages

18. We are also concerned that the risk associated with contracts is often allocated in a way that undermines the resilience of civil society groups. Some local authorities, for example, issue contracts containing penalty clauses for 'failure to deliver' which in effect transfers all the risk of something going wrong onto the voluntary organization. In some cases, these clauses are entirely disproportionate to the size of the contract, and have the potential to bankrupt a small organisation.

Question 5

19. While we understand the reasoning behind placing greater power in the hands of public sector employees, we are unsure that it will have the desired impact. There is little evidence that the cuts being made to public expenditure have led to a significant reduction in back office functions. In this environment, those employees who do choose to set up their own mutuals will be delivering the same service with less resource and there is likely to be a mushrooming of contract managers to provide oversight for this new breed of external providers.

20. The impact of this is likely to be neutral at best and at worst could skew the market further. Services which might otherwise have been outsourced will instead become employee owned mutuals. Even once initial contracts expire, voluntary/private organisations will have to compete for future contracts with employee owned mutuals that town hall commissioners may well feel they have a moral obligation to support. In cases where whole children's services departments become mutuals, it is very possible that services that are currently outsourced to voluntary organisations could be brought back in-house to protect jobs within the mutual. Given that employees will be prohibited from sharing profits, they have limited incentives to reduce costs by outsourcing to the voluntary or private sector.

Question 6

21. Contracted out services are effectively one step further away from democratically accountable elected representatives than those that are delivered directly by the state. Most contracts are not very responsive to customer or citizen pressure, reducing the ability of elected representatives to achieve change for their electorate. This is likely to increase the current levels of scepticism about the effectiveness of local democracy.

22. The Government has suggested that providers will be accountable due to greater citizen choice but we are highly sceptical. The markets for children's centres and maternity services are not the same as those for toothpaste and shoes due to the limited number of sellers, barriers to changing services and the fact that in most cases government will be buying the services on people's behalf. Only where citizens become commissioners though individual budgets will choice have any real power. Given this, it is essential that service providers can be held directly accountable by users through effective complaint and appeals procedures.

23. For children who are unable to vote, the need for a powerful Children's Commissioner, suitable appeal mechanisms and regular consultation with under 18s at both a national and local level is essential.

Question 7

24. The greatest threat to central government's ability to manage and direct public services comes not from contracting out to the voluntary sector (contracts are still closely managed and directed) but from localism. Increasingly, Ministers are making announcements that they have no power to enforce. Such an approach undermines the relationship between central and local government and the (limited) trust

that citizens have in politics. It also leads to significant confusion amongst organisations that deliver services. For example, in the children's sector, Frank Field, Graham Alan and Clare Tickell have all written or are currently writing reports for the Coalition regarding early years. Yet the Government will have very few levers to implement the reforms that emerge from these proposals.

25. We are also concerned about the impact of the Coalition's decision to significantly downgrade the variety and quality of monitoring information that it collects from local authorities (in our sector the Department for Education has recently announced that it is cutting funding for research and evaluation projects). While we understand the desire to free up councils from unnecessary bureaucracy and focus resources on delivery, it is hard to see how the Government will be able to effectively promote and enable if it does not have sufficient data to tell the difference between best and worst practice.

Question 8

26. We believe that local authorities have a crucial role to play in the fair transfer of power to communities. As previously mentioned, time and resources are not evenly distributed across the population. We are concerned that additional powers will be disproportionately utilised by those who are already powerful and have the confidence to navigate complex bureaucratic structures at the expense of poorer citizens who are less able to do so. This will particularly be the case for the suggested 'Community Right to Challenge', 'Assets of Community Value', 'Community Right to Build' and ability to hold local referenda on proposals which have collected sufficient signatures. Democratically elected councillors must ensure that local resources are justly distributed and that unpopular or minority needs are not forgotten or abused due to the 'tyranny of the majority'.

Question 9

27. The greatest potential problem for the Government's plans is that the cuts to public expenditure being made in the short term will weaken the voluntary sector to the extent that it is unable to deliver long term savings. Capacity and expertise that is lost over the next twelve months will not be quickly rebuilt when the financial pressure is lifted.

28. There is also a major conflict between the Government's localism agenda and its desire to revolutionise public service delivery. Government Ministers have been slow to adapt to an environment in which they must influence local public service delivery via persuasion rather than directly. In these circumstances, postcode lotteries are inherent to the new system, undermining the popular understanding that all citizens have an equal right to benefit from the welfare state. The disappointments and unhappiness which will inevitably be felt as the cuts bite could well then be compounded by a deep sense of unfairness, at complete odds with the Big Society.