

Smaller Government: “Bigger Society”?

Issues and Questions Paper

The Public Administration Select Committee (PASC) is undertaking an inquiry into the Government’s proposals for the “Big Society”, as part of its interest in the wider theme of smaller government. This paper outlines the key questions that those wishing to submit evidence are invited to consider.

Reasons for the inquiry

In a speech on 14th February 2011 the Prime Minister defended his idea for a Big Society and said that:

This is my absolute passion, I think it's a different way of governing, a different way of going about trying to change our country for the better and it's going to get every bit of my passion and attention over the five years of this government.

The Committee’s intention to conduct an inquiry into what the Government means by the Big Society, and its implications for government policy and structures, is therefore timely. The inquiry will consider in particular the desirability and implications of encouraging innovative forms of public service provision by social enterprises, co-operatives and the voluntary sector.

Background

During the election campaign David Cameron promoted a vision of a more socially active country in which citizens would step up and take over control of functions and activities of local interest such as schools, pubs and community centres: the “Big Society”.

These ideas have been subsequently fleshed out by the Coalition Government with the intention of taking “*power away from politicians and give it to people*”.¹ The Prime Minister described the Big Society as “*about liberation –the biggest, most dramatic redistribution of power from elites in Whitehall to the man and woman on the street*”.²

However, the concept has proved difficult to define. In one memorable attempt Lord Wei, the government’s adviser on the Big Society, described it as a “*coral reef*”

represented by the many current and future providers of those [public] services that add variety and innovation and humanity to their delivery. [...] it is the very fish that feed in these waters, the local citizen groups that can extend, vivify and shape this landscape in ambitious as well as humble ways.³

The concept has been criticised as being too vague and “woolly”; attempting to be all encompassing of the Government’s reform agenda. Ministers have also been accused of using the Big Society as a cover for the cuts in public expenditure which the Government has introduced to tackle the fiscal deficit.

¹ <http://www.cabinetoffice.gov.uk/news/big-society-heart-public-sector-reform>

² ‘Big Society Speech’ Number10.gov.uk 19 July 2010

³ [Lords Hansard, 16 June 2010 Cols 1010 -13](#)

Opening up public services by enabling charities, social enterprises, private companies and employee-owned co-operatives to compete to offer people high quality services is one of the three central tenets of the Government's support for the Big Society. This will require enhanced social investment. The primary vehicle will be the Big Society Bank capitalised with money from dormant bank accounts and £200 million provided by the banks as part of Project Merlin negotiated by the Chancellor of the Exchequer. The Government has also announced a "social investment strategy" to encourage people to put their own money into social projects.⁴

Separately the Government is promoting additional funding through increased giving and philanthropy and alternative sources of income on which it is currently consulting.⁵

The Government has set out a clear intention to enable charities and social enterprises (in addition to mutuals and cooperatives) to have a greater involvement in running public services, as agreed in the coalition agreement.⁶ The voluntary and community sector already derives 38% of its income (£12.8bn) from public bodies of which £9.1bn came from contracts.⁷ Some 13% of charities in the UK receive over half their income from the government.⁸ The Green Paper on Modernising Commissioning argues that "*there are a number of public service areas in which levels of non-state provision remain low and therefore the opportunities to benefit from civil society innovation are not fully realised.*"⁹ However, there is concern in the sector that the system of commissioning public services, for example through the use of payment by results, is not suitable for many voluntary bodies.¹⁰

The Big Society therefore depends on the voluntary and charitable sector playing an active part in delivering public services and galvanising community action. However, the largest part of government revenue for voluntary bodies through either commissioning or grant funding comes from local authorities.¹¹ Yet, as a consequence of the Spending Review and cuts in local authority budgets, commentators argue that current funding for the charitable sector is being scaled back or cut altogether in ways which threaten the sector's viability.

For example, Sir Stephen Bubb, head of the Association of Chief Executives of Voluntary Organisations, has said that charities and social enterprises have already had to make redundancies and scale back their work as a result of funding decisions:

You can hardly build a bigger society if the very people at the heart of that vision are cutting back on the work they do.

The Government has put in place a £100m Transition Fund to try and address this "funding gap" but there are doubts that it will be sufficient or will have the intended result of providing a safety net to charities.

⁴ [HM Government, Growing the Social Investment Market: A vision and strategy, February 2011](#)

⁵ [Giving Green Paper](#)

⁶ [HM Government The Coalition: Our Programme for Government, May 2010](#)

⁷ [The Funding Commission Funding the Future, December 2010](#)

⁸ NCVO *The UK Civil Society Almanac*, April 2010

⁹ [Cabinet Office *Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and co-operatives in public service delivery*, p 9](#)

¹⁰ [The Funding Commission Funding the Future, December 2010](#)

¹¹ [Ibid.](#)

The Government may therefore be facing a “Big Society” paradox: its two main priorities are bringing the fiscal deficit under control through significant cuts in public expenditure and a reform agenda which promotes greater decentralisation and localises accountability for decisions. As a consequence it is constrained in how far it can direct and influence continued funding of the voluntary and community sector as councils consider much reduced budgets for the next financial year.

The Committee would like to receive written evidence on the following issues in particular:

- 1. A definition of what the ‘Big Society’ is or should be.**
- 2. The impact and consequences of reductions in public expenditure on the Government’s ambitions to deliver its vision for the Big Society.**
- 3. The role of and capacity for the voluntary and community sector to deliver local public services including the appropriateness of using charitable income or volunteer labour to subsidise costs.**
- 4. Possible problems and challenges from increased commissioning of public service provision from the voluntary and community sector as envisaged by the Government.**
- 5. The right to form employee-owned public service co-operatives including the resources available to co-operatives, proposed powers, and rules governing their operation.**
- 6. Governance and accountability issues arising out of different organisational forms of social enterprises and co-operatives; and the participation of voluntary sector and community groups in greater public service provision.**
- 7. The implications for central government and for the civil service of policies which require them to promote and to enable, rather than to manage and to direct, public services.**
- 8. The place of local authorities in the transfer of power from Whitehall to communities and the role democratically elected local councillors should play.**
- 9. Potential conflicts with other aspects of public service delivery, such as individual focus of personalised public services or universal provision and uniform standards of public services (i.e. avoiding postcode lotteries).**

How to respond to this paper

PASC would appreciate receiving responses to any or all of the questions in this paper. Although some of the questions could be answered by a simple yes or no, it would be helpful to have fuller responses in order for us to understand the points being made. Some respondents may wish to concentrate on those issues in which they have a special interest, rather than answering all of the questions. Respondents may also wish to suggest any proposed recommendations for action by the Government or others.

Written responses to this issues and questions paper will usually be treated as evidence to the Committee and may be published as part of a final report. **If you object to your response being made public in a volume of evidence, please make this clear when it is submitted.**

Responses should be submitted by **Friday 18 March, 2011** by email to pasc@parliament.uk If you do not have access to email, you may send a paper copy of your response to the Clerk of the Public Administration Select Committee, Committee Office, First Floor, 7 Millbank, London SW1P 3JA.

Please note

Each submission should:

- be no more than 3,000 words in length;
- begin with a short summary in bullet point form;
- have numbered paragraphs; and
- be in Word format or a rich text format with as little use of colour or logos as possible.

The Committee expects to commence oral evidence sessions on this inquiry in April 2011.