

## THE BIG SOCIETY

PUBLIC SECTOR SPENDING CUTS AND COMMUNITY EMPOWERMENT



SCOTT DICKINSON



## FOREWORD

The Big Society lies at the heart of the Conservative-led coalition government's vision for reducing the power of the state and enabling people to take greater responsibility for their communities. Politically the Big Society divides opinion, between those who see it 'shifting state power to people power' (David Cameron) and those who think it is a cover for swingeing cuts to the public sector. In part this is due to the opaque nature of the concept itself, and also a lack of clarity about the policy implications arising from it. However it is clear that the Big Society is central to the governments' localism and personalisation agendas, and the devolution of resources and decision making to local government, communities and individuals on an unprecedented scale. In this Viewpoint, we discuss the different approaches to such devolution and their implications for the relationship between the individual and the state, drawing on our experience of community empowerment and neighbourhood renewal. I trust you will find it informative and instructive.

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### THE VIEWPOINT SERIES

The Viewpoint series is a series of 'thought piece' publications produced by SQW and Oxford Innovation, the operating divisions of SQW Group.

The aim of the Viewpoint series is to share our thoughts on key topical issues in the arena of sustainable economic and social development, public policy, innovation and enterprise with our clients, partners and others with an interest in the particular subject area of each paper. In each Viewpoint, we will draw on our policy research and implementation experience to consider key topical issues, and provide suggestions for strategic and practical solutions.

## WHATS THE BIG SOCIETY?

Before becoming Prime Minister David Cameron said The Big Society should lead to 'a society where the leading force for progress is social responsibility, not state control'. He has also said that it involves 'breaking state monopolies, allowing charities, social enterprises and companies to provide public services' and devolving power down to neighbourhoods and making government more accountable.

### What's the coalition government said about the big society?

The Coalition Government aims to:

- **Give communities more powers** – in particular with regard to planning and the running of services
- **Encourage people to take an active role in their communities** – by promoting volunteering and philanthropy
- **Transfer power from central to local government** – including greater financial autonomy
- **Support co-ops, mutuals, charities and social enterprises** – to increase the size of the not-for-profit sector and increase the diversity of providers of public services
- **Publish government data** – to inform the public about spending and service performance.

The Big Society agenda, therefore, aims to establish a new balance between what is done by the state and what is done via the market and voluntary action by individuals and not-for-profit groups and organisations.

In his **Big Society Speech** in Liverpool, 19 July 2010, the Prime Minister said 'we shouldn't be naïve enough to think that if the government rolls back and does less, then miraculously society will spring up and do more'. He went on to say the Government should support initiatives that unleashed community engagement, including:

- support for social action through voluntarism and philanthropy
- public service reform to give professionals freedom to exercise their expertise and new providers (charities, social enterprises and private companies) the space to innovate and respond to public need
- community empowerment so that at the neighbourhood level people are in charge of their own destiny.

### What might this mean in practice?

Thus, The Big Society includes moves to devolve resources and decision-making to:

- local government
- local communities e.g. neighbourhood groups
- individuals e.g. through choice of providers
- public sector staff e.g. via co-operatives and social enterprises.

In our view, each of these types of devolution will require different approaches and has different implications, in terms of the relationship between the individual and the state. SQW has worked on each of these aspects of devolution. This brochure focuses in particular on our experiences of community empowerment and neighbourhood working.

## WHAT'S THE CONTEXT IN WHICH THE BIG SOCIETY IS GOING TO DEVELOP?

In addition to the philosophical and political case for a reduction in the size of the state in favour of civil society, the Coalition Government is seeking to reduce public sector borrowing.

Within weeks of taking office £6 billion of cuts to public sector spending were announced and it is anticipated that the emergency Budget of June 22<sup>nd</sup> will result in further cuts estimated to reach £128 billion by 2015/16. In other words, through both principle and necessity the public sector will shrink and the space for not-for-profit and

voluntary activity will grow. The challenge is whether or not the not-for-profit sector will be able to grow to fill the space.

### **The government's spending review will reduce the size of the state**

The Coalition Government is undertaking a spending review which is intended to hold for the rest of this parliament. The review is structured around a number of questions:

- Is the activity essential to meet Government priorities?
- Does the Government need to fund this activity?
- Does the activity provide substantial economic value?
- Can the activity be targeted to those most in need?
- How can the activity be provided at lower cost?
- How can the activity be provided more effectively?
- Can the activity be provided by a non-state provider or by citizens, wholly or in partnership?
- Can non-state providers be paid to carry out the activity according to the results they achieve?
- Can local bodies as opposed to central government provide the activity?

Thus, via the Spending Review, **the Government is seeking to reduce the amount of activity that the state carries out relative to the private and not-for-profit sectors; and where public services are required, it is seeking to have more of them provided by the private and not-for-profit sectors.**

### **Risks for poorer areas need to be managed**

There are risks associated with the development of The Big Society at a time of fiscal austerity. A particular risk is that poorer areas (which are

more reliant on public sector spending than well off areas) will be hit hardest by cuts to public spending.<sup>1</sup> Furthermore, as SQW found in its research into the role of social networks in responding to economic recession, deprived communities often lack the "social capital" (or community resources) necessary to show resilience in the face of external shocks.<sup>2</sup>

Therefore, forward planning, capacity building and community engagement will be required, if the re-balancing of the relationship between the state, and the individual and communities is not to adversely affect areas and communities that rely on services traditionally provided by the state.

## **LESSONS ON COMMUNITY EMPOWERMENT FROM THE RECENT PAST**

Over the years, SQW has carried out many studies of national and local initiatives to empower communities to have a greater say in their areas.

The studies looked at:

- community consultation to improve services
- governance and management arrangements for different functions
- the scale at which engagement processes can operate effectively
- the costs of engagement and empowerment
- ownership of assets
- the services that are most amenable to effective neighbourhood consultation and devolution
- changes in the services demanded when communities and individuals are given choice

<sup>1</sup> *Financial Times*, 'Progressive cuts to hit the poor hardest', 21 June 2010, p. 3

<sup>2</sup> [http://www.sqw.co.uk/file\\_download/193](http://www.sqw.co.uk/file_download/193)

- community involvement in the prioritisation of spending and investments.

**Often engagement has been about improving services rather than making savings**

SQW's studies of community engagement have found that initiatives to promote community empowerment often focused on delivering better public services and engaging citizens effectively with local government. The initiatives were rarely aimed at identifying savings or cuts. It is therefore important that lessons from the past are not transferred uncritically to the present, as the context has changed. **Processes that worked in a time of increasing public sector spending need to be tested in order to make sure they are appropriate for a time of fiscal austerity.**

**With responsibilities comes the Need for formal arrangements**

Our study of neighbourhood governance<sup>3</sup> found different organisational forms (e.g. informal residents groups, parish councils and companies limited by guarantee) suited different empowerment and engagement activities, (e.g. informing the public, influencing decisions, making decisions, owning assets and running services). **When looking at devolution and moving delivery out of public sector control to the community – local leaders need to think about the functions to be transferred and the legal forms and governance arrangements that are required.**

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#### **With responsibilities comes the need for formal arrangements**

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#### **Size matters**

Our work on neighbourhood management<sup>6</sup> indicated that “neighbourhood working” worked well with populations of between 5,000 and 15,000 people: fewer than 5,000 people and it was difficult to recruit a sustainable flow of volunteers; but with more than 15,000 people the sense of shared experience could be lost. Thus, when considering engaging people at the neighbourhood level, **local leaders need to understand the optimum population size for neighbourhood arrangements, if the arrangements are to be effective.**

On the other hand, we also found that in order to keep down the average cost per head of running an initiative arrangements sometimes covered large populations of 20,000 or more. In such

cases, our research suggests that the benefits of community engagement at neighbourhood level could be lost.

#### **You get nothing from nothing**

Our research has found that cost data are often limited and therefore have to be viewed with a degree of caution, e.g. overhead and salary costs are applied in different ways in different areas.

The limited data we have showed:

- Neighbourhood management pathfinders (which had locally based staff working with residents) had annual running costs ranging from £10 a resident (for populations up to 15,000) to £40 a head for those with a population of around 5,000. Areas that ran neighbourhood management without a grant from central government tended to show average annual running costs of around £20-25 per resident.
- Estimates of the costs of resident involvement in social housing showed a similar figure of around £20 a head.<sup>7</sup>
- Estimates of the costs of participatory budgeting – which in practice is often an annual consultation with residents – indicated an annual cost per head of around £1.18 (excluding an average 11 pence per resident set up cost), but the costs can vary considerably.<sup>8</sup> It should also be noted that participatory budgeting often works best in areas with a history of community development. Areas without a history of community development would probably require much more than the 11 pence a head quoted above to set up a participatory budgeting process.

In other words, when considering using community engagement to set spending

<sup>5</sup> <http://www.communities.gov.uk/publications/localgovernment/exemplarsneighbourhood>

<sup>6</sup> <http://www.sqw.co.uk/nme/>

<sup>7</sup> Audit Commission and Housing Corporation, *Housing: Improving services through residential involvement*, 2004.

<sup>8</sup> <http://www.communities.gov.uk/documents/communities/pdf/1509753.pdf>



priorities, **local leaders need to be aware that engagement processes have costs, which have to be borne if they are to be effective.**

**The transfer of assets needs to be planned by owners and recipients alike**

SQW is conducting an evaluation of the Development Trust Association's Asset Transfer Unit. We have also carried out work on the Big Lottery Fund's **Transforming your space programme**, which included transfers of assets from the public sector to the community. Our work has identified some of the key steps required to pass over assets to community groups in a way that manages risk and enables them to improve local facilities and services, including:

- invest in the development of local capacity to manage an asset
- build trust between asset owners and community organisations
- ensure good legal advice is available to both parties
- make provisions in agreements for future use
- maintain relations after the transfer has occurred.

**Some services are more appropriate for neighbourhood empowerment than others**

Our work on neighbourhood management and parish plans<sup>9</sup> indicated some services lend themselves more to neighbourhood arrangements than others, in particular:

- housing management
- community safety and policing
- management of the public realm
- some youth and family support services
- pre- and primary school facilities, e.g. children's centres

- neighbourhood planning, including traffic management and small highways schemes
- some local health and well-being services.

Our research indicates, therefore, that when seeking to devolve or consult at the neighbourhood level, local leaders need to ensure that the focus of the work is on services relevant to that level. This of course means different routes to community engagement may be required for public engagement on strategic and regulatory issues and services, e.g. economic development, environmental health and large transport schemes.

**Making decisions is hard; making the right decisions in the right way is even harder**

Our research on participatory budgeting shows that there are many different ways to:

- **ask residents about their priorities**, e.g. local meetings to discuss priorities followed by votes to establish which issues are of most concern (as in Manton in the East Midlands)
- **generate ideas to address priorities**, e.g. by asking community groups and/or public service staff to outline suggestions for projects or changes to services
- **consult people about how to allocate resources between competing demands**, e.g. via presentations to provoke discussion prior to resources being allocated
- **work with communities to make decisions**, e.g. using postal ballots (as in York), electronic voting at public events (as in Newcastle), or low-tech approaches involving votes by sticking labels onto posters that set out individual proposals.

We have also found risks in devolved decision making, including "block voting" by interest groups that distorted voting process; and projects being selected not on the basis of how well they responded to local needs but on the basis of maximising spending in an area. These risks can

<sup>9</sup> [http://www.sqw.co.uk/file\\_download/113](http://www.sqw.co.uk/file_download/113)

be identified and managed in order to empower communities to make effective spending decisions.

## CONCLUSIONS

Overtime The Big Society could reduce demand for public services, as people and communities become more self-reliant.

Given the immediate pressures to reduce public spending, local authorities and other public service providers face tough choices, including:

- **Withdrawal of services** that are not seen as policy priorities, economically significant or legal obligations
- **Reductions in other services**
- **Reorganisation of service delivery** including out-sourcing to community, voluntary and private sectors.

These changes will open up space for community and voluntary activity; however, they may lead to scepticism about the broader vision of The Big Society.

In deprived areas that have been reliant on public services, investment will be required if community resources and capacity are to build sustainable, virtuous spirals of self-reliance among individuals, households and communities; rather than vicious circles of decline.

In responding to these risks, our research shows:

- Previous community empowerment initiatives have focused on community engagement and service improvement, rather than making savings. **Therefore, past approaches to engagement need to be adapted if they are to be used to set priorities for declining rather than rising budgets.**
- **Upfront investment in community engagement will be required if consultation is to be both fair and effective.**

- **Formal legal arrangements will be required if community organisations are to take over assets and/or run services – these will take time and resources to establish.**
- Areas with high levels of social capital are likely to reap the benefits of The Big Society, as they have the necessary capacity to make decisions, take on assets and run services. Therefore, **additional support will be required if areas with limited levels of community infrastructure and social capital are not to be left behind.**
- **Poor areas** often have lower levels of social capital and, therefore, **will require investment in the short-term, if long-term capacity and resilience is to be built up.**
- **Neighbourhood working operates best with populations of 5,000 to 15,000 people;** but financial pressures may push local authorities to operate on a larger scale, in order to keep down the average costs of their interaction with neighbourhoods.
- Some services are more amenable than others to neighbourhood-level engagement and devolution: in particular, housing management; public realm; community safety; primary schools and pre-school services; neighbourhood planning; some health and well-being services; and some youth and family services. The practicalities of which services make sense for community engagement and empowerment at which level needs to be borne in mind as The Big Society develops.

## SQW'S CORE SERVICES

- Appraisal, evaluation and economic impact assessment
- Demand assessment, feasibility and business planning
- Economic, social and environmental research and analysis



- Organisation and partnership development
- Policy development, strategy and action planning

## SQW'S AREAS OF EXPERTISE

- Changing public services
- Children and young people
- Development economics
- Economic development and competitiveness
- Energy and carbon management
- Environment and sustainable development
- Higher education
- Innovation and knowledge exchange
- Regeneration and neighbourhood renewal
- Science and technology
- Skills and employment
- Social inclusion
- Spatial development

## OUR NATIONAL WORK ON COMMUNITY EMPOWERMENT

- Big Lottery Fund, **Evaluation of Growing Community Assets Fund, 2007**
- Blackburn with Darwen Borough Council, **Review of Children's Centres' Governance Arrangements, 2007**
- Department for Communities and Local Government, **National Evaluation of Participatory Budgeting in England, 2008-2011**
- Department for Communities and Local Government, **National Evaluation of Local**

### **Strategic Partnerships and Local Area Agreements, 2008-2010**

- Department for Communities and Local Government, **National Evaluation of Neighbourhood Management Pathfinders, 2005-2008**
- Department for Education and Skills, **Research to Inform the Management and Governance of Children's Centres, 2005**
- Department of Environment, Food and Rural Affairs, **Integration of Parish Plans, 2006**
- Development Trust Association, **Evaluation of the Asset Transfer Unit, 2009-10**
- Highlands and Islands Enterprise, **Evaluation of the HIE Community Land Unit, 2009**
- New Opportunities Fund, **Evaluation of the Transforming Your Space Programme, 2004**
- New Opportunities Fund, **Evaluation of Scottish Land Programme, 2003**
- Office of the Deputy Prime Minister, **Exemplars of Neighbourhood Governance, 2005**
- Office of the Deputy Prime Minister, **Improving Mainstream Services in Deprived Areas, 2004**
- South East of England Development Agency, **Stopping the Spiral of Decline? Understanding the Importance of Social Networks in a Recession: A Case for Action, 2009**

## About us

SQW and Oxford Innovation are part of SQW Group.

For more information: [www.sqwgroup.com](http://www.sqwgroup.com)



SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning.

For more information: [www.sqw.co.uk](http://www.sqw.co.uk)



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