

## Campaign statement: public services and privatisation

- Public service cuts are a political choice, not an inevitability.
- Creating competitive markets in the voluntary sector through commissioning damages services, users and staff and threatens independence.
- 'Localism' and 'big society' plans will increase government control, erode accountability and equality and make it more difficult for communities to thrive.

**Independent voluntary and community action** is vital to civil society as it strengthens our democracy and gives us a diverse and plural society. Voluntary and community organisations hold to account the government and other powerful interests through advocacy and campaigning. The voluntary and community sector is a haven for new thinking, community action, and ways to fill gaps in services.

**Public sector** bodies are democratically accountable for the delivery and impact of services – local authorities have a key role – and they are capable of providing services effectively and efficiently. The voluntary and community sector is not equipped to run public services and doing so undermines advocacy and campaigning.

**Charities**, in common with the health and education sectors, have been pushed by successive governments towards a market model. Commissioning has replaced grants for much activity so local voluntary organisations are expected to compete with private firms and national charities to deliver a service which the government or local council wants.

**Commissioning** is bad for voluntary organisations because it ignores local knowledge and people's assessment of their needs, gives the largest and most corporate organisations the advantage, and leads to cutting of corners and bad employment practices. Crucially, it also reduces the ability of organisations to campaign on policy issues and divides them from each other through competition. Commissioning undervalues the purpose of local voluntary organisations: they provide services for people who will never be able to pay.

**The 'big society'** is not a coherent plan but a government marketing term for privatisation and spending cuts. It is linked to the Localism Bill, which promises to shift power from central government to local people, councils, charities, businesses and social enterprises. But rather than locally-rooted independent action it means a hands-off state and an expansion of the New Labour government's support for a powerful privatised market.

**Community groups** get little public money so will not be directly affected by spending cuts but demand on them increases when cuts to public services put pressure on the communities they serve.

**The policy context.** During the 1980s state assets such as gas, electricity, telephones and railways were sold off and public services such as hospital cleaning began to be contracted out. This privatisation continued piecemeal through the later years of the Conservative administration and was picked up with renewed energy by the New Labour government in 1997, who re-branded it as 'public service reform' and 'modernisation'. The coalition government which came to power in 2010 has speeded up the privatisation of most of our remaining public services.

The ideology remains that public services will be improved by contracting them out in a regulated market environment. This has never been demonstrated but that doesn't seem to bother the politicians – the scale of contracts is now huge.

**The damaging effect on voluntary action.** In 2010 we saw the beginning of severe cuts to public expenditure that will continue for several years ahead. The combination of privatisation and cuts leaves many voluntary organisations in the position of delivering services without the resources to do so.

The debate about the role of voluntary organisations in delivering public services has been dominated by vociferous support for the contract culture by some national organisations (ACEVO, most notably), and a few large national charities who have opportunistically expanded their service provision (including local services in many cases).

At local level, the predominant response appears to have been, 'this is the only game in town – we have no alternative but to go along with it'. Many of the second tier support agencies, like councils for voluntary services, have gone along with the privatisation policy, mounting programmes designed to help voluntary groups compete for contracts. Grant programmes – on which community groups depend – have also got sucked into the process, egged on by the relentless requirements of central government that all local spending should be seen to contribute to top-down priorities, whether they are centrally established targets or the 'big society'.

Commissioning has been used to implement privatisation in the voluntary sector, with prescriptive specifications, tendering and competition between services and rigid performance management frameworks. Many locally based, service providing, voluntary agencies have been forced to bid competitively for their own grants. Some have gone under. Many more have retained their income at the cost of altering or realigning their activities, drifting from their mission, forming themselves into consortia that may not make good sense, providing subsidy to the state as more service is required for less money, or finding themselves subject to inappropriate monitoring that erodes their independence and ability to respond to the needs of communities.

A large part of the voluntary sector has been turned into a delivery van for the state and state services. Which was the cue for our opposition to these moves – 'we are not an arm of the state, we have our own arms!'

Read our paper [Voluntary action under threat](#) for evidence on the effects of commissioning, cuts, localism and 'big society' on community groups and charities.

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