



# From Big Society to Social Productivity

Henry Kippin and Ben Lucas

### **About the RSA**

The RSA has been a source of ideas, innovation and civic enterprise for over 250 years. In the light of new challenges and opportunities for the human race our purpose is to encourage the development of a principled, prosperous society by identifying and releasing human potential. This is reflected in the organisation's recent commitment to the pursuit of what it calls 21st century enlightenment.

Through lectures, events, pamphlets and commissions, the RSA provides a flow of rich ideas and inspiration for what might be realised in a more enlightened world; essential to progress but insufficient without action. RSA Projects aim to bridge this gap between thinking and action. We put our ideas to work for the common good. By researching, designing and testing new ways of living, we hope to foster a more inventive, resourceful and fulfilled society. Through our Fellowship of 27,000 people and through the partnerships we forge, the RSA aims to be a source of capacity, commitment and innovation in communities from the global to the local. Fellows are actively encouraged to engage and to develop local and issue-based initiatives.

### **About The 2020 Public Services Hub**

The 2020PSH is a research and policy development hub created from the legacy of the 2020 Public Services Trust – specialising in developing practice-based research on social productivity in public services. Based at the RSA, the Hub works collaboratively with local public service organisations, national sector leaders and other national partners to develop social value and social productivity thinking into local and national practice. The pressures on public services are many and varied – spending cuts, future demands, and

the challenge of engaging more effectively and creatively with citizens and communities. Within this context, the 2020PSH seeks to apply a long-term, strategic perspective on these pressures, and develop socially productive responses in collaboration with its partners.

### **About Citizen Power Peterborough**

Citizen Power Peterborough is a partnership between a pioneering, active think-tank (RSA), an ambitious local authority (Peterborough City Council) and an influential national arts body (Arts Council). The programme represents a new approach to place-shaping, exploring how the renewal of civic activism and community action might improve attachment and networks between people, build local participation and cultivate public service innovation.

### **About the Authors**

Henry Kippin is a partner of the 2020 Public Services Hub, and was Manager of the Commission on 2020 Public Services.

Ben Lucas is principal partner of the 2020 Public Services Hub, and was director of the 2020 Public Services Trust.

### **Acknowledgements**

The authors would like to thank colleagues at the 2020 Public Services Hub, the RSA Projects team, and Citizen Power: Peterborough. Special thanks to Jeff Masters for helping to shape several of the ideas in this paper. Thanks also to Dan Corry, Simon Griffiths, Mike Kenny, Sam McLean, Thomas Neumark, Emma Norris, Greg Parston, Matthew Taylor and Julian Thompson for helpful comments on earlier versions of the paper. All errors remain those of the authors.

# From Big Society to Social Productivity

- <sup>1</sup> Quotes from Ipsos MORI Summer 2010 slide pack *'Big Society: what do we know?'* online at [http://www.ipsos-mori.com/\\_emails/sri/latestthinking/aug2010/content/1\\_big-society-what-do-we-know.pdf](http://www.ipsos-mori.com/_emails/sri/latestthinking/aug2010/content/1_big-society-what-do-we-know.pdf)
- <sup>2</sup> Headline from an essay by David Cameron in *The Observer*, 12.02.11
- <sup>3</sup> (2010) Crawford, R., *'Where did the axe fall?'* Presentation on 21 October 2010, Institute for Fiscal Studies (IFS), <http://www.ifs.org.uk/publications/5311>
- <sup>4</sup> *'Stealing the Big Society'* in *The Guardian*, 08.02.11 online at <http://www.guardian.co.uk/commentisfree/2011/feb/08/stealing-big-society-ed-miliband>
- <sup>5</sup> Cowley, P. & Kavanagh, D. (2010) *The British General Election of 2010* London: Palgrave Macmillan
- <sup>6</sup> See for example *'Through a Glass Darkly'* in *The Economist* 04.02.11 online at <http://www.economist.com/node/15452867>
- <sup>7</sup> See for example *'We're living in Broken Britain, say most voters'* in *The Times*, 09.02.10 online at <http://www.timesonline.co.uk/tol/news/politics/article7020009.ece>
- <sup>8</sup> Most obviously by Prime Minister David Cameron in *The Observer*, 12.02.11 online at <http://www.guardian.co.uk/commentisfree/2011/feb/12/david-cameron-big-society-good>
- <sup>9</sup> See for example *'David Cameron's spending cuts are undermining the Big Society, charity chief claims'* in *The Telegraph*, 07.02.11 online at <http://www.telegraph.co.uk/news/politics/8307867/David-Camerons-spending-cuts-are-undermining-Big-Society-charity-chief-claims.html>
- <sup>10</sup> *'Liverpool pulls out of Big Society pilot scheme'* in *The Times*, 04.02.11 online at <http://www.thetimes.co.uk/tto/news/politics/article2899044.ece>

**'Its about kind of a collective coming together and looking after each other rather than expecting the government to do it all.'**

**'...it's a pipe dream. Society has been torn down and it will take a long time to get back.'**<sup>1</sup>

**'Have no doubt, the Big Society is on its way'**<sup>2</sup>

The future for public services is being shaped by a twin narrative: an immediate deficit reduction plan squeezing the fiscal resources available; and the Big Society – the grand narrative underpinning the Coalition's long-term vision for the future.

The problem of the deficit has been clearly presented, and the narrowness of spending parameters for public services well documented. The government's plan is to eliminate the structural deficit by 2015, implying an overall fiscal tightening of £110b by that year, with 73% of this reduction (£80b) coming from cuts in public spending<sup>3</sup>. The coalition government and opposition are united in the need to bring the deficit under control, even though they remain sharply divided on the timing, and on the proper balance between tax rises, spending cuts, and how to generate growth. No-one can predict the long-term impact of spending cuts, but despite differences on the scale of these, a conviction in the need for greater fiscal austerity is shared across the political spectrum.

In contrast, the Big Society narrative remains hazy. It is, as Jesse Norman MP has argued, a 'big idea', 'not reducible to a single soundbite'.<sup>4</sup> In the run up to the general election, Conservative Party activists reported that the concept was hard to sell on the doorsteps.<sup>5</sup> This may have been because the Big Society policy prescriptions in the Party's manifesto seemed peripheral – a Big Society Bank, a Big Society Day, and a call for greater participation with "every adult in the country a member of an active neighbourhood group" – rather than a programme for governing.

In government, the story has moved on. The Coalition has marshalled policy proposals from a range of areas under the Big Society banner. Increasingly, it has been fused with a localism agenda. As a notional solution to the problems of 'Broken Britain'<sup>6</sup> and a counterpart to the Post-Bureaucratic State, the concept has an intellectual hinterland.<sup>7</sup> But despite recent attempts by the Prime Minister to shore up its role within the government's programme<sup>8</sup>, the concept retains an essential looseness, a weightlessness, which could undermine its potential to become a governing philosophy.

This seeming asymmetry between the twin narratives of deficit reduction and Big Society creates real risks. For many that depend on public services, the consequences of these risks could be long lasting and profound. Much government focus has been on the upside possibilities of a Big Society approach, and there has been comparatively little acknowledgement or discussion of its downside risks and transitional difficulties. Recently however, this has changed. Threatened by the impact of local authority spending cuts, voluntary sector leaders have begun to speak out.<sup>9</sup> And the city that agreed to become a Big Society champion – Liverpool – has recently pulled out, with Council Leader Joe Anderson saying the city 'could no longer support the Big Society initiative'.<sup>10</sup>

<sup>11</sup> See 'The Big Society: a cloak for the small state' in The Independent, 13.02.11 online at <http://www.independent.co.uk/opinion/commentators/ed-miliband-the-big-society-a-cloak-for-the-small-state-2213011.html>

<sup>12</sup> Halpern, D. (2009) *The Hidden Wealth of Nations* London, Polity Press

Articulate advocates for the idea have emphasized its long-term, transformative potential, with Red Tory author Philip Blond and Jesse Norman MP both locating the Big Society between the poles of free-market fundamentalism and top-down statism. And despite decrying the concept as a 'cloak for cuts', Labour leader Ed Miliband has similarly called for a model that rebalances the relationship between citizens, civil society and the state, increasingly seeing government as an enabler: not pulling back, but doing things differently and focusing on building community capacity.<sup>11</sup> Many within Labour have chosen to promote the Good Society as an alternative to the Big Society. But there is much in common between these essentially loose concepts. At their core both are about seeking to establish a stronger, more associational civil society which is social in its character and they both therefore reject neo-liberal economics and state paternalism.

However, because the Big Society has so far been predominantly presented as a vision, what it lacks is a strategy. Ends require means. And it is not yet clear what these will be. In particular, if the Big Society is to be a theory of governance then we need to think through what its implications are for the economy and for the state. Some of the leading advocates of the Big Society have developed an argument for an economy more imbued with social purpose, which implies breaking up cartels such as the banks, a tougher anti-trust style competition regime, greater localization of finance capital, and a move away from the emphasis on short term shareholder value. But there is very little sense that the Coalition Government has yet adopted anything like a Big Society approach to the economy.

There is an increasingly lively debate about the difference between the Good Society and the Big Society, but both are rooted in the view that we need a stronger civil society in which co-operative social institutions are powerful enough to serve as a counterweight to both the state and the private sector. However, the key, hitherto insufficiently explored question is about the role of the state. In practice, we know that the state will continue to be responsible for funding, and regulating many public services, as well as ensuring their provision (if not directly providing them). And we also know that such is the inequality of social capital and capacity across the UK that the state will have to do more than stand back if civil society is to flourish on an equitable basis. But there is no new framework or consensus that helps provide policy makers, the public and civil society organizations with a guide to action about the proper balance between state and community.

So as we move into a period during which budget constraint and policy flux will create real, on the ground change, is it possible to recognize insights into the limitations of top-down service delivery and the 'hidden wealth'<sup>12</sup> of citizens, whilst at the same time thinking more seriously about the role of the state? Can we carve a path between the need for more sustainable public services over the long term, and the need for a route-map that is concerned with equality, and that builds the capacities of citizens?

# Public Services and Society – what do we know?

<sup>13</sup>Male, 25-39. Oxford – quoted as part of the 2020 Public Services Trust's deliberative work conducted with Ipsos MORI. See Ipsos MORI (2010) 'Citizen Engagement: testing policy ideas for public service reform' London, Ipsos MORI & 2020 Public Services Trust p.4

<sup>14</sup>See for example Taylor-Gooby, P. (2004) 'New Risks, New Welfare' Oxford; Oxford University Press

<sup>15</sup>Norman, J. (2010) 'The Big Society: the anatomy of the new politics' Buckingham, University of Buckingham Press p.4

**'...so they sort of enable society to exist – is what public services do...'**<sup>13</sup>  
Male, 25-39, Oxford, 2010

The future role of public services is at stake. They are the essential bridge institutions between the state and citizens and their function and form should reflect the sort of society we want to live in. The British post-war welfare state built a new structure of social protection on top of the foundations of pre-existing voluntary provision. Where voluntary provision was patchy and uneven, the power of the central state was invoked to extend fair access to all. In the words of William Beveridge's 1942 Report, "all citizens without distinction of status or class [should be] offered the best standards available in relation to a certain agreed range of social services".

This dominant state role in financing, providing and regulating welfare provision has largely continued, but in more recent years the balance has shifted. From the 1980s onwards there has been an ever increasing use of market and quasi-market mechanisms in the delivery of public services, and the growing acceptance of a plurality of providers across a range of previously public sector provision. At the same time, the range of welfare services guaranteed (if not always provided) by the state has broadened: a result of changing patterns of household organisation, increasing female labour market participation and new care needs arising from an ageing population.<sup>14</sup>

As we have discussed, the Big Society narrative taps into an emerging body of thinking across the political spectrum that questions the limits of our current model of government, and the long-term efficacy of delivery-focused state action. Jesse Norman MP calls this 'the new centre ground of British politics'.<sup>15</sup> And though many may disagree, there is increasing acceptance that much of the impulse behind Big Society thinking is sound, even if some of the conclusions that have been drawn are not. For example, writers such as David Halpern have shown us there is plenty of citizen energy that is left untouched by a system that finds it hard to understand the complexities

of the lives we lead, or to engage properly with us. Innovative work with families and neighbourhoods by organizations such as Participle, Action for Children and Turning Point show us that more energy and insight could be generated, given the right conditions.

We know that many share the critique that a centrally driven, top down approach to public services has reached the limits of its effectiveness. This was the strongly held shared view of the Commission on 2020 Public Services; its conclusion was that our framework for public services is increasingly out of step with our times and the lives of citizens today.

New forces – global, technological, demographic, environmental, and social – are reshaping our lives. They are exposing us to new types of risks and opportunities. They are democratising information, and offering new ways for citizens to work together. As a result, our expectations of what the state should do and how it should relate to us are changing. We are more sceptical of the idea that the state can simply deliver progress to us, recognising the role that we need to play in shaping our own lives and futures.

These are powerful forces for change, often highly uneven in their implications for different individuals and communities. And they lead to a fundamental set of choices. Continuing to do things in the same way, but with fewer resources must inevitably lead to worse social outcomes and would be a failure of leadership. How governments – left and right – respond is one of the most important questions of our age.

Attempts to reinvigorate state provision with civil society motivation are recurring themes over the last three decades, and the Big Society sits within this tradition. What is significant and new is its prominence within the public service reform narrative.

# Public Services and the 'third sector'

<sup>16</sup>Gordon Brown's first Budget announced a charity tax review, leading to substantial changes in Tax Aid. In 1998 the government introduced a 'Compact' – a voluntary code to govern relations between the state and the voluntary sector – based on the recommendations of NCVO facilitated Deakin Commission. Cross government co-ordination was encouraged through a series of Treasury lead cross cutting reviews, culminating in the establishment of the Office of the Third Sector (OTS) in 2007. Positioned in the Cabinet Office, the OTS had its own Minister, uniting work to support volunteering, and voluntary and community groups with support for social enterprises. Development of the sector was promoted as a national government priority through the PSA framework and local government performance indicators.

<sup>17</sup>National Council for Voluntary Organisations (NCVO) Commission on Funding, Paper 4, August 2010, [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

<sup>18</sup>This is in large part due to heightened concerns about equality. See for example Kippin, H. (2010) *'How can entitlements improve quality in public services and give citizens greater control over them?'* in Progress (2010) Building Britain's Future: Progress Downing Street seminars Autumn 2009' online at [http://clients.squareeye.com/uploads/prog/documents/Building%20Britain%27s%20Future\\_2.pdf](http://clients.squareeye.com/uploads/prog/documents/Building%20Britain%27s%20Future_2.pdf)

From Housing Associations in the 1980s to more recent interest in social enterprise and mutuals, governments of all persuasions have looked to civil society: to provide a non-state, but also non-market challenge to incumbent providers; to infuse public services with new sources of inspiration and motivation; and for the offer of credible, quality and cost-effective alternative service provision alongside the moral security of a non-profit motive.

Labour governments since 1997 were very active in promoting the role of civil society in public services,<sup>16</sup> and a concerted attempt was made to develop the 'third sector', explicitly bringing social enterprises into the same civil society camp as voluntary and community organisations. Efforts to bolster the capacity of third sector organisations to deliver public services were part of a broader policy agenda to increase the plurality of public service providers. Labour invested in this significantly. The Capacitybuilders programme developed a network of infrastructure organisations provided wide ranging advice and technical support to the sector. From 2003, Futurebuilders provided grants, loans and technical support to third sector organisations so that they would be capable of winning and delivering tendered public services. In its twilight years, Labour also developed an increasing interest in co-operative and mutual models of public service delivery, promoting spin-outs from the public sector, particularly in health.

Overall, government funding of charities increased by a half between 2000/01 and 2007/08, from £8.4b to £12.8b, rising from 32% to 36% of sector funding, but still accounting for only 2% of government expenditure. In 2007/08 23,000 charities relied on local government for more than half their income, although 75% of charities had no direct financial relationship with the state.<sup>17</sup>

Large and concerted investments in supply side development arguably strengthened and grew the sector at a pace it could stand. But with a more critical eye, it could be argued that the Labour government never really understood – or wasn't prepared to allow – the disruptive potential of civil society to change public services. It never got beyond the top down or entitlements-based approach.<sup>18</sup> It wasn't willing to take off the shackles or properly let go. Whilst it talked about 'transformation', this was often just a 'transfer' of essentially the same services from the public sector to the third sector.

The challenge for the Coalition government's Big Society is the reverse. The prominence given to civil society within the coalition's policy agenda is a recognition of its transformative potential. It 'gets' the idea of letting go. But by contrast, it appears both overly hopeful about the capacity of civil society to take immediate advantage of this liberty, and insufficiently clear about how existing public services institutions can better stimulate civil society, particularly where engagement is most lacking.

# Missing the Point?

<sup>19</sup>Alcock, P. (2010) *‘What are our future sources of welfare? A new role for the third sector’* London, 2020 Public Services Trust online at [http://clients.squareeye.net/uploads/2020/documents/esrc\\_supplieside.pdf](http://clients.squareeye.net/uploads/2020/documents/esrc_supplieside.pdf)

<sup>20</sup>Thaler, R.H. & Sunstein, C.R. (2008) *‘Nudge: improving decisions about health, wealth and happiness’* New Haven, Yale University Press

Both the previous Labour government and the current Coalition have missed a part of the picture. Despite creating legislative, financial and cultural incentives to stimulate civic innovation or build the capacity of civil society organisations, both have – in different ways – begun from the wrong starting point. For Labour, the starting presumption has been to view the development and expansion of civil society through the lens of government structures. To stimulate civil society, their approach mandated that the state must be the quickening force – as funder, shaper and regulator, and even promoting a new institutional identity for the ‘third sector’.<sup>19</sup>

The coalition thinks rather differently, believing that the existing state and civil society are largely at odds. An over-large state removes the need and impulse for civil renewal and civic innovation. Public services are themselves partly an expression of dependency culture, and a suppression of the ability of citizens to act collectively and bring bottom-up solutions to bear on public problems.

Both approaches encounter problems. An overbearing institutional focus can narrow or stifle the potential for innovation. But blanket state withdrawal is a recipe for damaging inequalities and a return to the unemployment and civic unrest of the 1980s. The Coalition’s formulation of the Big Society appears to have several major weaknesses:

► **Role of the central state** – The Big Society’s dominant focus on the role of society has left the role of the central state undercooked. What should be the role of the state in ensuring equality, setting entitlements or regulating performance? In practice, the Coalition is pursuing a policy of simplification of tax and benefits which could underpin an approach based on the state guaranteeing national citizen entitlements, but being much less prescriptive about how these are delivered. But this is far from a developed framework. For instance, we have heard little so far about the relationship between the single universal benefit and the merging of income tax and NI on the one hand, with

the development of the Big Society on the other. This means that what we have so far is partial and inadequate as a governing philosophy. And this weakness has meant that – to date – it has not proved sufficiently relevant to decision makers as a guide to action on some of the biggest issues for the Coalition. There was little evidence of its influence framing the choices made by certain key departments, in the Spending Review, or in the Budget, for example.

► **The economy & the social role of business** – At the heart of Big Society thinking is a rejection of neo-liberal economics. The Big Society builds on developments in neuro-science, psychology and behavioural economics to expose the fallacy of what Richard Thaler and Cass Sunstein call ‘economic man’<sup>20</sup> and places much greater emphasis on the role of social networks in influencing our behaviour and shaping our society. This has led Big Society advocates to argue for a more social economy, emphasizing the social trust on which markets depends, with businesses exhibiting a much clearer social purpose. All of which is a significant challenge to the shareholder value maximization model of anglo-saxon capitalism of the past three decades. Again in practice, we can see signs of a new approach towards banks and industrial policy, and an interesting campaign being led by Jesse Norman MP to get infrastructure companies to give back some excess profits made from PFI contracts. But there are significant gaps in the picture when it comes to local finance and local economic development. Moreover, none of these strands have yet been woven together with the Big Society in a way which gives much practical guidance to policymakers.

► **Role of the local state/local government** – As former Speaker of the US House of Representatives Tip O’Neill famously said “all politics is local”. Superficially it would appear that the Coalition has taken this observation to heart, with ‘localism’ one of the most distinctive themes for the new government. But on closer examination it

<sup>21</sup> See for example 'Osborne talks tough on cutting benefits' in the Financial Times, 09.09.10 online at <http://www.ft.com/cms/s/0/c3d92842-bc41-11d1-8c02-001444feab49a.html#axzz1Ds5CCKWE>

<sup>22</sup> Centre for Cities (2010) 'Cities Outlook 2010' London, Centre for Cities p.7

<sup>23</sup> Lee, N. (2010) 'No City Left Behind?: the geography of recovery and the implications for the coalition' London, Work Foundation

<sup>24</sup> This is the basis of much recent criticism of the programme – see for example 'My Challenge to Cameron: try running a charity and face the reality' in The Times, 24.01.11 online at <http://www.thetimes.co.uk/tto/news/politics/article2885720.ece>

becomes apparent that what is primarily being promoted is localism without the politics. The Commission on 2020 Public Services characterized this type of localism as 'radical liberalisation'. In this model, diverse suppliers, for example Free Schools, or GP Commissioning Units, are centrally funded and locally autonomous and insofar as co-ordination or integration between services takes place, this is driven by the logic of market forces. The risks in this are significant. It could lead to a further strengthening of service silos, with the localism it seeks to promote potentially undermined by the fact that the key funding decisions will still lie with central government. There is an alternative model based on strengthening the legitimacy and civic role of local democracy, with local government acting as the co-ordinating force across public services and helping to facilitate city and sub-regional economic growth. This would require finance to be aligned with local powers and functions. There is the slightest of nods towards this direction in the new community budget pilots, in the establishment of sub-regional Local Economic Partnerships and in the prospect of a review of local government finances. But this is currently a pale shadow of the silo localism which is being pursued in health and education.

- **Managing transition in an unequal country** – At the very heart of the Big Society thesis is the notion that, although necessary to correct distributional imbalances within the UK economy, state spending has crowded out civic and private sector activity, rendering local economies – and indeed local people – dependent on an over-active state. In this sense the argument

mirrors national debate over welfare benefits, into which one key coalition member has cast the problem of dependency on the state as a 'lifestyle choice'.<sup>21</sup> Yet even if we accept this thesis, rebalancing the role of state and society is a job that must be undertaken with proper awareness of the reasons for public sector dominance, and the particular challenges of transition. As the Centre for Cities warned in 2010, the recent financial crisis and recession has actually 'reinforced disparities between places', so that 'many of the cities that have been hit hardest are places still suffering from the legacy of industrial restructuring and previous recessions'.<sup>22</sup> In these communities, cities and regions, public spending has acted as a social and economic 'shield'.<sup>23</sup> Any paring back of this shield without properly considering the role of the state in building social capacity in its place could have serious consequences, both socially and economically.

More practically, there appears a mismatch between the optimism of Big Society advocates for voluntary alternatives, and the existing capacity of civil society to take up the strain.<sup>24</sup> Whilst the Big Society seeks to define an entirely new approach, its roots lie in a much longer tradition of attempts by both Labour and Conservative governments to mobilise civil society for public purposes. For instance, many of the Coalition's Big Society policies share striking similarities to late era New Labour – such as mutual employee ownership of public services, on-line services and the provision of capital to voluntary organisations. But the conditions under which this 'evolution' is expected to continue are today very different.



# Big Society... Good Society... Social Productivity?

These conceptual and practical issues point to the need for a clearer and more systematic approach to the changing relationships between state, market, citizens and society. In different circumstances, the appropriate mix of state, citizen and civil society activity will be different. In some cases, this is a product of path dependency – a legacy of trust between citizens and their government; or an acceptance that citizen collaboration can be done through – not in spite of – public or collective organisations. In other cases, the role of the state and public services has been built on civic association – leaving room for collaborative solutions to emerge within a more liberal political system. Each model has different implications for, and effects on, equality, societal cohesion and economic growth. And what is important is not how big the state is or how many community organisations exist, but how far the interaction between these and other actors is producing the kind of society we want to see.

Comparative and historical lessons can help in understanding the role of different stakeholders in society; the story of these relationships is one of continuity, as well as change. For the Big Society to endure, its advocates and critics must focus less on ideological questions about where the boundaries of the state should be drawn, and more on how – at those boundaries – the state is interacting with others, both to create value together and to stimulate new resources. A big or good society needs great public services – but in order for this to be the case, a new approach is needed. We argue that this approach should start with what the 2020 Commission has called ‘social productivity’, which focuses on the social value which is created through the interaction between public services and civil society.

The concept of social productivity also begins with the citizen, and questions the top-down, service delivery-focused model. Yet rather than viewing public services as things – to be improved, delivered, consumed – social productivity represents an activity: active engagement with citizens to understand their needs and generate improved social outcomes together, through a variety of means. It is facilitative rather than prescriptive. Rather than viewing the state, market and society in opposition to each other, the approach seeks to strengthen the contribution each can make to achieving public goals.

**‘Social productivity is focused less on ideological questions about where the boundaries of the state should be drawn, and more on how – at those boundaries – the state is interacting with others, both to create value together and to stimulate new resources.’**

In contrast with the big society – where inconsistent attention appears to have been given to identifying and managing the downside risks – a social productivity approach takes as given that its impact is likely to be uneven. This awareness means that greater attention is given to how this unevenness – and the obvious implications of this for citizens and communities – can be anticipated, measured and addressed, and how the playing field can be levelled.

<sup>25</sup> Porter, M. E. & Kramer, M.R. (2011) *'The Big Idea: Creating Shared Value'* Harvard Business Review online at <http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/1>

<sup>26</sup> Bason, C. (2010) *'Leading Public Sector Innovation: co-creating for a better society'* London, Policy Press

<sup>27</sup> Commission on 2020 Public Services (2010) *'From Social Security...'*

At root, the concept of social productivity is based on insights into value creation in public services that informed the 2020 Commission's work: how public value can be created through effective governance; how social value might be measured or captured; how economic and productive value can be realized through reconfiguring service funding or provision. A rich seam of thinking from political science, public administration, design and marketing cuts across these ideas, typified in work by Mark Moore, John Benington, Greg Parston, Gerry Stoker, Stephen Vargo and Robert Lusch; through organizations like MindLab, NESTA, NEF, the Innovation Unit and the Young Foundation and, recently, in Michael Porter and Richard Kramer's exploration of 'shared value'.<sup>25</sup> Much of this advances a common insight: that value in public services cannot simply be delivered, but is 'co-created'<sup>26</sup> – between the service and the person(s) using it. As the Commission wrote:

**'By viewing public services as entitlements that are presented to citizens, (we) underplay the importance of the citizen's response in getting the most from these services.'**<sup>27</sup>

Social productivity is founded on the principle of social citizenship. So it marks a departure from New Public Management thinking with its emphasis on marketising public services in order to make them more responsive to consumers. Instead it builds on the capability ideas of Amartya Sen, combined with the social capital analysis of Puttnam and Sennett and the communitarian ideas of Etzioni. Social citizenship is about agency, responsibility and reciprocity with social value in public services being jointly created by citizens, public servants, governments and other partners and stakeholders. The world's best hospitals and schools cannot on their own produce the best social health and education outcomes; patients, students and parents must play their part too – in innovative processes of co-creation of public value. Public services should be judged by the extent to which they help citizens, families and communities to meet basic needs (e.g for housing, health, education and employment), grapple with the problems they face, live the lives they choose, and achieve the social outcomes they desire. Socially productive public services should: help create social value for citizens and communities; enhance citizen autonomy, capability and resilience; unlock citizen resource; support existing social networks and build collective capacity.

### Three shifts for 2020 Public Services

We believe that three profound shifts are needed in public services to enable a new focus on social productivity to succeed.<sup>28</sup>

#### 1. A shift in culture

Public services must engage and enrol citizens, families, communities, enterprises and wider society in creating better outcomes as partners. The state, market or society alone cannot achieve this. So our goal must be a new culture of democratic participation and social responsibility.

- Rather than allow cash strapped public realm services such as libraries, parks and leisure centres to close, wherever possible these should be run as mutuals by local people.
- Parents and local communities should be free to agree educational outcomes and codevelop curriculums with local schools; 'free schools' should not be the only new way in which parents can be involved in local education.
- New lifecycle social accounts should track tax, benefits and service use, and allow social contributions to be recorded and valued.

#### 2. A shift in power

Our Whitehall model cannot deliver the integrated and personalised public services that citizens need. We need to invert the power structure, so that services start with citizens.

- Citizens should control more of the money spent on services such as long-term care, health and skills, backed up by choice advisers or mentors.
- Neighbourhoods should be able to commission their own integrated services.
- Welfare services should be locally controlled; with city regions and large counties setting their own living wage.
- A new deal should be brokered for cities and counties, in which they take over primary responsibility for strategic commissioning of most public services.

#### 3. A shift in finance

Public services must be more open, transparent and understandable to citizens. Contributions and benefits across the life cycle must be clearer, allowing citizens to use public services responsibly.

The way we finance public services must reflect the purposes they are intended to achieve.

- Citizens should receive annual online statement from their social account of contributions made and benefits received.
- Co-payment and partnership funding models should be used where services generate personal as well as public benefits, such as higher education, and long-term care.
- Payment by results should become the norm in as many areas of service delivery as possible.
- Social impact bonds should be extended, to enable local investment in prevention and early intervention.

# Developing a framework and practice of social productivity

The 2020 Public Services Hub at the RSA – in partnership with RSA Projects and Citizen Power: Peterborough – is exploring the potential of a social productivity approach to provide a framework for re-thinking the design, delivery and accountability both of national service sectors and of local public services. We are asking how insights into value creation and citizen engagement can give public managers the tools to think about how to create more cost-effective services that meet new patterns of social need. Through research into social networks and community connections, the RSA is already trialling practical initiatives that address problems of substance abuse, social exclusion and powerlessness. And the establishment of the 2020 Hub provides an opportunity to develop new, collaborative approaches. Through bringing together insights into good practice, local innovation and comparative thinking, the Hub will help to create a space in which social productivity can be turned from theory into practice

By working with national and local partners we will seek to develop a body of social productivity practice which can help to answer some of the fundamental questions facing public services:

## **How can a social productivity approach help create sustainable alternatives to service closures and what are the new forms of social value that transformed public services ought to generate?**

Take libraries: They face an unprecedented funding crisis with some estimates suggesting that hundreds could close. But the defence often fails to take into account how much they would need to change as a service if they are to remain sustainable. They have sometimes seemed to be *in* but not *of* communities. The challenge for community libraries is whether they can become social institutions which help generate wider social value, through for example becoming homework clubs, community service hubs, and social centres.

In some cases this may depend less on the need for professional librarian services and more on the need for new forms of community ownership and support. The 2020 Hub is exploring these issues in collaboration with Social Enterprise London.

## **What information and resource gaps would need to be filled at a local level in order to develop greater community resilience?**

Local authorities have access to a tremendous range of demographic, social and economic data sets, yet these are not mined as comprehensively as they could be to form a more detailed picture of their local communities. And even this data cannot tell us about how social networks operate within local communities and what the relationships are between these and local social institutions and public services. Yet understanding this and being able to map these against the range of social resources within local areas will be critical to building more resilient communities. The potential of this approach is being developed in the RSA's Connected Communities and Recovery Capital projects.

## **How can social value and productivity be best measured?**

Following the recent Sarkozy Commission and extensive work on the potential of 'wellbeing' and 'happiness' measures, the ONS is now developing a UK happiness index as part of its integrated household survey. Its development raises broader questions. What kind of social and economic outcomes do we want from public services? How should these be determined and measured? And what should be the relationship between national entitlements and locally determined values? When fiscal resource is tight, public services must get better at articulating their social value and do more to create socially productive communities and localities. The RSA's Citizen Power: Peterborough initiative is exploring new approaches to these issues as part of its Civic Health project.

**What would a social business model look like and what are the implications of social productivity approach for the relationship between state and market?**

Social productivity is about creating new, more productive partnerships between state, market and society – the ‘shared value’ articulated by Porter and Kramer. To some extent, this is about a blurring of boundaries: public services reconfigured as community co-operatives or social enterprises; businesses which have a stronger ethos of social purpose and which behave with greater social responsibility (for example by implementing the living wage and helping with carbon reduction and self-regulation) thereby removing some of the ‘market failure’ pressure which has previously forced government to have to regulate or mitigate markets; public institutions (such as F.E. colleges or libraries) that are hubs for entrepreneurship and more diverse revenue streams; funding mechanisms that are clear about the social and economic ends, but less prescriptive about the means of delivering them. This type of interaction can catalyse innovation and local growth – the 2020 Hub is exploring the potential in the FE sector and with local government partners.

**How can the risks of civil society initiatives be managed and mitigated?**

A social productivity approach is about recognizing unequal starting points, and the risks of transition towards a more open, bottom up model of public services. To date, there has been little research into the risks of cutting back on regulation and inspection, or opening up new areas to diverse service providers. A new joint-project between the RSA and the 2020 Public Services Hub is exploring these issues, developing practical approaches to understanding and managing risk in more bottom-up, less bureaucratic ways.

**What should be the co-ordinating and catalyzing role of local civic leadership in building community resilience and developing new sources of economic growth?**

The role of local civic leadership in building long-term resilience and social and economic capacity is the missing piece of Big Society reforms, and a critical element of the social productivity framework. Drawing on insights from Citizen Power: Peterborough and relationships between the 2020 Hub and other local authorities, we are investigating the potential for local government to become a more effective catalyst for social innovation and economic growth. As local public services are re-shaped via changes to schools, health and housing policy for example, what is the new potential for local civic leadership to drive integration and citizen-centric services?

**What are the implications of a social productivity approach for existing service sectors, how can these be better integrated across local services and engage citizens in social value creation?**

Major changes are happening across the spectrum of public services. But will these changes create more social value and better outcomes for citizens.? This will depend in part on the extent to which new service models in schools, colleges and hospitals can engage with citizens and across silos and sectors. For example, GP commissioning groups will need a different set of skills and competencies to place the needs of individuals within the context of local need and socio-economic context. New relationships will need to be created between commissioning groups, local government and new oversight bodies. We believe that a social productivity approach can provide a framework and a set of principles upon which these relationships can be built. The 2020 Hub is applying these ideas in collaborative projects across the FE, health and social care sectors.

The 2020 Public Services Hub at the RSA is beginning to develop answers to these questions through a range of projects and practical, collaborative initiatives. Building on the legacy of the Commission on 2020 Public Services and the applied approach of Citizen Power: Peterborough and RSA Projects, we hope to become a hub for debate and analysis on how public services can help drive social productivity. Find out more about our work and join the debate at [www.2020publicserviceshub.org](http://www.2020publicserviceshub.org)

**RSA Projects**  
21st century enlightenment.

**2020**  
Public Services Hub  
*at the RSA*

**CITIZEN  
POWER**  
PETERBOROUGH