Responsible Recovery

A social contract for local growth

Julian Dobson

ResPublica
changing the terms of debate

About ResPublica

ResPublica (the ResPublica Trust) is an independent, non-partisan think tank. We focus on developing practical solutions to enduring socio-economic and cultural problems in the UK.

Our ideas are founded on the principles of a post-liberal vision of the future which moves beyond the traditional political dichotomies of left and right, and which prioritise the need to recover the language and practice of the common good.

Based on the premise that human relationships should once more be positioned as the centre and meaning of an associative society, we aim to foster a 'one nation' approach to social and economic inequality so that the benefits of capital, trade and entrepreneurship are open to all. A vibrant democracy and market economy require a stronger focus on virtue, vocation and ethos. Consequently our practical recommendations for policy implementation seek to strengthen the links between individuals, institutions and communities that create both human and social capital, in order to achieve a political space that is neither dominated by the state nor the market alone.

Contents

Author's Note

About the Author

Julian Dobson *is a ResPublica Research Associate. He is an independent writer and researcher and director of the consultancy Urban Pollinators. He has spent many years writing on and observing community regeneration across the UK, particularly as founding editor of the regeneration magazine* **New Start** *and previously as editor of the weekly* **Inside Housing.** *Julian also co-authored the ResPublica Green Paper* **Re-energising Our Communities: Transforming the energy market through local energy production** *(Feb 2012).*

Julian speaks and writes regularly on the future of towns and cities and his blog, **Living with Rats,** *is well known. He is a fellow of the RSA and a voluntary board member of the Centre for Local Economic Strategies.*

Foreword

Caroline Macfarland, Managing Director, ResPublica

Economic growth should not be measured by GDP alone. As we look forward to recovery, we need to consider the underlying social lessons from the recession and how to create the conditions for positive change within the poorest communities.

Now a staple part of mainstream political rhetoric, the 'strivers and shirkers' narrative is also increasingly embedded within public consciousness, underscoring a widespread desire for a fairer economy which rewards hard work and participation in society. Yet all too unfortunately this has become a debate fuelled by individualism: the 'strivers' are not a unified group but an antagonistic depiction contrasted with those stigmatised as benefits claimants. We need to move past these polarised analyses that either condemn cultures of dependency, or denounce the demonisation of poor communities, all of which serve to detract attention from the deeper issues.

We need to expose the underlying contradictions inherent in current approaches to poverty, welfare and work. Whilst recent polls have noted decreasing public sympathy for people living on unemployment benefit, the recent Public Accounts Select Committee report highlights the Work Programme's lack of innovation and flexibility needed to target those most vulnerable and excluded from the employment market. Conventional, nationally imposed jobseeking requirements prioritise narrow and limited conceptions of skills training – resulting in the controversy over 'workfare' that has been channelled all the way up to the High Courts. And the picture is far more complex than just a question of unemployment; those in work also face increasing hardship in making ends meet.

Welfare is designed to be a safety net during tough times. But poverty is not an absolute concept, and often depends on the other factors relating to quality of life and community cohesion. This is why there is a desperate need for joined up policy making which takes into account the employment market, welfare, housing and other forms of social support and security within communities.

Community needs and aspirations naturally depend on the local context. So does the definition of employment and work. This report recognises building community and opportunity as two foundations for social sustainability and local growth.

Previous ResPublica work has explored the role of community intermediaries working in partnership to achieve the practical objectives of the localism agenda. This project goes one step further by exploring the economic implications of localism, and where it can intersect with welfare reform and employment policy.

We need to create solutions that work for local communities, and this must mean bringing the labour market as close to those communities as possible. The local provision of public services provides an ideal opportunity to do this, creating neighbourhoods that look after themselves and have a greater stake in their own welfare. This localisation should be extended to the provision of employment, training and skills development wherever possible.

To date this debate has revolved around skills matching; but genuinely localist approaches could inverse this model and bring the labour market closer to the communities they serve, tapping into local assets, networks and support structures. There is opportunity for more radical work programme, configured on a local level, to explore the untapped potential in employment services. Local intermediaries may have different conceptions of employment, informal work and voluntary activity as a valid contribution to local economies. Devolved and participatory approaches to welfare spending, handing power to local community intermediaries who have a significant part to play in driving forward informal local economies, could also result in a revitalised fabric of the welfare system itself.

This is why the term 'regeneration' is not enough. Times are tougher and spending is tighter. Instead, we need a 'social contract' which is based on mutual sense of place, and reciprocal benefit within communities. This is not something the State can 'do' to people. But national and local government can build responsiveness into the system, by allowing space for local initiatives, promoting dialogue and reciprocity between service providers and local employers, and encouraging communities to lead by example.

Foreword

Matthew Gardiner, Trafford Housing Trust; Gareth Swarbrick, Rochdale Boroughwide Housing; Mick Leggett, Cross Keys Homes; Tony Stacey, Place Shapers Group

Firstly a thank you to all those participants who have helped develop this report, the many housing association tenants and employees who volunteered their time, shared their experiences and set out their aspirations for supporting and strengthening communities.

This report highlights the long standing challenges of 'regeneration' and the big current issues affecting communities across the country. Economic recovery and welfare reform are massive challenges which risk reducing income for our tenants, the viability of local shops and services and the effectiveness of housing provision.

We welcome this report as a reminder of the importance of developing a people centred approach and of nurturing growth at a local level, in order to mitigate the effect on more vulnerable communities being marginalised, isolated and viewed as a problem which drains resources. It will ensure that the people living as part of these communities are valued and supported to play a key role in community and economic life helping to drive local growth and wider economic recovery.

This report recognises that secure, well maintained and affordable housing is a fundamental building block of community. But our community involvement is much more than this, supporting tenants into work, delivering positive health impacts and engaging young people. We know the value of involving those who are closest to our services in shaping those services to reflect local needs and priorities. Our established networks of community voices and tenant volunteers – who help with community projects, scrutinise services, donate time as Representatives or Board members, or simply support an older or more vulnerable neighbour – all help shape this understanding. This report highlights a range of innovative approaches driven from the involvement and empowerment of tenants and employees who live and work in our communities.

As businesses rooted in the local community housing providers play a vital economic role. We are major local employers. Our direct procurement is substantial and we recognise the opportunity to promote social, environmental and economic value through our spending. We offer wider support to local businesses as well as support for employment, training and volunteering opportunities. We also understand our local markets and must be trusted to make best use of our homes. Without local approaches national policy risks creating the blight of empty homes and abandoned communities which will undermine work to support local growth. Our experience tells us that this need not be the case, and that positive growth can take place through genuine approaches to social and economic development on a local level.

Executive Summary

The route to a more productive, dynamic and sustainable economy in the UK begins when people can live lives that fulfil their potential and sustain their wellbeing. That will not happen when many are unable to contribute fully to the public good.

After previous recessions, the long term unemployed, those on low incomes and the people living in our poorest communities have often been last in line to benefit from recovery. As a result, they are less able to play their part in sustaining that recovery. Unless this tendency changes, patterns of poverty and deprivation will continue unabated and the Government's hopes of reducing the need for welfare spending will be frustrated.

An 'in the black' Britain needs to begin with a stronger economic localism that maximises the productive capacity and spending power of people who experience poverty and hardship. The goal must be a better quality of life and better opportunities for all to work and play their part in society.

A truly 'one nation' recovery will enable the people in our poorest communities to contribute to the best of their ability, fulfil the best of their potential and make the best of their neighbourhoods: a new approach to local growth that is rooted in the real lives of people who live in poverty or at continual risk of poverty.

The need is urgent. Incomes and standards of living have not recovered as they did after previous recessions. Net national income – the total income available to citizens – had fallen by 13.2 per cent four years after the onset of the 2008 recession, whereas in the early 1980s and 1990s it had returned to pre-recession levels.[1]

More than one fifth of British workers are low-paid and the proportion is higher than in comparable economies.[2] Nearly 10,000 more working families every month require housing benefit to help pay their rent.[3] With so many working people on the margins of poverty, the prospect for those outside the labour market are bleak. The Trussell Trust, which provides food banks helping people in crisis, fed double the number of people in 2011/12 as it did the previous year.

In these circumstances, it is not enough simply to talk about economic growth. And it is not enough to expect the policies of localism alone, which seek to devolve powers to local communities, to make a difference in deprived neighbourhoods. We need localism that creates work and opportunity, rooting recovery in the communities that are most crying out for it.

Eric Pickles, Secretary of State for Communities and Local Government, has coined the phrase 'muscular localism' to describe his department's policies. We argue that a localism with real muscle would give economic power to disadvantaged communities and treat their residents as agents of their own futures and productive contributors to the common good.

1 Office for National Statistics (2012) *Measuring National Well-being – The Economy.* Available at: http://www.ons.gov.uk/ons/dcp171766_284260.pdf [Accessed 24 October 2012].

2 Pennycook, M. and Whittaker, M. (2012) *Low Pay Britain 2012.* London: Resolution Foundation.

3 National Housing Federation (2012) *Home Truths 2012: The housing market in England.* Available at: http://www.housing.org.uk/PDF/HomeTruths2012_England.pdf [Accessed 24 October 2012].

Government policies towards our poorest areas and groups of people have traditionally been assembled under the banner of 'regeneration' – a process of reviving places and people that have not been able to revive themselves, of addressing market failure and deprivation. Regeneration efforts have often viewed the people and the places as the problem, and increasingly drastic and draconian solutions have been sought by successive governments: large-scale demolition of housing deemed unfit for purpose, sweeping reforms of the benefits system, and sanctions designed to penalise unemployment rather than creating useful work.

Market failure, inequality and deprivation are real and must be tackled, and government has a vital role to play in order to maximise the productive potential of our poorest neighbourhoods. But regeneration is not just a matter of reviving housing markets, providing transport infrastructure or devolving financial responsibilities. The starting point should be to understand and engage with the people who are most affected by poverty in the places where they live, working with them to create solutions that work in the context of their lives and strengthening the links and assets that are already important to them. This paper argues that we need to see people as the solution, not as the problem.

Chapter One looks at the failure of previous attempts to regenerate our poorest communities and argues that successful regeneration must start with a new social contract between the people and the state in which those who live in disadvantaged areas are equal partners in determining their future.

Chapter Two examines how a genuinely localist approach can lead us towards new solutions to entrenched problems that work with the grain of people's lives, rather than trying to force people to adapt to the policies of the day. At the heart of this approach should be a changed narrative on the relationship between poverty and work, with an emphasis on contributory welfare based on reciprocity.

Chapter Three analyses approaches that could strengthen and reconnect disadvantaged neighbourhoods with society and give their residents a greater stake in the wider community, examining the particular impacts of housing and public services, and the role of intermediary organisations such as social landlords.

Chapter Four explains why policy on welfare, poverty and the informal economy needs to reflect the realities of today's labour market. Welfare and employment are too often viewed as polarised 'choices', whereas a more holistic interpretation should account for a managed transition which supports and rewards those who are contributing to their communities, whether through paid work, voluntary efforts or caring responsibilities.

Chapter Five outlines six stepping stones that could help make a new social contract a reality – building local networks, encouraging resilience, enabling participation, rewarding contributions to society, creating local jobs and increasing local ownership of and access to resources.

Chapter Six summarises our recommendations for further action from central and local government, social landlords and community based organisations.

Summary of recommendations

- The **Department for Communities and Local Government, Department for Work and Pensions** and **local authorities** should work together to offer long term 'community deals' in which locally based organisations can act as the budget holders and delivery agents for a wide range of central and local government services. In return for the freedom to choose the most locally appropriate way of delivering services, organisations should be expected to develop local skills and create sustainable employment for people in the most disadvantaged communities.

- The **Department for Communities and Local Government** should kick-start the creation of a Local Endowment Fund, building on existing civil society and private sector-led programmes. Focused on the most disadvantaged neighbourhoods, it should be available to community-led organisations and social landlords working at a neighbourhood level to fund local action. Priority should be given to innovative schemes with the potential to change wider practice and stimulate additional activity within the community that enables citizens to build sustainable livelihoods.

- The **Department for Communities and Local Government and the Department of Work and Pensions** should consult on the future of the bedroom tax after one year of implementation. This would invite evidence from social landlords, community organisations and local authorities as to whether positive impacts can be demonstrated within the communities affected, or whether local exemptions should be introduced to incentivise community stability. To incentivise sub-letting, the rules on lodgers should be modified so there is no benefit penalty from letting out a spare room, either through the bedroom tax or through a clawback of benefits.

- The **Department for Work and Pensions and the Department for Communities and Local Government** should establish an independent review to explore the possibility of radically localising employment support, devolving the functions of jobcentres as closely as possible to disadvantaged communities and requiring Work Programme contractors to have a local presence in the most deprived areas, either directly or via community-based organisations. The 'right to challenge' within the Localism Act should be extended to employment support and training, allowing community-based organisations to put forward alternative bids where they feel they can do the work better.

- The **Department for Work and Pensions** and **the Department for Communities and Local Government** should set up a joint taskforce to examine the scale and nature of informal, undeclared work and consider how it could be put on a more formal footing without penalising the skill and entrepreneurship that exists within poor communities. This work should be done in collaboration with the new Hidden Economy Expert Group and informed by the real-life experiences of people who have worked within the informal economy. It should be required to report to Parliament within 12 months.

- The **Department for Work and Pensions** should modify the benefit sanctions regime to encourage claimants to take up 'stepping stone' jobs or placements with community organisations, or carry out informal unpaid work within the neighbourhood where there is little suitable paid employment. Benefit withdrawal tapers should be relaxed to ensure work provides a significant net increase in income.

- The **Department for Communities and Local Government** and the **Homes and Communities Agency** should recognise and support the wider community role of housing providers. The Homes and Communities Agency should select development partners for its affordable homes programme not only on the basis of their ability to provide value for money when building, but also on their record of creating long term social value in the neighbourhoods and communities they invest in.

- **Local authorities** should continue to promote forms of devolved participation, such as neighbourhood councils and participatory budgeting, encouraging approaches that reward local responsibility. Such methods should be adopted as common practice rather than as isolated experiments. As an initial stage to this process, councils should adopt the People's Budget campaign's target of ensuring 1% of local authority spending is allocated through participatory budgeting methods.

- Following on from the Public Services (Social Value) Act, **social landlords and community organisations** should use their procurement and contracting policies to promote social, economic and environmental value and ensure their spending benefits the localities they work in wherever possible. They should report on their progress every year in their annual reports.

- **Local authorities, social landlords** and **community-based organisations** should fund and support 'community anchors' and community development work in order to build and strengthen local networks. Such work, far from being an expensive luxury in hard times, is a cost-effective way of facilitating and mobilising voluntary and community action.

- **Social landlords** and **local authorities** should invest in mechanisms which reward community action, from time banking schemes to rent reductions or bonus schemes for tenants and residents who organise or take part in voluntary activity in their communities.

- **Social landlords** should consider transferring ownership or management responsibility to resident-led bodies such as tenant management organisations or sharing it through mutual structures, ensuring local people are fully involved wherever possible in budgeting and decision-making.

1 | Introduction

Since the 1930s, the label of regeneration has been applied – often contentiously – to a multitude of policies and programmes. These range from the demolition or disposal of housing in the name of market renewal or social improvement, to the uninspiring creation of bland town centres, business parks, city centre apartments and dormitory estates in the name of economic development. The very term has become devalued in the view of many because of a focus on physical redevelopment that often brings few tangible benefits to people living in or at risk of poverty.

But there is still a need to describe and define the economic, social, and physical renewal of places that are blighted and battered, and what happens to the people who live in them. The Scottish Government recently described regeneration as "the holistic process of reversing the economic, social and physical decline of places where market forces alone will not suffice".[4] Such a view recognises that a market economy leaves unsolved problems for which there is no commercial solution.

Nevertheless this still leaves questions unanswered. It sets the scene for the action, but leaves the actors unnamed. It continues to allow regeneration to be done to or for a community, not with or by the people.

New Start magazine has suggested a different working definition: that "regeneration is the action of citizens and those who work with them to recreate home for new times, especially where there is poverty or disadvantage."[5]

This paper, framing the idea of regeneration within current narratives of growth and recovery, explores how this can start to work in practice, who needs to be involved, and some of the implications for national policy, local government and community-based organisations. It advocates a holistic process building from the strengths of local social and economic connections, and supported by a grounded approach to localism that transfers assets, influence, budgets and responsibilities to community level at a pace and on terms negotiated by local people.

At the heart of this approach should be the purpose of building community and opportunity. This is especially important in areas with a history of high unemployment and worklessness, such as former coalfield villages, the mill towns of east Lancashire or some of London's social housing estates. A rigorous approach to local growth must depend on creating the networks and links that enable communities to thrive and their residents to seize opportunities to improve their prospects.

Too often discussion of local growth focuses on the physical infrastructure alone, such as new housing developments. But the infrastructure is only a framework within which people must live. So where new communities are created, principles of 'social sustainability'[6] – a people-centred approach to design and development – and community ownership should be central.

Social landlords and community organisations with deep roots in local neighbourhoods are particularly well placed to nurture local growth. Local people should be co-creators of this process, contributing through tax or time to the common good. Even in apparently

4 The Scottish Government (2011) *Building a Sustainable Future - Regeneration discussion paper.* Available at: http://www. scotland.gov.uk/Publications/2011/02/07095554/0 [Accessed 9 August 2012].

5 Dobson, J. (2010) "In pursuit of the real thing", *New Start,* January 2010, pp. 18-24.

6 Woodcraft, S. (2011) *Design for social sustainability: A framework for creating thriving new communities.* London: The Young Foundation.

dysfunctional communities most people want to live economically rewarding lives and get on well with their neighbours: the process for local growth needs to identify and support them as the building blocks of community.

This requires an understanding of rights and responsibilities that sees citizens, however poor or vulnerable, as people who should be able to determine their own futures, not merely as recipients of services. For a productive and economically successful community, those who contribute to the common good should be encouraged just as those who damage it are penalised, and such encouragement should support them in managing their lives as well as they can.

A social contract for local growth would see an agreement between citizens and the state to reward those who act as lynchpins of their communities, whether formally or informally; to support neighbourhood networks and respond to local aspirations; to connect communities with opportunities, in the labour market and beyond; and to ensure, as advocated by Baroness Helen Newlove, that swift action is taken to tackle the problems that undermine community life.[7] While this obviously includes crime and antisocial behaviour by individuals, we should not overlook the damage done in the form of neglect by public agencies, and the impacts of decisions taken within the private sector.

Such an agreement must recognise that formal, paid work is not the only or even the most important economic contribution a person can make to society. The work of building community, though usually voluntary, sustains those who are in paid work and models social responsibility. This work ranges from 'official' roles such as being a tenants' or residents' representative, to caring for a sick or disabled relative, to the self-selected social activity of clubs and associations, as recently described by ResPublica's report *Clubbing Together*.[8]

It should also recognise that a citizen's contribution to society can be in cash (through taxation) or in kind (through voluntary activity) or both, and that there should be a balance between contribution and reward. This needs to be worked out at a local level according to local aspirations and circumstances.

Key partners in this contract will include the intermediary institutions which influence people's quality of life and chances in life, such as social landlords; residents' organisations; community based agencies such as development trusts; clubs and social associations; and local authorities.

---

7   Newlove, H. (2011) *Our vision for safe and active communities.* London: Home Office.

8   Cooper, K. and Macfarland, C. (2012) *Clubbing together: The hidden wealth of communities.* London: The ResPublica Trust.

The purpose of a social contract for local growth is therefore:

- To improve the quality of life and economic opportunities at a local level

- To strengthen the local links that connect residents to wider opportunities and better life chances

- To encourage productive work, defined in a way that recognises the value that local people contribute to their community

- To align the contributions of residents and public agencies with the needs and aspirations within each community, in preparation for future social, environmental and economic pressures

- To ensure that national and local efforts towards economic growth sustain and improve the livelihoods of people in the most vulnerable circumstances and communities

This is not a formal, legal contract but a set of principles and behaviours which should underscore current government priorities for localism, economic recovery and welfare reform, as well as the relationships between communities and private businesses. But it also addresses long term issues that have vexed successive governments: the persistence of concentrations of poverty and deprivation, the perceived skills deficit, the disconnection between deprived areas and economic opportunities and the disengagement of many citizens from society.

2 | Redefining regeneration

Legislation is littered with attempts to resolve perennial challenges that appear unresponsive to government intervention or market forces. Indeed, it often appears that both government intervention and the workings of the market are the problems rather than the solutions.

One version of this story is that intervention only makes a difficult problem worse – such as the controversial *Cities Unlimited*[9] paper which suggested that regeneration policies had failed to halt the decline of poorer cities and that money should instead be spent on backing winners, mainly in the Southeast.

Other commentators argue that irresponsible capitalism is the problem, extracting profits but returning little to society.[10] The communities that grew around the mass employment and mass production of the 19th and 20th centuries could scarcely remove themselves in a globalised economy to wherever coal was now being mined, cloth spun or cars manufactured when the pits, mills and factories shut their doors. Detroit is the byword for a city abandoned by the industry that gave it birth, but Britain has its own contenders, from the pit villages of South Wales to the mill towns of the Pennines. Yet in the most challenged places, people cling on. In streets earmarked for clearance under the Labour government's housing market renewal programmes homeowners and tenants would often refuse to leave. People's attachment to place, family and community will often defy cajoling, compensation or coercion.

It can be tempting for policymakers to imagine that the problem is the stubbornness of the people. But look from the other end of the telescope and you get a different view. From here, those who are 'hard to reach' are the policymakers and professionals. The problems are policies and practices that make it hard for families to make ends meet, that turn citizens into competitors in an 'ugly contest' for access to rationed support, and that frustrate or outlaw the coping strategies that let people get by.

In England, the demise of a national framework for regeneration has removed a key opportunity to inject people-centred approaches into policy development. In its assessment of the Coalition Government's initial paper on community-led regeneration[11] the House of Commons communities and local government select committee commented: "It lacks strategic coherence and does not seek to define what is meant by the term 'regeneration'. It is unclear about the nature of the problem it is trying to solve and to what overall outcome the measures set out will contribute".[12]

In its response, the Government dismissed previous approaches as "hugely expensive" and encouraging "a culture of dependency on the public sector".[13] Reiterating its commitment to localism, it asserted that regeneration was "concerted action to address the challenges and problems faced by the community of a particular place" but added: "beyond that high-level definition, it is not for Government to define what regeneration is, what it should look like, or what measures should be used to drive it".

9   Leuning, T. and Swaffield, J. (2007) *Cities unlimited.* London: Policy Exchange.

10 See, for example, The Ownership Commission (2012) *Plurality, stewardship and engagement.* Borehamwood: Mutuo.

11 Department for Communities and Local Government (2011) *Regeneration to enable growth: What Government is doing in support of community-led regeneration.* London: DCLG.

12 House of Commons Communities and Local Government Committee (2011) *Regeneration: Sixth report of session 2010-12.* London: The Stationery Office.

13 Department for Communities and Local Government (2012) *Government Response to the House of Commons Communities and Local Government Committee Report of Session 2010-12: Regeneration.* London: The Stationery Office.

In doing so the Government missed an opportunity to frame an agenda for local economic and social recovery that could demonstrate genuine leadership while freeing localities to determine their own priorities. This paper seeks to show such an approach can be developed, recognising both the complexities of the issues faced by our poorest neighbourhoods and the power of a clear message from Government.

The issues that impact on localities frequently have their springs outside those localities. To take just one example, the forthcoming reorganisation and scaling back of the UK's armed forces will remove sources of employment and economic activity from many areas that have historically been dependent on them. Simply expecting the communities affected to pull themselves up by their bootstraps leaves localities in a weaker position, not a stronger one. They need the tools to do the job.

2.1 Routes out of poverty: Redressing assumptions about welfare

Rising welfare bills and cases of intergenerational worklessness have prompted a succession of speeches in recent years by politicians across the political spectrum, attacking 'dependency cultures' or contrasting 'hard-working families' with benefit claimants - although an increasing number of the former are also the latter.

Reforms towards Universal Credit are intended to create a more dynamic welfare system that can respond in 'real time' to people's changes of circumstances. Yet the price within government of attempting to create a simpler welfare system has been to trim one of the key reforms, the 'taper' at which benefits are withdrawn. Instead of setting the bar at 55 per cent it has now been raised to 65 per cent, in line with the current withdrawal rate for housing benefit. Despite the best intentions of the Government, the system also remains fiendishly complex. Just how complex is signalled by the fact that the Child Poverty Action Group's 'easy-to-use' guide for claimants and advisers runs to 166 pages.[14]

In its attempts at universalism, the reformed welfare system risks working against people's survival strategies and penalising their attempts to work. Government treats the people who claim benefits as the problem rather than the solution, and assumes the solutions lie in providing the right combination of carrots and sticks. This transfers responsibility for life choices from the citizen to the adviser at the jobcentre or the Work Programme contractor, who will determine individuals' fitness for work, the kind of jobs they should be applying for, and what kind of work it is 'reasonable' for them to do.

There is a fatal disconnect between welfare reforms, which assume a consistent availability of suitable work in different locations, and economic policies, which send out conflicting and confusing messages about which localities and sectors are priorities for investment. Is the issue that welfare spending cannot be sustained in tough economic times, or rather that a dysfunctional economy increases families' reliance on welfare spending?

14 Child Poverty Action Group (2012) *Universal credit: What you need to know.* London: CPAG.

From a people-centred perspective, the welfare debate is back to front. In reality, welfare payments are just one part of a matrix of factors that support people's livelihoods in poor communities. It includes low-paid or part-time work, supported in the past by tax credits and housing benefit and in future through Universal Credit; it covers informal and undeclared work, and legal forms of exchange that are outside the tax and benefit system, such as swapping and sharing; and it involves what the New Economics Foundation calls the 'core economy' – "the family, neighbourhood and community which, together, act as the operating system of society".[15]

As work by Oxfam and Church Action on Poverty has shown, welfare plays an important part in this matrix, gluing together an often fragile framework of physical, social, financial, public and human assets. Policy needs to ensure that welfare can play this constructive role well, enabling people to move from surviving and coping to adapting and accumulating. Welfare needs to give citizens a guarantee of survival, the means to cope, the ability to adapt and the incentive to accumulate. In order to do that it needs to be adequate, positive, and flexible.

The most glaring failure of welfare is not that it is too expensive, but that it does not do the job it is supposed to. Benefits are set at rates that condemn claimants to a life of struggling to make ends meet, without providing a realistic route to escape such struggles.[16] Benefit levels are also well below the poverty line, defined as 60 per cent of median income.[17] The Institute for Fiscal Studies notes that while relative poverty is now falling because of the recent decrease in average household incomes, the real living standards of the poorest are being hit harder by welfare cuts and reduced earnings, with the brunt of the pain being felt by low-income households with children.[18]

The notion that reducing levels of entitlement creates an incentive to work only holds good where work is plentiful and the difference between earnings from minimum-wage employment and the level of benefit entitlements is big enough to lift people out of poverty. It is the interplay between the welfare system and the labour market that matters, not welfare alone. With wages being forced down and rates of in-work poverty rising, we cannot rely on employment alone to remove the need for welfare.

15 New Economics Foundation (2009) N*ational accounts of well-being: Bringing real wealth onto the balance sheet.* London: NEF.

16 The current standard jobseekers' allowance in 2012/13 for a couple is £111.45 per week, and £71 per week for a single person, with additional amounts to cover housing and childcare costs. This contrasts with the Joseph Rowntree Foundation's calculations of an acceptable minimum income, based on what members of the public think is enough to maintain a 'socially acceptable quality of life'. Stripping out housing and childcare costs, JRF put its minimum income standard at £193 per week for a single working-age adult and £455 per week for a couple with two children. See Joseph Rowntree Foundation (2012) *Minimum Income Standards: What are adequate incomes for different households?* Available at: http://www.jrf.org.uk/work/workarea/minimum-income-standards [Accessed on 9 August 2012].

17 In 2009/10 this calculation gave a poverty line of £124 per week for a single adult, and £300 for a couple with two children under 14. See: Aldridge, H., Parekh, A., MacInnes, T. and Kenway, P. (2011) *Monitoring poverty and social exclusion 2011.* York: Joseph Rowntree Foundation.

18 Cribb, J., Joyce, R. and Phillip, D. (2012) *Living standards, poverty and inequality in the UK: 2012.* Available at: http://www.ifs.org.uk/comms/comm124.pdf [Accessed 16 August 2012].

For the foreseeable future there will be a continuing need to support many millions of people who are unemployed, unable to work, under-employed or living in poverty despite having a job. So contributory welfare fit for 21st century conditions needs to do more than simply help the poorest avoid destitution. It should play a positive role in encouraging people to contribute to their communities, building their own skills and confidence and growing the human, social, and physical assets of poor neighbourhoods. It should reward the 'relational practice' of pro-social relationships, reciprocity and community life, rather than focusing on the volume and frequency of job applications.[19]

2.2 From responsible recovery to *responsive* recovery

A framework is required that explains how localities fit within the bigger picture and why additional action and resources are needed at particular times and in particular places to enable them to respond to change. The lessons from regeneration practice need to be shared and understood. But the power and resources to respond, and the form of the response, need to be in the hands of those who are at the front line of change.

Traditional approaches to social policy begin by identifying the needs and problems that characterise the lives of disadvantaged people. This deficit-based approach runs deep, and for understandable reasons. When help is rationed, there has to be a way of deciding who gets what. The indices of multiple deprivation bring together a host of indicators to show which local authorities, and which neighbourhoods, are most needy. It is possible to identify the 'lower layer super output areas' with the greatest needs and, to a degree, allocate resources accordingly.[20]

This information is vital in understanding the difficulties many areas face: five million people live in England's most deprived areas and the complexity of the disadvantages they experience needs to be appreciated. But that is only one part of the story. It does not tell us how people actually handle those disadvantages in real life; and it does not tell us about the skills and qualities and connections that enable them to do so.

In recent years there has been a focus on techniques and approaches that seek to identify and build on those qualities. Research methods such as Appreciative Inquiry look at the positive ways in which people respond to challenges; Asset-Based Community Development seeks to identify what people can offer rather than simply list their needs. These are affirmative approaches that seek to end a culture of seeing people as the problem rather than the solution.

19 Cooke, G (2012) *Contributory welfare: Could the concept of contributions-based welfare help re-galvanise support for the system?* Available at: http://www.lwbooks.co.uk/journals/soundings/pdfs/s52cooke.pdf [Accessed 11 January 2013].

20 The Department for Communities and Local Government (2010) *The English Indices of Deprivation 2010.* Available at: http://www.communities.gov.uk/publications/corporate/statistics/indices2010 [Accessed 9 August 2012].

A community's assets consist of much more than the economic assets of money and property. One recent paper listed them as:

- Local residents' practical skills, capacity and knowledge
- Passions and interests that give people energy for change
- Networks and connections in a community, including friendships and neighbourliness
- The effectiveness of local community and voluntary associations
- The resources of public, private and third sector organisations that are available to support a community
- Physical and economic resources that enhance well-being.[21]

To work alongside people rather than on their behalf requires us to understand what is important to them, and to appreciate the choices and trade-offs that are involved in responding to any kind of change. Work in recent years by Oxfam and Church Action on Poverty has helped to uncover important insights into the assets that people living in poverty consider essential.

Oxfam's Humankind Index, developed in Scotland, identified three sets of key priorities.[22] Top of the list were an affordable, decent and safe home and good physical and mental health. Next in order of importance were living in a neighbourhood where you can enjoy going outside, and having a clean and healthy environment. The third set of priorities were having satisfying work to do (paid or unpaid); having good relationships with family and friends; feeling that you and those you care about are safe; having access to green and wild spaces; and community spaces and play areas.

A key finding was that issues of place and locality – home, neighbourhood and relationships – were considered more important than more obviously 'economic' issues such as financial security and employment. "Sufficiency and security of income" were regarded as more valuable than having money to spare.

There should be nothing hugely surprising about these findings. But much public policy fails to match human priorities. Housing is often considered as a kind of cost-benefit equation conducted with bricks and mortar rather than as a foundation of community life, while welfare policies have focused on amounts of income rather than security of income.

Working with low income families in Stockton-On-Tees, Oxfam and Church Action on Poverty identified a four-stage 'livelihoods ladder' with surviving at the lowest rung, followed by coping, adapting and accumulating. How far up the ladder they could climb was dependent on their access to assets, which it categorised as human, social, physical, financial and public (the latter including public services and facilities such as transport connections or open spaces). Within poor communities, the overall access to assets was

---

21 Foot, J. and Hopkins, T. (2010) *A glass half-full: How an asset approach can improve community health and well-being*. London: Improvement and Development Agency.

22 Dunlop, S., Swales, K. and Trebeck, K. (2012) *The Oxfam Humankind Index for Scotland: First results.* Available at: www. oxfam.org.uk/humankindindex [Accessed 9 August 2012].

limited, and while local sharing helped people to survive and cope, it did not enable people to build on their assets in ways that allowed them to escape poverty.[23]

The challenge, then, is to find ways of growing these assets both among individuals and households and at a community level. By using a "sustainable livelihoods approach"[24] (a concept familiar in the field of international development but largely overlooked in the UK) it is possible to identify what really matters to people, work with them to meet these priorities, and draw in appropriate support from community, public and private organisations.

It should be a deal between citizens and society that values all of the assets the citizen brings to the table, not just those that add to GDP or reduce the burden on the Exchequer. It should be founded on productivity and reciprocity in their widest sense, with the aim of creating room for individuals and communities to grow and thrive.

23 Cooper, N. (2009) "Promoting sustainable livelihoods: Making welfare reform truly personal", *Benefits,* 17:2, pp. 171-182.

24 Ashley, C. and Carney, D. (1999) *Sustainable livelihoods: Lessons from early experience.* London: Department for International Development.

3 | Beyond the State and beyond the market: A social contract for local growth

Localism offers a fresh approach and the opportunity to develop a culture of innovation to address some of Britain's most serious social issues. But it cannot and should not mean the abandonment of policy at a national scale, or the removal of democratic accountability at local authority level.

Localism offers a fresh approach and the opportunity to develop a culture of innovation to address some of Britain's most serious social issues. But it cannot and should not mean the abandonment of policy at a national scale, or the removal of democratic accountability at local authority level.

The policy process should be reversed, not bypassed. Instead of 'cascading' ideas from government and academia designed to improve lives that are lived at a local level, a localist perspective begins with people's lives as they are lived and seeks to draw out what can be learned to influence how policies are formulated and implemented at a wider scale. Policy still matters, but policymakers need a different perspective.

Regeneration matters at a national policy level because economic and social events and trends impact on localities in different ways. The speed and scale of these changes is often out of kilter with the demands of family and community life, which benefits from long term and locally based relationships that support childhood, education, parenting and old age. Such relationships are often fashioned and mediated through the work of voluntary and community organisations, interest groups, public services and local employers.

A social contract for local growth requires a recognition that all contribute to the success of such relationships, and all benefit when they work well. This is the antithesis of the idea of a 'something for nothing' culture: it values what everyone can offer and the creative productivity all can bring to their localities. The asset-based approaches developed by Oxfam and others show that it is the security and strength of relationships that enables people to move from surviving to accumulating.

This has important implications for policy and practice. It means above all that local people must be at the heart of fashioning solutions to challenges by building on existing community assets rather than wiping the slate clean.

Housing must be at the centre of any aspiration to improve a neighbourhood. Blighted and dilapidated homes tell their own story, and while it is far from the whole story it is often the first one a visitor will understand. It is also the one that most impacts on family and community life. Insecurity of tenure, high rents and neglected repairs make it hard to cope. It is difficult to invest time and energy in a neighbourhood you may have to leave at the demand of your landlord; it is harder to make work pay when rents are high; and day to day life becomes frustrating when repairs are left unattended.

A social contract for local growth, then, must recognise that secure, well maintained and affordable housing is a fundamental building block of community. National government has a central role to play here, alongside local housing providers.

Walterton and Elgin Community Homes

Since 1992, several hundred homes in a corner of west London have been the standard-bearers of a new form of community control. Previously owned by Westminster Council, they were transferred to a resident-controlled housing association, Walterton and Elgin Community Homes (WECH), under the 1988 'tenants' choice' legislation following a campaign by residents against the council's plans to sell the estate to private developers.

WECH is important because we have now had two decades to see how and whether such a model can work at a significant scale (it owns more than 600 homes, with occupants ranging from leaseholders to homeless families). A total of 94 per cent of residents feel secure in terms of their tenancy, compared with 62 per cent under their previous landlord; 91 per cent say they are proud of their homes, compared with 64 per cent under the previous landlord; and 90 per cent feel at home in the area.

There's more: 84 per cent feel the landlord helps them to meet their neighbours; 79 per cent say there is a good community life in the area; and 85 per cent say the landlord plays an important role in fostering community and voluntary activities.[25]

WECH is professionally run, but not distant: people say they can chat to the chief executive in the street. It takes family life seriously: tenants' grown-up children are given priority for rehousing, building what it calls "co-located family networks". In a cosmopolitan area with a high turnover of population such networks strengthen community cohesion. WECH found that 12 per cent of its tenants had relatives within the community, in networks of between two and four houses.

Starting with the people and their priorities has led to some unusual and pioneering decisions. One WECH tenancy has been offered to a local policeman; in return he plays an active role in the community and responds to requests for help and information. It also helps change the way police are viewed within the community.[26]

WECH believes community ownership helps people to feel healthier and happier because it gives them more control over their lives and environment. It gets the basics right, providing affordable and secure homes in one of London's most deprived areas. Compared with expensive and intrusive attempts to create 'mixed communities' explored elsewhere, it appears both more human and more effective.[27]

25 Rosenberg, J. (2012) "Social housing, community empowerment and well-being: Part two – measuring the benefits of empowerment through community ownership", *Housing, Care and Support,* 15:1, pp. 24 -33.

26 Rosenberg, J. (2011) "Social housing, community empowerment and well-being: Part one – empowerment practice in social housing", *Housing, Care and Support,* 14:4, pp. 113 -122.

27 Department for Communities and Local Government (2009) *Evaluation of the Mixed Communities Initiative Demonstration Projects: Initial report: Baseline and early process issues.* Available at: http://www.communities.gov.uk/documents/housing/pdf/1185667.pdf [Accessed 14 August 2012].

As argued in a recent ResPublica report, *Acting on Localism: The role of housing associations in driving a community agenda[28],* many housing associations, which have a strong local focus, can act as community anchors and intermediaries that enable and facilitate new types of social and economic investment. The anchoring role of these organisations needs to be recognised and valued. Funding should be geared to match the efforts of local people: the more they put in, through time and talents, the more they should be able to draw down. As Angus Hardie puts it, "community-led regeneration requires the relationship between the state and communities to be recalibrated so that there is a much greater sense of mutual respect and equity of status".[29]

Learning needs to be shared and valued: the short-lived 'guide neighbourhoods' programme funded peer learning between communities that viewed regeneration through the lens of local people's experiences. NESTA's Neighbourhood Challenge programme[30], the Royal Society of Arts' examination of 'changemakers'[31], and the Carnegie UK Trust's work on community resilience[32] all underline a similar message: that improvements in our poorest communities have to align with people's lives, interests and abilities, rather than with policy objectives designed from afar.

A localist approach to regeneration impacts on areas of national and local government policy, which are explored in more detail below. Without addressing these policy areas, the familiar critique is valid: that regeneration activities are little more than sticking plasters that fail to heal the deeper wounds.

3.1 Embedded neighbourhoods: Reconnecting people and place

As the Hills Review of 2007 made clear, some neighbourhoods and estates have become increasingly disconnected from the rest of society, with significantly poorer employment and life chances.[33] The proportion of householders living in social housing and also in paid work, for example, fell from 47 per cent to 32 per cent between 1981 and 2006.

An important section of the official evaluation of the previous government's National Strategy for Neighbourhood Renewal[34] examines the prospects for change in the UK's most deprived neighbourhoods. The modelling used suggests that the probability of an area improving falls slightly if there are very few low-skilled jobs within 5km of a deprived neighbourhood; rather more if educational attainment is low; and very significantly if the area is mainly social rented housing. If all these factors are combined and the area is in the

28 Duncan, P. and Thomas, S. (2012) *Acting on Localism: The role of housing associations in driving a community agenda.* London: The ResPublica Trust.

29 Hardie, A (2012) "The case for community-led regeneration", *Scottish Anti Poverty Review,* Winter 2011/12, pp. 20-22.

30 NESTA (2012) *Neighbourhood challenge: Learning from innovative communities.* London: NESTA

31 Dellot, B., Marcus, G. and Broome, S. (2012) *RSA ChangeMakers: Identifying the key people driving positive change in local areas.* London: RSA.

32 Wilding, N. (2012) *Exploring community resilience in times of rapid change.* Dunfermline: Carnegie UK Trust.

33 Hills, J. (2007) *Ends and means: The future roles of social housing in England.* London: Centre for Analysis of Social Exclusion.

34 Department for Communities and Local Government (2010) *Evaluation of the National Strategy for Neighbourhood Renewal - Final report.* Available at: http://www.communities.gov.uk/documents/communities/pdf/14901551.pdf [Accessed 20 August 2012].

bottom 10% of the Indices of Multiple Deprivation, the model suggests the probability of improvement is virtually zero: 0.7%.

Areas with a very high concentration of social housing are therefore particularly vulnerable and require long term support. Such support needs to address issues within the neighbourhood, but also the wider issues -especially economic - that impact on it.

The evaluation identifies four types of deprived neighbourhoods, of which the most difficult to change are what it calls 'Isolate' areas - neighbourhoods with high levels of social housing which are cut off from wider housing markets, and from which households are unable to move to less deprived areas.

CASE STUDY

Stockbridge Village, Knowsley

The former Cantril Farm estate in Knowsley, Merseyside, illustrates the problems of 'isolate' areas. The local newspaper in the 1960s hailed a "plan for gracious living", a new town that would be home to more than 15,000 escapees from slums and deprivation. But when residents arrived in 1965 there were no shops and no buses back to the places they knew. Because the land was bought by Liverpool City Council but the county of Lancashire was responsible for education, Cantril Farm had no schools until the Catholic Church moved in. The Radburn layout, designed to separate pedestrians and cars, created un-overlooked, unsafe spaces and underlined the sense of insularity. By the mid-1980s the estate's reputation had become so poor that ownership was transferred to a new landlord, the Stockbridge Village Trust (now Villages Housing), and the area rebranded in an attempt to signal a new start.

It has taken decades and millions of pounds of public investment for Stockbridge Village to begin to become the place it was meant to be. Nearly half a century on, Stockbridge Village is celebrating the completion of a 'village centre' with a sports hall, swimming pool, café, studios and a youth club – the kind of facilities and spaces for community activity that should have been considered at the beginning.

There is more to the problem of isolated areas than the lack of services and facilities. Allocation systems that rationed social housing according to need had the perverse consequence of creating concentrations of poverty, while labour market changes removed much of the employment that was the bedrock of working class communities. With the removal of the ties created through mass employment and a focus on housing the most needy, the anchor points of community often moved from the workplace to the local service providers, from the employer to the housing officer or social worker.

Inevitably, those living in such areas have become more reliant on the services provided by the state and by voluntary organisations, because there is little else on offer. Often the only infrastructure left is that provided via public funding, either in the form of voluntary organisations or through services such as Sure Start or the NHS. Removing or reducing this infrastructure without a corresponding investment in local capacity further undermines the chances that disadvantaged communities will become productive.

Here again, we must ask what this might look like from the perspective of the people. Where needs are greatest and opportunities least, the home and neighbourhood becomes a more important foundation of personal and communal security. A home that is affordable with long term assurance of tenancy creates a basis for living and building social capital; take it away or undermine the security it offers and it becomes harder to deal with other challenges, develop skills or look for work.

National and local policy must take an 'embedded' approach to restoring disadvantaged communities. In order to create opportunities for employment, participation and growth both policy and practice should ensure that people are connected with place, and also with each other. 'Embedded intermediaries', such as housing providers, public services and community anchors, can create the 'social infrastructure' needed in order to broker and implement a local, social contract.

3.2 Harnessing local intermediaries: The role of housing providers

Several aspects of current housing reforms present challenges to local intermediaries, such as housing providers, which strive to support community life and people's connection with place. The new 'affordable rents' regime, which allows social landlords to set rents at up to 80 per cent of market levels, makes it more difficult for tenants to escape poverty as a greater proportion of anything they earn will be swallowed up by rent payments. For people on low incomes it is the net increase that matters, because this is the only money that can be used to make a difference.

Similarly, the imposition of the 'bedroom tax' which penalises residents who 'under-occupy' property through the loss of benefit illustrates the unintended consequences of a top-down doctrine of fairness. It may be 'fair' to suggest that one person should not occupy a three-bedroom house when it could be given to a homeless family: but that ignores the complexities of life as it is actually lived and the geographic nature of housing need and demand.

In Rochdale, for example, the reality of implementing the bedroom tax could involve mothballing or demolishing three bedroom flats, as Rochdale Boroughwide Housing has more of these than it currently needs and has been deliberately letting them to smaller households to make the best use of its properties. It might involve making families with children live in tower blocks, a practice abandoned years ago because of its adverse consequences, rather than letting them to single people or couples. Residents who play a strong role in their communities might be forced to move because there are no one- or two-bedroom flats in their estate. Tenants pay a high price for staying put: the government's own impact assessment puts it at an average of £728 a year.

The aim of both the affordable rents regime and the bedroom tax is to stretch social housing further, getting more homes built and maximising occupancy. On paper, this looks efficient. But we already know that efficiency on paper can be damagingly ineffective in practice. This was the lesson of the council house building boom of the 1960s and 1970s, which littered the nation with system-built estates and tower blocks that have frequently required expensive demolition and redevelopment; and it was a mistake repeated in the housing association building boom of the late 1980s and early 1990s.[35]

This does not mean we can manage without new homes: far from it. The need for additional housing is well documented, with the number of new households forming four times faster than new homes are being built.[36] But better need not mean bigger: smaller housing associations have developed innovative and locally sensitive approaches, which have sought to support the social infrastructure. Associations like Shepherds Bush, Octavia Hill and Origin Housing in London, for example, have pooled resources to successfully build more than 2,500 homes since 2005. Locally appropriate mixtures of new build and refurbishment not only integrate better into the local environment and community, but allow more scope for creating local jobs – around 40% of the cost of refurbishment is labour, money that recirculates rapidly within the local economy.

35 Page, D. (1993) *Building for communities: A study of new housing association estates.* York: Joseph Rowntree Foundation.

36 National Housing Federation (2012) *Home Truths 2012: The housing market in England.* Op. cit.

PlaceShapers:
A different kind of landlord

Many social landlords highlight their good practice in working with communities. But often this good practice is isolated, disconnected both from other activities within the organisation and from the strategic thinking at boardroom level. PlaceShapers is a group of around 90 locally focused housing providers who are seeking to weave people-centred approaches into the fabric of their organisations rather than leave them on a menu of optional extras.

While PlaceShapers represents a wide range of organisations with differing histories and objectives, they exemplify some common principles:

- They seek to enable residents to influence and shape their services
- They care about the wider communities where they work, delivering above and beyond standard housing provision
- They work closely with local authorities and other partners to shape and improve the places they invest in
- They represent the strengths and benefits of an independent and diverse housing sector
- They deliver value for money, both in the services they provide as landlords and in their wider community involvement.

How they do this varies widely from place to place. In Merseyside, for example, Knowsley Housing Trust is working to tackle loan sharks and improve residents' financial skills, helping them to take more control over their budgeting. In Birmingham, Bournville Village Trust is providing extra support to give older people a better quality of life. Sentinel Housing Association brought in design experts to help local residents decide the future of the Oakridge estate in Basingstoke.

Action to give residents better chances of employment is particularly important. A recent survey of member organisations found 36 housing associations were involved in 170 separate projects to help young people into the workplace, education or training. More than 10,000 youngsters were involved in these schemes, and all but one of the associations said they planned to increase this type of activity.[37]

PlaceShapers argues that not only do these activities help to forge new partnerships and stimulate new initiatives, but they also bring about new forms of accountability and participation, and open up organisations' knowledge and resources for wider community benefit.

---

37 PlaceShapers Group (2011) *Localism that works: How housing associations make things happen.* Available at: http://www.placeshapers.org/?id=11&ob=1 [Accessed 13 August 2012].

The housing providers we spoke to for this research see their role as far more than simply managing existing homes or developing new ones. They see themselves as key agents in sustaining local communities, and provide a wide range of activities and services that support this role. Much of the debate in housing policy is focused on levels of need and numbers of new homes, but this must not be at the expense of the neighbourhoods that already exist and the fate of nearly four million people who live in them.

As the Page report and other studies have demonstrated, focusing on new build alone is putting the cart before the horse.[38] If we cannot sustain the homes and communities we already have and provide good life opportunities for the people who live there, we will continually compound housing needs that are already great, because of demographic and economic change, with still greater needs created through public policy failure. To reduce the need for new homes we need not only to build more, but to make the best of those we already have.

'Making the best' is not something that can be dictated from on high. Local labour markets, housing costs, demography and social ties all influence the way communities function and the opportunities within them. This is why policies such as the bedroom tax, which looks fair on paper, risks being damagingly counterproductive in practice.

To turn numbers-driven housing policies into a homes policy that supports communities, DCLG and the Homes and Communities Agency must recognise and support the wider community role of housing providers.

" Recommendation

DCLG and the Homes and Communities Agency should recognise and support the wider community role of housing providers. The Homes and Communities Agency should select development partners for its affordable homes programme not only on the basis of their ability to provide value for money when building, but also on their record of creating long term social value in the neighbourhoods and communities they invest in.

In addition, housing providers themselves should view their role as far more than simply managing existing homes or developing new ones. If concentrated and embedded in a given community, they can act as crucial intermediaries to broker local networks and relationships, and to harness physical or social assets to ensure that the needs and talents of the community are prioritised. As argued in *Acting on Localism,* housing providers should be encouraged to report on their 'social value', and be subject to challenge by the local community if they do not clearly demonstrate this role. 'Social value' should include their role as social and economic hubs, and active role in delivering employment services. They should also partner with and invest in 'community anchors' – locally accountable community-led organisations – and seek to support the entrepreneurial ambitions of both their own residents and the wider community.

Recommendation

Following on from the Public Services (Social Value) Act, social landlords and community organisations should use their procurement and contracting policies to promote social, economic and environmental value and ensure their spending benefits the localities they work in wherever possible. They should report on their progress every year in their annual reports.

38 See, for example, Power, A. and Houghton, J. (2007) *Jigsaw cities.* Bristol: The Policy Press.

Incredible Edible, Peterborough

Cross Keys Homes is Peterborough's largest social landlord, looking after 10,000 properties across the city. Set up in 2003 to take over the city council's housing, with a promise of investing £108m in improvements in the first five years, it is placing an increasing emphasis on improving residents' quality of life more broadly – and finding that as it does so its relationship with residents is changing.

The Incredible Edible community growing project, based on the approach pioneered by Incredible Edible Todmorden in west Yorkshire, shows how building networks involves changing the relationships between organisations and communities. Cross Keys is planting spaces it owns with fruit and vegetables that anyone can harvest and share. It's a way of inviting tenants and residents to take ownership of spaces they never previously considered theirs, and to share their skills at planting and growing. The hope is that the scheme will break down barriers between generations and build links with the wider community, including schools and businesses.

Senior neighbourhood manager Michael Bruce explains: "We decided to stop planting ornamental shrubs and bushes, which are a cost to maintain. Let's offer something people can buy into and reap something from instead. In Peterborough there are massive issues with health inequalities – if you're a male in one area compared with another there's a ten year life expectancy difference. So we started by identifying areas were we could plant low maintenance edible produce people could harvest.

"Now we've got planters in our courtyard at head office, our area office, and in hostels – we have four pilot areas where we'll rip out the shrubs and replace them with edible produce. The aim is we'll never plant any inedible produce again."

It's a way of inviting tenants and residents to take ownership of spaces they never previously considered theirs, and to share their skills at planting and growing. The hope is that the scheme will break down barriers between generations as well as nurturing networks with the wider community, including schools and businesses. Already some residents have requested their own community gardens.

> ## Recommendation
>
> Local authorities, social landlords and community-based organisations should fund and support 'community anchors' and community development work in order to build and strengthen local networks. Such work, far from being an expensive luxury in hard times, is a cost-effective way of facilitating and mobilising voluntary and community action.[39]

> ## Recommendation
>
> Social landlords and local authorities should invest in mechanisms which reward community action, from time banking schemes to rent reductions or bonus schemes for tenants and residents who organise or take part in voluntary activity in their communities.

Where substantial redevelopment is required or new communities need to be built because of economic and demographic change, principles of social sustainability should be placed at the heart of the development process. This means not only providing community facilities such as parks, schools and health centres but ensuring these spaces are available, accessible and flexible enough to serve a wide variety of social purposes. New residents should feel the place is theirs to shape and to enjoy.

It should be recognised that local assets are not just the physical and financial assets owned by public, private and community organisations, but the assets of human networks and relationships, of time and talents, that exist in any locality. Even small organisations that see themselves as rooted within local communities can fall into the habit of doing what they do for people rather than with them.

Community organisations need to ensure that their institutional needs and aspirations do not begin to outweigh those of the communities they serve. This is particularly important for social landlords, which have responsibilities to funders and regulators as well as to their tenants and residents.

One way to encourage this could be by transferring ownership or management responsibility to resident-led bodies or sharing it with local people through cooperative or mutual structures to ensure local people are fully involved wherever possible in budgeting and decision-making. Locally rooted organisations such as tenant management organisations are well placed to identify residents' skills and talents and should seek to value and build those skills in ways that interest and support them.

39 Community Development Foundation (2010) *Report on survey of community development practitioners and managers.* London: CDF.

Rochdale Boroughwide Housing

In March 2012 more than 13,750 homes previously owned by Rochdale Council were transferred to a new organisation as the first step in creating a fully mutual society owned by tenant and employee members. Tenants and residents will have the chance to be fully involved in the organisation's budgeting and financial strategies, as well as in the local management of their neighbourhoods.

Rochdale Boroughwide Housing will be the largest mutual housing organisation in England, with 16,000 tenants and 600 staff looking after 52 separate neighbourhoods. Employees and tenants have been working together to recruit members who will play an active role in managing their new homes.

Changing the culture of a large organisation can be tricky. But the prize is an organisation where the traditional paternal relationships give way to shared values, and where both tenants and employees have more say about the direction of the organisation than they did in the past.

Membership provides an opportunity to steer and influence the policies and priorities of the organisation, and a higher degree of accountability than most landlords offer. But because mutual ownership is being retrofitted to an existing organisation, the first job has been to get tenants and employees involved in deciding what form it should take and then communicating it as widely as possible.

The 'constitution commission' that drew up plans for the mutual acted as a dry run for collaboration between staff and tenants, and forged relationships that helped to create a positive atmosphere when membership was being promoted.

The new mutual has signed up to the principles of the international cooperative movement as well as declaring its own values of "responsibility, equity, democracy, pioneering, openness and honesty, caring and championing". There is far more to this than a paper declaration. Despite the organisation's size, face to face contact is seen as key and has helped Rochdale Boroughwide Housing sign up 2,200 members in its first few months.

Rochdale Boroughwide Housing has also begun a programme of 'neighbourhood action planning', working with local residents to identify the main needs and opportunities within each of the borough's neighbourhoods. Residents are helping to create action plans, monitoring how well they are put into effect and getting involved alongside locally based employees in their delivery.

"What's important for us is it's an adult conversation, it's not consultation like we used to do it," says Nicky Morris, who leads RBH's community action team. "We work together on the problems."

> ## Recommendation
> Social landlords should consider transferring ownership or management responsibility to resident-led bodies such as tenant management organisations or sharing it through mutual structures, ensuring local people are fully involved wherever possible in budgeting and decision-making.

In settled communities, and especially where there are concentrations of poverty, housing needs to be seen as a community asset even if it is not owned by the community. Housing policies that disrupt people's survival strategies and break up community links should be avoided. In particular, local landlords should be able to claim exemption from the bedroom tax so as not to penalise individual tenants who are lynchpins of the community (whether formally through a representative role or informally), or across all their stock where they can show that this will result in better property management and benefit local communities.

Rules on tenants' income from lodgers should also be reviewed to incentivise the letting out of spare bedrooms to address under-occupation of properties. Tenants currently have the right to take in lodgers who count towards the recognised occupancy of the household. Income from lodgers is taken into account and deducted pound for pound from housing benefit apart from first £20. Under Universal Credit provisions, tenants will be able to keep all rental income without deductions to benefit, but a lodger will no longer count towards household occupancy, so the bedroom tax is still imposed.

To help tenants stay in their homes, lodgers should be deemed to occupy a spare room so there is no under-occupation penalty. Benefit deductions could also be weighted further so as to incentivise letting out spare rooms. Such a system could be brokered through local networks of social landlords, in the same way that the Homeswapper home exchange scheme is facilitated. There are also a number of online platforms, such as Airbnb which brokers short-term private holiday rentals, or the dotdotdotproperty service that pairs up empty properties with 'guardians' who benefit from low-cost accommodation in return for their stewardship role. Whilst not necessarily related to tenanted housing, these are examples of existing trusted intermediaries and a scheme to encourage the take up of spare rooms by lodgers could be based on this type of peer-to-peer model.

> ❝ ## Recommendation
> DCLG should consult on the future of the bedroom tax after one year of implementation. This would invite evidence from social landlords, community organisations and local authorities as to whether positive impacts can be demonstrated within the communities affected, or whether local exemptions should be introduced to support community stability.

> ❝ ## Recommendation
> The DWP should review the rules on household occupancy and lodgers, in relation to the bedroom tax. Government should support a pilot project focused on encouraging occupation of spare rooms by lodgers, so as not to displace households altogether.

3.3 Redefining services

We need to recognise the foundational role of services provided by or via the state. In public policy debates, a simple narrative of reform has masked a hotchpotch of agendas and messages: is the objective efficiency, cost savings, responsiveness, choice, localism, accountability or some combination of all of them?

In current circumstances the overwhelming emphasis is on cost. Within local government circles the 'Barnet graph of doom'[40] has become the stuff of legend, showing how current trajectories of local government funding, social care costs and the cost of children's services will ultimately leave nothing for parks and green spaces, bin collection, highway maintenance or any of the other local services we value.

This impacts disproportionately on our poorest neighbourhoods because they are the most dependent on public services. Environmental services, libraries, leisure services and community centres play a more important role where people have fewer resources of their own. In such areas, an agenda that focuses on choice or alternative provision misses the point: reliability and continuity matter more.

---

40 For an England-wide analysis of these issues, see: Local Government Association (2012)*Funding outlook for councils from 2010/11 to 2019/20: Preliminary modelling.* London: LGA.

Changes in 'mainstream' public services are amplified in disadvantaged neighbourhoods: the closure of a library may remove one of the few freely accessible meeting points in an area; the relocation of a health centre may reduce the likelihood of someone receiving a regular check-up or reporting a concern. The shift to call centres and online services in the name of efficiency may remove known and trusted faces from a community, making it less likely that help will be asked for or offered when needed. Disadvantaged communities remain among the most disconnected digitally, lacking not only the technology but often also the knowledge required to use online services effectively. There are still 5.2m households without internet access, and of these, 22 per cent say they do not have the skills needed to use the internet.[41]

From the perspective of the people who use public services, the criterion for success is whether services do the job they are supposed to do when they are needed. That demands reliability, prompt responses, and intelligence. Community Links, a charity that works with young people and families in Newham, east London, describes this as "building fences at the top of the cliff, as well as running ambulances at the bottom"[42] In the name of efficiency and cost savings, many public services are now removing the fences.

Some of the most promising experiments in UK public policy are those examining how public service funding can be re-focused to meet priorities decided at a local level. There is no greater test of a social contract for local growth than handing over control of funds to the people they are intended to serve, and after faltering steps over the last decade the shift to local autonomy is starting to gather pace.

Funding cuts are forcing local authorities and community based organisations to think creatively about how they can bring maximum value to local people. Participatory budgeting, for example, not only devolves responsibilities, but also adds value in the form of 'sweat equity' - the energy and enthusiasm of local residents.

41 Office for National Statistics (2012) *Internet Access – Households and Individuals, 2012.* Available at: http://www.ons.gov. uk/ons/dcp171778_275775.pdf [Accessed 12 November 2012].

42 Robinson, D. (2010) *Out of the ordinary: Learning from the Community Links approach to social regeneration.* London: Community Links.

Govanhill, Glasgow

A study of a participatory budgeting scheme in Govanhill, Glasgow,[43] where £200,000 was allocated to a local action group to spend as they saw fit, found that "within a neighbourhood where community engagement has proven especially challenging, the participatory budgeting process has enabled purposeful and reciprocal dialogue between community members and the public and third sectors". Action group members were described as "capable, skilled and passionate" and "considered and strategic", and they "embraced responsibility". This is a far cry from traditional stereotypes of poor neighbourhoods.

Recommendation

Local authorities should continue to promote forms of devolved participation, such as neighbourhood councils and participatory budgeting, encouraging approaches that reward local responsibility. Such methods should be adopted as common practice rather than as isolated experiments. As a beginning, councils should adopt the People's Budget campaign's target of ensuring 1% of local authority spending is allocated through participatory budgeting methods.

Community budgeting takes the process a step further. At a neighbourhood level, ten areas in England, ranging from inner-city Bradford to a seaside town in north Devon, are testing how public service funding can be devolved to community organisations and town councils; and four 'showcase areas' are examining how budget pooling can work on a much wider scale, in Greater Manchester, Essex, Cheshire West and Chester, and West London.

Alongside these initiatives, the Localism Act creates a legislative framework for transferring assets of community value to local organisations, and provides a 'right to challenge' where local groups believe they can do a better job of running public services. The challenge now is to learn from these cases and pilots and use that learning to stimulate further innovation. Funders in central and local government should reward community-based organisations, from neighbourhood forums to social landlords, for experimentation: the more they innovate, the more licence they should be given to keep on innovating, and resourced to share what they have learned with others.

43 Harkins, C. and Egan, J. (2012) *The role of participatory budgeting in promoting localism and mobilising community assets.* Glasgow: Glasgow Centre for Population Health.

So far the community budgeting experiments have focused strongly on local government spending and services. But health, welfare and work have a huge impact on the way people in poor areas construct and conduct their lives too: government should encourage devolved and participatory approaches to NHS and Department for Work and Pensions spending.

CASE STUDY

Big Local

Big Local is a Lottery programme to provide at least £1m to each of 150 communities in order to help local residents achieve lasting change. Unlike traditional government programmes, there are no restrictions on when the money should be spent – the emphasis is on identifying local needs and enabling local communities to develop the skills and capacity to address them. The programme will continue for ten years, with a focus on achieving the right solutions rather than the fastest ones.[44]

Investment should shift from stop-start programmes to funding continuous experimentation and sharing of learning – led and guided by residents of our poorest communities, alongside the academics and policy experts. Instead of seeing disadvantaged neighbourhoods as problem areas, they should be treated as the research and development departments of the social economy. They should be hothouses of locally-led innovation, and where they achieve better outcomes for public investment they should earn greater control and autonomy. In practical terms, this means devising services around the way people would like to live their lives, rather than demanding that people live in ways that are convenient to those providing the services. To do this, service providers should devolve an increasing proportion of their budgets to local level. If a participatory budgeting exercise results in better or more accountable spending, it should trigger further devolution of funds and resources, with professional staff redeployed accordingly to serve community-based organisations.

A simple but practical step towards such a culture change would be the creation of a Local Endowment Fund. Focused on the most disadvantaged neighbourhoods, it should be available to community-led organisations and social landlords working at a neighbourhood level to draw down when they need it, in order to fund local action that has the potential to change wider practice or stimulate additional activity within the community. It should have two simple objectives: to fund innovation, and to share learning.

---

44 Local Trust (2012) Available at: http://www.localtrust.org.uk/big-local/ [Accessed 12 November 2012].

This would not be a substitute for mainstream public service funding, but would function as an R&D budget for communities. Unlike programmes like the working neighbourhoods fund, the endowment fund should be spent by those working directly within the communities that are most in need. Projects should be able to draw down funds over an extended timescale rather than having to spend within set budgeting periods; they should be able to do so with a minimum of bureaucratic monitoring; and organisations should be required to start small and demonstrate their effectiveness before advancing to larger sums. Two clear conditions should be set for funding: organisations should prove themselves with small actions before applying for larger amounts, and peer learning should be a part of every project.

The £500m a year spent in the last years of the Labour government on its working neighbourhoods fund could get a Local Endowment Fund off to a flying start. Capital funding could then be added year by year to increase the size of the endowment. The risk profile of its capital investments should be managed so as to maximise the possibility of investing directly into poorer communities (for example, by investing in social housing real estate investment trusts or community energy projects) while preserving the ability to run a substantial grants programme. As well as managing and distributing grants, those responsible for managing the Regeneration Endowment Fund would have a duty to collect and share learning in forms that are accessible to the communities that would most benefit from this knowledge.

Recommendation

The Department for Communities and Local Government should kick-start the creation of a Local Endowment Fund, building on existing civil society and private sector-led programmes. Focused on the most disadvantaged neighbourhoods, it should be available to community-led organisations and social landlords working at a neighbourhood level to fund local action. Priority should be given to innovative schemes with the potential to change wider practice and stimulate additional activity within the community that enables citizens to build sustainable livelihoods.

In addition to measures to stimulate local innovation, a second stage of devolution is required, to complement the promise that exists within the Localism Act and the community budgeting pilots. The 'city deals' completed over the last year have focused on economic development and growth: the bargain has been that local authorities that can create jobs and improve productivity should get extra freedoms.[45] But these do not go far

---

45 HM Government (2012) *Unlocking growth in cities: City deals – wave 1.* Available at: http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Guide-to-City-Deals-wave-1.pdf [Accessed 17 August 2012].

enough: it is far from certain that the benefits will filter down to the most disadvantaged communities. Longer term 'community deals', with locally based organisations as the budget holders and delivery agents for a wide range of central and local government services could also work on a quid pro quo in the same way as city deals: in this case the requirement should be to create employment opportunities for people in the most disadvantaged communities and develop local skills. The model of Fresh Horizons (see page 45), which combines volunteering, local work placements and the location of public services within the communities they serve, provides a useful template. Chapter Four explores how local organisations could be given devolved responsibility for employment services within a locality.

Recommendation

The Department for Communities and Local Government, Department for Work and Pensions and local authorities should work together to offer long term 'community deals' in which locally based organisations can act as the budget holders and delivery agents for a wide range of central and local government services. In return for the freedom to choose the most locally appropriate way of delivering services, organisations should be expected to develop local skills and create sustainable employment for people in the most disadvantaged communities.

4 | Making work pay: Local labour markets and the informal economy

The Government, like its predecessors, has made much of its desire to 'make work pay'. What the Labour administrations sought to achieve through tax credits, the Coalition is attempting to do through the introduction of Universal Credit. Yet the issues they are seeking to tackle are not only persisting but growing: insecure, low paid work; stubbornly high levels of worklessness; and, in some places and among some groups, a disconnection from the world of work that has persisted for generations.

As a recent study in Bradford found, a strong belief that work is the best route out of poverty is tempered by disappointment and frustration with the nature and availability of work on offer. People interviewed were clear that "a full-time job with a reasonable wage" would lift them out of poverty, but were deeply pessimistic about their chances of finding such work.[46]

The labour market continues to fail in that it does not provide enough jobs, and the jobs it does provide do not pay enough to lift people out of poverty. In social housing estates, 56 per cent of working age residents did not have a job in 2011.[47] Work is becoming more precarious and more badly paid, and the numbers of working people who are living in poverty is now even greater than the number of those without work who are poor.[48] A telling indicator is the proportion of housing benefit claims now being made by working people: between January 2010 and March 2012, 272,160 out of 363,550 new claims were made by people in employment.[49]

For those in work and on low incomes, not only is the promise of work being the route out of poverty hollow: having a job can actually undermine a person's coping strategies.

"The economy expects people to be hypermobile and flexible. People are being treated as "just in time" products, available only as and when needed. That demands high dependency on social assets – it relies on social assets but at the same time it's tearing them up."
Katherine Trebeck, Policy Adviser, Oxfam Scotland

Greater competition for jobs is not only pushing down wages, but also squeezing out the less qualified. With graduates taking work that might previously have gone to school leavers, the young and unskilled are faring particularly badly; so too are older unskilled workers. Inevitably, there are more of these people in poorer neighbourhoods and in social housing estates.

From a people-centred perspective, work is deeply intertwined with personal security and stability. Forms of work that undermine such stability, whether through unpredictable hours or low pay or both, tend to suppress rather than release human potential. Far from reducing dependency, a highly competitive labour market makes the lowest paid more dependent on subsistence payments from the state, emergency help from charities like food banks and favours from family and friends, and more vulnerable to shocks such as illness or relationship breakdown. If we are to reconnect people with work, the labour market must become far more responsive to people's needs and circumstances. This is not something that can be left to individual businesses and employers.

46 Athwal, B., Brill, L., Chesters, G. and Quiggin, M. (2011) *Recession, poverty and sustainable livelihoods in Bradford.* York: Joseph Rowntree Foundation.

47 Gardiner, L. and Simmonds, D. (2012) *Housing providers' approaches to tackling worklessness: Assessing value and impact.* London: Centre for Economic and Social Inclusion.

48 Aldridge, H., Kenway, P., MacInnes, T. and Parekh, A. (2012) *Monitoring poverty and social exclusion 2012.* York: Joseph Rowntree Foundation.

49 Brown, C. (2012) "Rise in working housing benefit claimants", *Inside Housing,* 19 July 2012. Available at: http://www.insidehousing.co.uk/ihistory.aspx?storycode=6522829 [Accessed 20 August 2012].

4.1 Localising the work ethic

For many years, programmes that sought to bring unemployed people in poor communities back into the workplace tended to begin with this kind of deficit model: people do not fit employers' moulds, so they must change. That remains the assumption behind the Work Programme. But poor people are not devoid of skills. What they often lack is confidence and opportunities that offer a real chance to improve their lives.

As well as seeking to bring people from poor communities into the workplace, policymakers should therefore seek to bring the workplace back into poor communities in order to facilitate a managed transition from unemployment to work. This is a job both for national government in its approach to the tax and benefit system, and local service providers in their approaches to recruitment, procurement and service design. It needs to be designed in ways that acknowledge that in today's labour market the transition from welfare to work is not a single, simple event but a process that may involve several steps and may need to be repeated.

The example of Giroscope (chapter 4.2) indicates how people who might not be given a chance with a major corporation can learn practical skills within their own community. Such work brings a triple benefit: it keeps income within the neighbourhood, it demonstrates to friends and neighbours the value of working, and it reduces reliance on state benefits. The case of Fresh Horizons demonstrates how public service jobs can be 'insourced' back within the neighbourhood.

CASE STUDY

Fresh Horizons, Huddersfield

In north Huddersfield, social enterprise Fresh Horizons manages community buildings, runs libraries and a children's nursery, provides security improvements for people who have been burgled, improves and repairs empty homes and brings them back into use, and runs local clubs and a carnival. It now employs nearly 70 people, almost all recruited from the local area, and has a turnover of £1.25m a year.

Many of the people who now work for Fresh Horizons would not have dreamed of applying for the same jobs when the employer was the local council. Rightly or wrongly, they believed they would not have been considered. Fresh Horizons, because it is based in the neighbourhood, is known and trusted. People without a track record of employment or qualifications can prove themselves as volunteers and receive support and confidence-building from their peers.

Recruiting from the locality should be the default option for those providing services to a neighbourhood, not an optional extra. Where extra training is needed, local residents should be given the chance to prove themselves through volunteering. Social landlords in particular should examine which positions can be filled from among their tenants, either directly or via training, volunteering or apprenticeship schemes.

Lostock, Trafford

Where might you find zumba dancing instructors, beekeepers, chefs, bakers, jewellery makers, plumbers, roofers, make-up artists, graffiti artists and BMX bikers? If that starts to sound a bit like the cast of an Olympic ceremony, it might surprise you to discover that this is only around a fifth of the skills and interests identified among the residents of one small estate in a Manchester suburb.

The 80 homes of Ripon Crescent were built by Trafford Housing Trust in 2011 to replace run-down 1950s flats. There's also a multi-purpose community centre, housing children's services run by Trafford Council. The buildings' design is eye-catching and they're constructed to a high environmental standard, but that's only the beginning of the story. What makes Ripon Crescent interesting is what the people who live there can offer.

The residents are ordinary people. The talents they offer are skills you might find anywhere, but may often be hidden because nobody apparently wants or values them. The difference at Ripon Crescent is that someone asked. Trafford Housing Trust has been working with a 'community builder' employed by Forever Manchester, a community grant-giving foundation, to identify people's skills and interests using the principles of Asset-Based Community Development (ABCD).

James Hampson, Lostock's community builder, has been working with people who have moved into the new development to find out what they liked and wanted to do, and what they were good at. It is then up to residents to decide how they want to use their skills and how they might help each other through them.

One of the first ideas to take shape has been the creation of a community allotment. Cultivating unused space in the grounds of the local college, it provides a place for people to grow fruit and vegetables. Another innovation is a 'connectors' table' where those who know their way around the local community can put people with similar interests or aspirations in touch with each other.

Lostock, Trafford (cont.)

Forever Manchester is backing local people's ideas with cash rewards – not for individuals but to help make the ideas happen. The scheme, known as 'Cash4Graft', offers small pots of money to help kick-start residents' ideas, putting in £10 of grant for every hour of voluntary work by local people.

Gary Loftus, head of community building at Forever Manchester, says it's a case of putting what local people can offer at the top of the list, not as an afterthought. "If you went shopping you'd check what was in your cupboard before you went off to the supermarket," he says. "We're getting people to pledge what they've already got, and we're using what's local."

"We're not saying ignore what's wrong. But if you start with the glass half full you have a different conversation."

The assumption behind the Work Programme is that the use of large, well-capitalised private contractors can remove risk for the government. But one of the strongest criticisms of the government's approach to work and welfare is that it is insensitive to individual circumstances, and replaces trusted relationships with local agencies with standardised models that reduce human contact and frequently make mistakes. The experience of the work capability assessments run by Atos, where tribunals are upholding nearly four in ten appeals, suggest there is something more fundamentally wrong with the process than a poorly devised testing system.[50]

Manor House Development Trust

In north London, Manor House Development Trust, set up as part of the £1bn redevelopment of the Woodberry Down estate in Hackney, east London, is working with private companies to open up recruitment opportunities to local people. A social enterprise, Local Labour Hire CIC, has been set up as a joint venture with Vane Recruitment, a specialist recruitment agency, to link private employers with skilled and vetted candidates. A training academy, Building Lives, has been set up to train local people in construction skills needed for the estate's redevelopment, and a new cleaning company is being created to provide opportunities for young people.

---

50 Fagg, A. (2012) "Watchdog finds 'weaknesses' in sickness benefit system", BBC News, 17 August 2012. Available at: http://www. bbc.co.uk/news/uk-19244639 [Accessed 17 August 2012].

Local recruitment contrasts with the 'you come to us' approach of Jobcentre Plus and the Work Programme, with its preference for 'prime contractors' operating large regional contracts on a payment-by-results scheme. Many of the local agencies that have built up trust within communities have found themselves excluded from Work Programme contracts, or left in exploitative relationships where they are forced to offer their expertise free of charge in order to have any role in the Work Programme at all.[51]

What difference could a social contract for local growth make here? The guiding principle must be to bring services and opportunities as close as possible to the people they are intended to help. This is particularly important in the case of more marginalised communities, including some minority ethnic communities where unemployment or under-employment is disproportionately high. So local control of the Work Programme, with advisers recruited from the communities most in need and based within those neighbourhoods, would go a long way towards creating trust; so too would recruitment policies that seek out people with skills and talents from within disadvantaged communities for the work that needs to be done within them.

While the move to 'real time' reporting under Universal Credit is intended to improve the system's flexibility and responsiveness, there should also be sufficient leeway to take account of the realities of the local labour market, as well as ancillary factors such as the availability of affordable housing, childcare and transport. To begin to achieve this, there needs to be greater local discretion, particularly in terms of conditionality. What is reasonable to expect of one jobseeker in one locality might be entirely unreasonable in another or at a different time. There is therefore a strong argument for a radical localisation of the work of Jobcentre Plus and the Work Programme, with social landlords or community-based organisations given the right to provide a full range of job-related services within their localities.

CASE STUDY

Liverpool's city deal

Liverpool City Council is already taking tentative steps towards a more flexible approach to welfare through its 'city deal' negotiated with the Department for Communities and Local Government last year. As part of a 'Liverpool approach to welfare reform' it will explore how benefits administration and work programmes can be joined up locally, with the possibility of 'earned autonomy' for Jobcentre Plus in the city, localised support for people leaving the Work Programme, and funding to support 'enhanced allowances' for claimants who take up new opportunities provided through collaboration between the Department for Work and Pensions and the city council.[52]

51 Damm, C. (2012) *The third sector delivering employment services: An evidence review.* Available at: http://www.tsrc.ac.uk/LinkClick. aspx?fileticket=aoUqP0rW6m8%3d&tabid=873 [Accessed 15 August 2012].

52 Liverpool City Council (2012) *Unlocking growth in cities – Liverpool.* Available at: http://connect.liverpool.public-i.tv/ document/_unlockinggrowthincitiesliverpool.doca.ps.pdf [Accessed 16 August 2012].

Liverpool's city deal is an important step, but there is potential to go much further. The more people who are out of work and claiming benefits are involved in the decisions that affect their lives, in partnership with people and organisations they trust, the more likely it is that those decisions will help to improve their choices and prospects and break the cycle of poverty. There are important lessons to be learned from the Intermediate Labour Market programmes of the 1990s, which at their best helped secure stable employment for many long-term unemployed people.[53]

Devolution of powers and responsibilities should be negotiated between local and central government, and community based organisations such as social landlords. The scope of such deals should be as wide as possible, with a particular focus on the administration of welfare and employment support: there is no reason, for example, why a social landlord should not also run the services offered by Jobcentre Plus or the Work Programme within their locality, creating a unified package of support for residents. The resources currently used by different central and local government departments to run employment support and welfare programmes should be devolved in full wherever local organisations wish to take on these roles. If, as described earlier, neighbourhood based organisations take responsibility for open spaces, refuse collection or recycling within their localities, they would also be responsible for creating employment and training opportunities where they are most needed. In areas where worklessness is high and long-term, individual approaches are likely to prove more effective than standardised solutions.

Recommendation

The Department for Work and Pensions and the Department for Communities and Local Government should establish an independent review to explore the possibility of radically localising employment support, devolving the functions of jobcentres as closely as possible to disadvantaged communities and requiring Work Programme contractors to have a local presence in the most deprived areas, either directly or via community-based organisations. The 'right to challenge' within the Localism Act should be extended to employment support and training, allowing community-based organisations to put forward alternative bids where they feel they can do the work better.

---

53   Marshall, R. and Macfarlane, R. (2000) *The Intermediate Labour Market: A tool for tackling long-term unemployment.* York: Joseph Rowntree Foundation.

4.2 Localising economic contribution

As well as considering 'work' in the context of jobs, policy should also recognise the importance of informal exchange. Work is far more than paid employment: it includes volunteering within community organisations or charities, informal help and care given to family or neighbours, contributing to society as a tenant representative or elected councillor, study and training. Just as someone in well paid employment contributes to society through tax and is rewarded through earnings, those who work within their communities should see a connection between contribution (often in the form of time rather than tax) and reward.

Government action on the informal economy tends to focus almost entirely on its illegality. This fails to recognise the complexity of people's lives and coping mechanisms, or the benefits that much of the work currently done below the radar bring to families and communities. These benefits include social contact – the peripatetic hairdresser who works for cash may also act as an informal carer or neighbourhood warden – and entrepreneurship. Research by Community Pride and Oxfam in Manchester found informal work played a sustaining role within poor communities, making it easier to survive: "It provides services and products at a reduced cost, which many people would otherwise be unable to access because of their difficult financial circumstances."[54] Policy needs to seek to maximise these benefits while minimising illegality and exploitation, a difficult balancing act to sustain.

Worldwide, the informal economy sustains well over half the world's population. One study by the OECD calculated that 1.8bn of the world's 3bn working people were employed outside formal tax and benefit systems.[55] It is the way people manage to get by. In the UK too, research has found that involvement in the 'grey economy' tends to be driven by need, not greed.[56]

There is a difference between informal activity and criminal activities. A study commissioned by the Department for Communities and Local Government characterised the informal economy as consisting of three types of activities: informal paid work, informal unpaid work, and illegal economic activity.[57] It suggested that there was less of it in deprived neighbourhoods than among the population at large, but that it played a more important role:

---

54 Community Pride Initiative (2009) *Invisible workers: The informal economy.* Manchester: Oxfam.

55 Jütting, J.P. and J. R. Laiglesia (2009) "Employment, poverty reduction and development: What's new?", *Is informal normal? Towards more and better jobs in developing countries.* Eds. J.P. Jütting and J.R. Laiglesia, Paris: OECD.

56 Katungi, D., Neale, E. and Barbour, A. (2006) *People in low-paid informal work.* York: Joseph Rowntree Foundation.

57 Evans, M., Syrett, S. and Williams, C. (2006) *Informal economic activities and deprived neighbourhoods.* London: DCLG.

"In deprived neighbourhoods, the vast majority of the research reveals that the level of informal work is smaller in magnitude than elsewhere. However, this does not mean that it is less important. Quite the opposite. People living in deprived neighbourhoods rely on informal work to a far greater extent in their household coping practices to fulfil their needs and wants. The problem, however, is that they are often less able to participate in such activity than their counterparts in more affluent neighbourhoods."

Department for Communities and Local Government, Informal economic activities and deprived neighbourhoods

If it is in the interests of society as a whole that people find ways to make ends meet, then we need to consider how to deal with the informal economy in ways that do not undermine family and community life.

CASE STUDY

Phoenix Community Housing

Phoenix Community Housing in south London has recognised that much of the economic activity within its area takes place at car boot sales. It is looking to create opportunities to put such exchanges on a legitimate footing by providing space for residents to try out business ideas within a new community hub, the Green Man, which will also house a credit union and a training restaurant. Such initiatives can help to provide alternatives to the informal economy.

To help people move from informal to formal activity, transitional support must be maximised and the loss of income kept to a minimum: work only pays if people are better off as a result. National government has a key role to play in designing the benefits system appropriately; but local intermediary organisations are essential to provide the bridges that help people move from informal to formal employment.

Universal credit could help to ease such transitions, but the level of earnings disregarded needs to be sufficient to provide an incentive to declare informal work. It is doubtful whether the current disregard levels (a maximum of £57.69 a week for a couple with no

children, or £13.46 for a single person) or the 'taper' which reduces benefits by 65 pence for every pound of earnings, will make a big enough difference. There are also concerns that because universal credit will be handled through the PAYE system, claimants who are working informally may choose instead to operate outside the system altogether.

This is an area that needs to be researched and watched closely in order to understand its impact within the poorest neighbourhoods. The objective, if we are to make policies work for people rather than policymakers, must be to encourage local economic activity rather than to push people into inactivity or criminalise small-scale entrepreneurship.

New research to be published by Oxfam based on studies in Salford should help us understand the dilemmas of the informal economy better.[58] As a result of this research a 'hidden economy expert group' has been formed, hosted by Professor Colin Williams at the University of Sheffield. Given the complexity of the issues involved, the challenges of gathering evidence and the unknown impacts of welfare changes on those who are currently working near the edges of legitimacy, government needs to be ready to adjust the Universal Credit regime in the light of emerging research. The priority, as with the other policy issues discussed in this paper, must be to work with the grain of life as it is lived by people on the margins of society, not to exclude them further.

> ## Recommendation
> The Department for Work and Pensions and the Department for Communities and Local Government should set up a joint taskforce to examine the scale and nature of informal, undeclared work and to consider how it could be put on a more formal footing without penalising the skills and entrepreneurship that exists within poor communities. This work should be done in collaboration with the new Hidden Economy Expert Group and informed by the real-life experiences of people who have worked within the informal economy. The taskforce should be required to report to Parliament within 12 months.

One helpful step government (and its agencies and contractors) could take would be to view voluntary work within the local community as a valid alternative to the traditional job seeking requirements that form the basis of the 'claimant commitment' under the Universal Credit system. Such work, validated by local community organisations, should be credited as preparation for formal employment.

58 Oxfam (forthcoming) *Facing the facts: Acknowledging the informal economy in anti-poverty policies and services.*

Giroscope, Hull

Giroscope is a small housing charity that renovates empty homes, providing work experience and training in practical building skills for people who are struggling to find jobs, and offering affordable housing to people who need it. By working within a small area where all its homes are within walking distance, Giroscope is able to build networks of near neighbours who help create stability within a vulnerable community.

Giroscope has been operating since 1985 in one of the most difficult areas of Hull, blighted by the abandoned housing market renewal 'pathfinder' programme and buy-to-let landlords who didn't care who they housed as long as they could offload the property at a profit to another absentee landlord a few years later.

Yet its coordinator, Martin Newman, is clear that what Giroscope offers is not just housing – somewhere to live that matches the profile of the tenant – but a home. If you want to stay and put down roots, Giroscope won't move you on or sell your house to raise capital.

Human contact is at the heart of the way Giroscope operates. By volunteering, people can prove themselves as reliable prospective tenants. "We get to know them and then they become candidates for housing," Martin says. "If people are working with us and they need somewhere to live we would help them. It's trying to help people into a house they can afford in streets that suit them."

Giroscope operates at a small scale in an area of huge problems, many of them generated via a private rented market that thrives on neglect. Yet even a small organisation like Giroscope can help stem the tide of decline. In Wellsted Street, a road Martin describes as "a dumping ground for people who aren't wanted anywhere else", Giroscope now owns 15 houses and the local grocery shop.

Local authorities, social landlords, and community organisations could use a range of reward mechanisms to incentivise and reward informal economic contribution. Time banks, for example, function on the principle of 'an hour for an hour', trading skills and work within a group or locality. While they can work as a self-contained system of exchange within a community, they can also operate on an 'agency-to-person' basis, where individuals are rewarded for their contribution to the organisation's work or mission.

Complementary currencies can be used to reward residents who support local businesses, offering discounts and special deals. Such currencies are in their early stages in the UK but there are experiments worth watching, such as the Brixton Pound in south London and the 'plus points' being developed by Wigan Plus, which are designed to reward community activity as well as acting as a traditional retail loyalty scheme. Rewards can also be offered for actions that help social landlords or community organisations.

A further step would be to revive the proposals for a Community Allowance, advanced by Locality and other community-based organisations over the last decade.[59] A Community Allowance, integrated with Universal Credit, could pay benefit claimants to do short term or part time 'stepping stone jobs' with local organisations that improve wellbeing and quality of life within the community. While doing such work their benefits would be protected, giving them the security to learn new skills, gain work experience and make a valuable contribution to their neighbourhood. Locality and Wales Council for Voluntary Action are discussing proposals for a pilot scheme with the Welsh Assembly Government, and it would be helpful to test such an approach in England too.

Recommendation

The Department for Work and Pensions should modify the benefit sanctions regime to encourage claimants to take up 'stepping stone' jobs or placements with community organisations, or carry out informal unpaid work within the neighbourhood where there is little suitable paid employment. Benefit withdrawal tapers should be relaxed to ensure work provides a significant net increase in income.

59 Alexander, N. (ed.) (2010) *The Community Allowance: A step up for people and places.* London: Create Consortium.

5 | Six stepping stones towards a social contract: Conclusion and recommendations

The central thrust of this paper has been that lasting recovery should start with the people, aligning with their aspirations and desires in life and helping them to progress from getting by to getting on – a social contract for local growth. By doing so, far from giving people something for nothing, it enables them to contribute – through time, talents and taxation. Of the three, time and talents have the potential to unlock the greatest value and innovation. Many of the most exciting developments in regeneration, from Coin Street Community Builders in London to Balsall Heath Forum in Birmingham, from Incredible Edible Todmorden to community-owned housing in Liverpool's Eldonian Village or WECH in Westminster, have grown from the time and talents of local people, not from top-down government programmes.

But this does not mean there is no role for the state. Every one of the projects cited above has received help from central or local government, in cash, in kind or both. And most would say they could have benefited from more help, at the right scale and the right time, and with fewer strings attached. It is time to move on from sterile debates about the size of the state, and think harder and more creatively about the role and function of the state in partnership with the people.

As outlined in the introduction, affirmative approaches to rebuilding communities require asset-based actions and an appreciation of the choices and trade-offs that are involved in responding to any kind of change. There is a risk, though, that asset-focused techniques become adopted as a way of letting government off the hook, avoiding the necessary examination of inequality and shifting the burden onto the shoulders of those who use services rather than those who provide them. The agenda can become one of saving the state money in the short term rather than supporting people to realise their own hopes and ambitions, which will save the state money in the long term. So asset-based approaches need to be deployed in the context of a wider rebalancing of economic priorities and strategic investment of public resources, as advocated by the Early Action Task Force.[60]

One of the concerns with nationwide reforms such as Universal Credit is that in the interests of perceived fairness and efficiency, people who are already vulnerable are required to change the way they manage their lives. A change as apparently minor as ending direct payments of housing allowances to landlords and giving the money to claimants in a monthly lump sum has the potential to undermine families' ability to budget effectively, so unintended consequences need to be considered carefully.[61]

Six stepping stones stand out as playing a key role in developing people-centred regeneration. The form they take and way they are developed will be different in each location, and on their own none of them are a solution to long term challenges. But all of them can help to fashion a more equal relationship between citizen and state, generating clear benefits for local people as well as more effective public policy.

5.1 Build networks

Social networks can sometimes appear to be the flavour of the month, as policymakers seek to apply a heady mix of the Facebook effect and Clay Shirky's theories of 'cognitive surplus' to social issues.[62] But networks have always existed and formed below the radar, linking families, friends and interest groups. Skills, leisure pursuits, faith and politics all bring people together, but can also create hostilities and drive wedges between different groups. As social capital theorists have pointed out, it is 'bridging' and 'linking' activities that add strength to communities and expands people's horizons.[63]

60 Early Action Task Force (2012) *The Deciding Time: Prevent today, or pay tomorrow.* London: Community Links.

61 National Housing Federation (2012) *Submission: Social Security Advisory Committee: Call for evidence on Universal Credit regulations.* Available at: http://www.housing.org.uk/publications/find_a_publication/legislation/universal_credit_regulations.aspx [Accessed 9 August 2012].

62 Shirky, C. (2010) *Cognitive surplus: Creativity and generosity in a connected age.* London: Penguin Press.

63 Lesser, E. (2000) *Knowledge and social capital: Foundations and applications.* Woburn, MA: Butterworth-Heinemann.

Community networks start with the confidence to converse – to approach a neighbour or stranger, to share news or possessions, skills or ideas. Community organisations need to create and sustain the spaces for conversation where people can meet and exchange ideas, and funders should support community development workers who can facilitate and mobilise local community networks.

Often the actions needed to create social networks are very simple. It may be people coming together to grow vegetables on derelict sites, such as the Moveable Feast Garden in St Leonards, Sussex.[64] It might be running a series of art classes, such as those pioneered by Art to Art in Scholes, Wigan.[65] It might be a street party or Big Lunch event, a community festival or sports activity that gets the ball rolling. What such actions have in common is that they start with people's own interests, and do not make demands on them to 'engage' with others' agendas. In this respect there is a world of difference between genuine social networks and the forms of 'community involvement' often practised by public agencies.

Building networks is something that people do themselves, not something that can be done to or for them. A community with a large number of strong networks is one that can respond to external events, participate in public debate and take action on its own behalf. When public agencies and community intermediaries provide accessible spaces or approachable people who can support network creation without demanding a quid pro quo, they benefit because the fabric of the community is stronger, not because there is an instant and identifiable payback.

5.2 Build resilience

The concept of resilience has been applied in numerous ways in recent years, covering everything from personal coping mechanisms to city-wide economies. At the root of this thinking is a common understanding that some forms of well-intentioned support exacerbate vulnerability while other approaches reduce it, building personal and communal strength.

At a community level, this involves much more than the ability to manage with less state support. The Centre for Local Economic Strategies describes 'place resilience' in terms of the ability of a place to respond to the challenges it faces.[66] At a city or district level, this involves understanding the various contributions of the public, social and commercial economies and the underpinning role they play together via the relationships between them. This reflects recent thinking about the value of 'anchor institutions' such as universities and hospitals, which can create sustainable long term employment and opportunities for innovation in an area.[67]

64 Women's Institute (2012) *The Moveable Feast Garden: A Growing Community St. Leonards-On-Sea.* Available at: http://moveablefeastgarden.wordpress.com [Accessed 9 August 2012].
65 Art to Art Wigan (2012) *Art to Art.* Available at: http://arttoartwigan.co.uk [Accessed 9 August 2012].
66 McInroy, N. and Longlands, S. (2010) *Productive local economies: Creating resilient places.* Manchester: Centre for Local Economic Strategies.
67 Webber, H. and Karlstrøm, M. (2009) *Why community investment is good for nonprofit anchor institutions: Understanding costs, benefits, and the range of strategic options.* Chicago: Chapin Hall.

Organisations like Giroscope, Coin Street Community Builders on London's South Bank or the Goodwin Development Trust in Hull are classic examples of community anchors, providing jobs, services, local facilities and housing. But there are also institutions that may be more limited in their activities but play a similar connecting role: the parish church or mosque, the working men's club, the village hall, the pub, post office or the library. Often their value is not recognised until they are lost.

Local authorities and social landlords should identify and invest in the 'community anchors' within their areas in order to build local resilience. These anchor organisations should be viewed as essential partners in community planning and investment. Wherever possible, local authorities should devolve public service roles to neighbourhood based organisations, in recognition of the economic impact of 'anchor institutions' within communities and the role they play as trusted agencies for people who are currently outside the labour market or trapped in low-paid work.

Similarly, local authorities should work closely with social landlords to ensure that public service procurement and local economic development align wherever possible with the skills and talents their tenants and residents can offer, and the needs they need to meet.

When resilience is built, people are not only more able to withstand shocks and cope with difficulties: they become more willing to take risks and step out to help and support others. They give more because they are more confident.

5.3 Build participation

There is a world of difference between participation and consultation. Consultation asks people what they think of plans drawn up by others: participation is about sharing the shaping and decision-making process. It complements the role of representative democracy, where decisions are delegated upwards and services provided downwards, by making ordinary citizens commissioners of services rather than simply users.

A wide range of participatory approaches has been developed in recent years. Neighbourhood planning enables residents to put forward their own proposals for the physical environment; community budgeting devolves responsibility for areas of council spending. Far from undermining the democratic process, such initiatives encourage local residents to use their skills for the common good.

Local and national government should support mechanisms that already exist, including neighbourhood planning, participatory budgeting, community asset transfer and cooperative or community ownership of housing. They should take the lead in piloting new ways of devolving responsibility, including the formation of neighbourhood councils and neighbourhood-level community budgeting. And they should examine the scope for further devolving responsibility and resources to local level where community-based organisations see the potential to improve residents' prospects.

5.4 Build ownership and access

One of the most debilitating disadvantages faced by people living in poor communities is that they do not own or control the assets they use and depend on. Housing may be owned and allocated by a distant landlord; local facilities are opened or shut in accordance with decisions taken in the town hall or NHS boardroom; green spaces are maintained or neglected depending on council budgets and priorities.

Much has been said and written about the benefits of community ownership in recent years. In Scotland, a wave of high profile takeovers of land and assets has been under way since the passing of the Land Reform (Scotland) Act 2003; the 'right to bid' provisions of the Localism Act 2011 provides communities in England with a right to bid for 'assets of community value', though the legislation is much weaker than its Scottish counterpart. The Quirk Review of 2007[68] and much of ResPublica's own work[69] have pointed out the opportunities of community ownership; recent work by the Joseph Rowntree Foundation has also highlighted some of the caveats.[70]

Encouraging cooperative or mutual ownership of economic and social assets, such as renewable energy and housing, can give local people a stake and a say in society and build a more equal relationship between residents and service providers. It also provides community based organisations with assets against which they can borrow, and which they can use to generate revenue and business opportunities. But it can take many years and much public support to attain the success of organisations like Coin Street Community Builders, which has turned 13 acres of derelict land on London's South Bank into a thriving community.

Local authorities should also encourage and support residents who wish to take over control or ownership of council housing. The 'Right to Transfer' regulations should be implemented and interpreted so that they act as a safeguard for the interests of tenants and residents and create a genuine duty to cooperate on the part of the local authority.

However, not all community organisations are ready to take the responsibilities and risks of ownership. So transitional stages are important, enabling local people to build their capacity without having to jump in at the deep end.

Access is therefore as important as ownership, especially in the short term. Innovations such as the 'community growing licence' pioneered by Calderdale Council offer people the chance to use public land for local benefit without the danger of taking on unaffordable liabilities. By releasing control, public agencies are more, not less, likely to unlock communities' contributions of time and talent.

68 Quirk, B. (2007) *Making assets work: The Quirk review of community management and ownership of public assets.* London: HMSO.

69 Wyler, S. and Blond, P. (2010) *To buy, to bid, to build: Community rights for an asset owning democracy.* London: ResPublica and Nesta.

70 Aiken, M., Cairns, B., Taylor, M. and Moran, R. (2011) *Community organisations controlling assets: A better understanding.* York: Joseph Rowntree Foundation.

5.5 Build rewards

A constant bugbear of regeneration schemes under previous governments was that they demanded enormous commitments of time and energy from local residents, while paying consultants and public servants high fees and salaries. There are ways of redressing this imbalance and rewarding local people for their contribution to their communities without reducing that contribution to a monetary transaction. These rewards can be both personal and communal, and send a message to people that their efforts are valued.

Reward schemes have often struggled because of a lack of investment in infrastructure, their small scale and limited impact. Ways need to be found to turn these experiments into mainstream rather than niche activities, and to support proposals such as the Community Allowance, which values the work benefit claimants do within community based organisations (see page 54).

Local authorities and social landlords should seek to invest in mechanisms which reward community action, from time banking schemes to rent reductions or bonus schemes for tenants and residents who organise or take part in voluntary activity in their communities.

5.6 Build the labour market

One of the biggest difficulties facing poor neighbourhoods in general, and social housing estates in particular, is the lack of routes into work. While the problem is often characterised as a lack of skills and a dependency on benefits, there is also a shortage of suitable jobs: the secure employment offered by the industrial economy has gone, and the practical skills it valued no longer command a premium.

Estates built to service industries that employed tens of thousands have now been cast adrift from their economic roots. The service industries and public services that offered alternative careers have become increasingly professionalised: it is no longer possible, for example, to become a nurse without a degree or diploma. Entry level jobs have thus become more difficult to find, and employers are often unwilling to take on those who have been out of work for a long time.

We need models that make it easier for people to work, not more difficult. As a start, the services that are provided within a locality should be done as far as possible by people who live there and public service contracts specified in ways that facilitate this. Social care, security and police community support, property repair and maintenance, environmental services and youth work, and many aspects of primary healthcare could provide employment at a neighbourhood level for local residents. Neighbourhood Services Company in Liverpool is one organisation that works in this way, running a 100-acre farm and its own catering business as well as offering building and environmental services, and providing employment and training opportunities for local people.[71]

---

71 Neighbourhood Services Company (2012) *Neighbourhood Services Company.* Available at: http://www. nscliverpool.co.uk [Accessed 9 August 2012].

Work by the Centre for Local Economic Strategies and others shows how local authorities and social landlords can be important agents of economic resilience by buying goods and services from local suppliers.[72] Meanwhile 'slivers-of-time' approaches to the labour market, where those looking for work can book employment online to fit their availability, can be used to provide opportunities for those who cannot commit to full-time work, keeping their skills sharp and keeping them connected to the workplace.[73]

The case studies in this report illustrate how some of these stepping stones are being created in practice. But they are examples of innovative thinking rather than the norm. Recognising the potential for a social contract for local growth requires a culture change and a move beyond disputes over the role of the state and the market.

A social contract for local growth would take a citizen-centred approach as a starting point, acknowledging that the only futures that can be sustained are those that are owned and developed by citizens themselves. A fair contribution from someone who is healthy, skilled and without dependents will look very different to one from someone who may have few qualifications, limited health and caring responsibilities. But both can contribute, and the contributions of both should be recognised. As a shorthand way of expressing the deal, citizens can contribute to the common good through tax or time; the state contributes through benefits and services. All must do so within the inevitable constraints of time, resources and abilities. This culture change should be led by local authorities and community intermediaries, who should reward responsibility and invest in actions that grow the social, human, physical, financial and public assets within disadvantaged communities. Only with such an approach can we ensure a responsible recovery which engenders a participative economy alongside social sustainability.

72 Jackson, M. (2010). *The power of procurement*. Manchester: Centre for Local Economic Strategies.
73 Slivers of Time (2012) *Slivers of Time*. Available at: http://www.slivers.com [Accessed on 9 August 2012].

Summary of Recommendations

- The **Department for Communities and Local Government, Department for Work and Pensions** and **local authorities** should work together to offer long term 'community deals' in which locally based organisations can act as the budget holders and delivery agents for a wide range of central and local government services. In return for the freedom to choose the most locally appropriate way of delivering services, organisations should be expected to develop local skills and create sustainable employment for people in the most disadvantaged communities.

- The **Department for Communities and Local Government** should kick-start the creation of a Local Endowment Fund, building on existing civil society and private sector-led programmes. Focused on the most disadvantaged neighbourhoods, it should be available to community-led organisations and social landlords working at a neighbourhood level to fund local action. Priority should be given to innovative schemes with the potential to change wider practice and stimulate additional activity within the community that enables citizens to build sustainable livelihoods.

- The **Department for Communities and Local Government and the Department of Work and Pensions** should consult on the future of the bedroom tax after one year of implementation. This would invite evidence from social landlords, community organisations and local authorities as to whether positive impacts can be demonstrated within the communities affected, or whether local exemptions should be introduced to incentivise community stability. To incentivise sub-letting, the rules on lodgers should be modified so there is no benefit penalty from letting out a spare room, either through the bedroom tax or through a clawback of benefits.

- The **Department for Work and Pensions and the Department for Communities and Local Government** should establish an independent review to explore the possibility of radically localising employment support, devolving the functions of jobcentres as closely as possible to disadvantaged communities and requiring Work Programme contractors to have a local presence in the most deprived areas, either directly or via community-based organisations. The 'right to challenge' within the Localism Act should be extended to employment support and training, allowing community-based organisations to put forward alternative bids where they feel they can do the work better.

- The **Department for Work and Pensions and the Department for Communities and Local Government** should set up a joint taskforce to examine the scale and nature of informal, undeclared work and consider how it could be put on a more formal footing without penalising the skill and entrepreneurship that exists within poor communities. This work should be done in collaboration with the new Hidden Economy Expert Group and informed by the real-life experiences of people who have worked within the informal economy. It should be required to report to Parliament within 12 months.

- The **Department for Work and Pensions** should modify the benefit sanctions regime to encourage claimants to take up 'stepping stone' jobs or placements with community organisations, or carry out informal unpaid work within the neighbourhood where there is little suitable paid employment. Benefit withdrawal tapers should be relaxed to ensure work provides a significant net increase in income.

- The **Department for Communities and Local Government** and the **Homes and Communities Agency** should recognise and support the wider community role of housing providers. The Homes and Communities Agency should select development partners for its affordable homes programme not only on the basis of their ability to provide value for money when building, but also on their record of creating long term social value in the neighbourhoods and communities they invest in.

- **Local authorities** should continue to promote forms of devolved participation, such as neighbourhood councils and participatory budgeting, encouraging approaches that reward local responsibility. Such methods should be adopted as common practice rather than as isolated experiments. As an initial stage to this process, councils should adopt the People's Budget campaign's target of ensuring 1% of local authority spending is allocated through participatory budgeting methods.

- Following on from the Public Services (Social Value) Act, **social landlords and community organisations** should use their procurement and contracting policies to promote social, economic and environmental value and ensure their spending benefits the localities they work in wherever possible. They should report on their progress every year in their annual reports.

- **Local authorities, social landlords and community-based organisations** should fund and support 'community anchors' and community development work in order to build and strengthen local networks. Such work, far from being an expensive luxury in hard times, is a cost-effective way of facilitating and mobilising voluntary and community action.

- **Social landlords** and **local authorities** should invest in mechanisms which reward community action, from time banking schemes to rent reductions or bonus schemes for tenants and residents who organise or take part in voluntary activity in their communities.

- **Social landlords** should consider transferring ownership or management responsibility to resident-led bodies such as tenant management organisations or sharing it through mutual structures, ensuring local people are fully involved wherever possible in budgeting and decision-making.

References

Aiken, M., Cairns, B., Taylor, M. and Moran, R. (2011) Community organisations controlling assets: A better understanding. York: Joseph Rowntree Foundation.

Aldridge, H., Parekh, A., MacInnes, T. and Kenway, P. (2011) Monitoring poverty and social exclusion 2011. York: Joseph Rowntree Foundation.

Aldridge, H., Kenway, P., MacInnes, T., and Parekh, A. (2012) Monitoring poverty and social exclusion 2012. York: Joseph Rowntree Foundation.

Alexander, N. (ed.) (2010) The Community Allowance: A step up for people and places. London: Create Consortium.

Art to Art Wigan (2012) Art to Art. Available at: http://arttoartwigan.co.uk [Accessed 9 August 2012].

Ashley, C. and Carney, D. (1999) Sustainable livelihoods: Lessons from early experience. London: Department for International Development.

Athwal, B., Brill, L., Chesters, G. and Quiggin, M. (2011) Recession, poverty and sustainable livelihoods in Bradford. York: Joseph Rowntree Foundation.

Brown, C. (2012) "Rise in working housing benefit claimants", Inside Housing, 19 July 2012. Available at: http://www.insidehousing.co.uk/ihstory.aspx?storycode=6522829 [Accessed 20 August 2012].

Child Poverty Action Group (2012) Universal credit: What you need to know. London: CPAG.

Cooke, G (2012) Contributory welfare: Could the concept of contributions-based welfare help re-galvanise support for the system? Available at: http://www.lwbooks.co.uk/journals/soundings/pdfs/s52cooke.pdf [Accessed 11 January 2013].

Community Development Foundation (2010) Report on survey of community development practitioners and managers. London: CDF.

Community Pride Initiative (2009) Invisible workers: The informal economy. Manchester: Oxfam.

Cooper, K. and Macfarland, C. (2012) Clubbing together: The hidden wealth of communities. London: ResPublica Trust.

Cooper, N. (2009) "Promoting sustainable livelihoods: Making welfare reform truly personal", Benefits, 17:2.

Cribb, J., Joyce, R. and Phillip, D. (2012) Living standards, poverty and inequality in the UK: 2012. Available at: http://www.ifs.org.uk/comms/comm124.pdf [Accessed 16 August 2012].

Damm, C. (2012) The third sector delivering employment services: An evidence review. Available at: http://www.tsrc.ac.uk/LinkClick.aspx?fileticket=aoUqP0rW6m8%3d&tabid=873 [Accessed 15 August 2012].

Dellot, B., Marcus, G. and Broome, S. (2012) RSA ChangeMakers: Identifying the key people driving positive change in local areas. London: RSA.

Department for Communities and Local Government (2009) Evaluation of the Mixed Communities Initiative Demonstration Projects: Initial report: Baseline and early process issues. Available at: http://www.communities.gov.uk/documents/housing/pdf/1185667.pdf [Accessed 14 August 2012].

Department for Communities and Local Government (2010) The English Indices of Deprivation 2010. Available at: http://www.communities.gov.uk/publications/corporate/statistics/indices2010 [Accessed 9 August 2012].

Department for Communities and Local Government (2010) Evaluation of the National Strategy for Neighbourhood Renewal - Final report. Available at: http://www.communities.gov.uk/documents/communities/pdf/14901551.pdf [Accessed 20 August 2012].

Department for Communities and Local Government (2011) Regeneration to enable growth: What Government is doing in support of community-led regeneration. London: DCLG.

Department for Communities and Local Government (2012) Government Response to the House of Commons Communities and Local Government Committee Report of Session 2010-12: Regeneration. London: The Stationery Office.

Dobson, J. (2010) "In pursuit of the real thing", New Start, January 2010.

Duncan, P. and Thomas, S. (2012) Acting on Localism: The role of housing associations in driving a community agenda. London: The ResPublica Trust.

Dunlop, S., Swales, K. and Trebeck, K. (2012) The Oxfam Humankind Index for Scotland: First results. Available at: www.oxfam.org.uk/humankindindex [Accessed 9 August 2012].

Early Action Task Force (2012) The Deciding Time: Prevent today, or pay tomorrow. London: Community Links.

Evans, M., Syrett, S. and Williams, C. (2006) Informal economic activities and deprived neighbourhoods. London: DCLG.

Fagg, A. (2012) "Watchdog finds 'weaknesses' in sickness benefit system", BBC News, 17 August 2012. Available at: http://www.bbc.co.uk/news/uk-19244639 [Accessed 17 August 2012].

Foot, J. and Hopkins, T. (2010) A glass half-full: How an asset approach can improve community health and well-being. London: Improvement and Development Agency.

Gardiner, L. and Simmonds, D. (2012) Housing providers' approaches to tackling worklessness: Assessing value and impact. London: Centre for Economic and Social Inclusion.

Hardie, A. (2012) "The case for community-led regeneration", Scottish Anti Poverty Review, Winter 2011/12.

Harkins, C. and Egan, J. (2012) The role of participatory budgeting in promoting localism and mobilising community assets. Glasgow: Glasgow Centre for Population Health.

Hills, J. (2007) Ends and means: The future roles of social housing in England. London: Centre for Analysis of Social Exclusion.

HM Government (2012) Unlocking growth in cities: City deals – wave 1. Available at: http://www.dpm.cabinetoffice.gov.uk/sites/default/files_dpm/resources/Guide-to-City-Deals-wave-1.pdf [Accessed 17 August 2012].

House of Commons Communities and Local Government Committee (2011) Regeneration: Sixth report of session 2010-12. London: The Stationery Office.

Jackson, M. (2010) The power of procurement. Manchester: Centre for Local Economic Strategies.

Joseph Rowntree Foundation (2012) Minimum Income Standards: What are adequate incomes for different households? Available at: http://www.jrf.org.uk/work/workarea/minimum-income-standards [Accessed on 9 August 2012].

Jütting, J.P. and J. R. Laiglesia (2009) "Employment, poverty reduction and development: What's new?", Is informal normal? Towards more and better jobs in developing countries. Eds. J.P. Jütting and J.R. Laiglesia, Paris: OECD.

Katungi, D., Neale, E. and Barbour, A. (2006) People in low-paid informal work. York: Joseph Rowntree Foundation.

Lesser, E. (2000) Knowledge and social capital: Foundations and applications. Woburn, MA: Butterworth-Heinemann.

Leuning, T. and Swaffield, J. (2007) Cities unlimited. London: Policy Exchange.

Liverpool City Council (2012) Unlocking growth in cities – Liverpool. Available at: http://connect. liverpool.public-i.tv/document/_unlockinggrowthincitiesliverpool.doca.ps.pdf [Accessed 16 August 2012].

Local Government Association (2012) Funding outlook for councils from 2010/11 to 2019/20: Preliminary modelling. London: LGA.

Local Trust (2012) Available at: http://www.localtrust.org.uk/big-local/ [Accessed 12 November 2012].

Marshall, R. and Macfarlane, R. (2000) The Intermediate Labour Market: A tool for tackling long-term unemployment. York: Joseph Rowntree Foundation.

McInroy, N. and Longlands, S. (2010) Productive local economies: Creating resilient places. Manchester: Centre for Local Economic Strategies.

National Housing Federation (2012) Home Truths 2012: The housing market in England. Available at: http://www.housing.org.uk/PDF/HomeTruths2012_England.pdf [Accessed 24 October 2012].

National Housing Federation (2012) Submission: Social Security Advisory Committee: Call for evidence on Universal Credit regulations. Available at: http://www.housing.org.uk/publications/find_a_publication/legislation/universal_credit_regulations.aspx [Accessed 9 August 2012].

Neighbourhood Services Company (2012) Neighbourhood Services Company. Available at: http://www.nscliverpool.co.uk [Accessed 9 August 2012].

NESTA (2012) Neighbourhood challenge: Learning from innovative communities. London: NESTA

Newlove, H. (2011) Our vision for safe and active communities. London: Home Office.

New Economics Foundation (2009) National accounts of well-being: Bringing real wealth onto the balance sheet. London: NEF.

Office for National Statistics (2012) Internet Access – Households and Individuals, 2012. Available at: http://www.ons.gov.uk/ons/dcp171778_275775.pdf [Accessed 12 November 2012].

Office for National Statistics (2012) Measuring National Well-being – The Economy. Available at: http://www.ons.gov.uk/ons/dcp171766_284260.pdf [Accessed 24 October 2012].

The Ownership Commission (2012) Plurality, stewardship and engagement. Borehamwood: Mutuo.

Oxfam (forthcoming) Facing the facts: Acknowledging the informal economy in anti-poverty policies and services.

Page, D. (1993) Building for communities: A study of new housing association estates. York: Joseph Rowntree Foundation.

Pennycook, M. and Whittaker, M. (2012) Low Pay Britain 2012. London: Resolution Foundation.

PlaceShapers Group (2011) Localism that works: How housing associations make things happen. Available at: http://www.placeshapers.org/?id=11&ob=1 [Accessed 13 August 2012].

Power, A. and Houghton, J. (2007) Jigsaw cities. Bristol: The Policy Press.

Quirk, B. (2007) Making assets work: The Quirk review of community management and ownership of public assets. London: HMSO.

Robinson, D. (2010) Out of the ordinary: Learning from the Community Links approach to social regeneration. London: Community Links.

Rosenberg, J. (2011) "Social housing, community empowerment and well-being: Part one – empowerment practice in social housing", Housing, Care and Support, 14:4.

Rosenberg, J. (2012) "Social housing, community empowerment and well-being: Part two – measuring the benefits of empowerment through community ownership", Housing, Care and Support, 15:1.

The Scottish Government (2011) Building a Sustainable Future - Regeneration discussion paper. Available at: http://www.scotland.gov.uk/Publications/2011/02/07095554/0 [Accessed 9 August 2012].

Shirky, C. (2010) Cognitive surplus: Creativity and generosity in a connected age. London: Penguin Press.

Slivers of Time (2012) Slivers of Time. Available at: http://www.slivers.com [Accessed on 9 August 2012].

Webber, H. and Karlstrøm, M. (2009) Why community investment is good for nonprofit anchor institutions: Understanding costs, benefits, and the range of strategic options. Chicago: Chapin Hall.

Wilding, N. (2012) Exploring community resilience in times of rapid change. Dunfermline: Carnegie UK Trust.

Women's Institute (2012) The Moveable Feast Garden: A Growing Community St. Leonards-On-Sea. Available at: http://moveablefeastgarden.wordpress.com [Accessed 9 August 2012].

Woodcraft, S. (2011) Design for social sustainability: A framework for creating thriving new communities. London: The Young Foundation.

Wyler, S. and Blond, P. (2010) To buy, to bid, to build: Community rights for an asset owning democracy. London: ResPublica and Nesta.

Make a Donation to Our Work

ResPublica welcomes support from individuals and organisations who share our values and vision for the future.

Please return this donation form to:
Membership Team, ResPublica, Mary Sumner House, 24 Tufton Street, SW1P 3RB

Please complete in BLOCK CAPITALS

(Mr/Mrs/Miss/Ms) First Name   Surname

Address

Post Code

Contact telephone no.

Email

As a thank you for your donation you will be subscribed to one of our supporter packages at the following levels:

- Young ResPublican (aged 25 or under): £20
- Friend of ResPublica: £50
- ResPublica Supporter: £100
- ResPublica Associate Member: £250

Please make cheques payable to The ResPublica Trust

Or join online (using Paypal) at: http://respublica.org.uk/respublica-individual-membership

£

Alternatively you can donate another amount of your choice

£

Signature: Date ☐☐/☐☐/☐☐☐☐

☐ Please tick this box if you do not want to be put on to the ResPublica mailing list

New Economies, Innovative Markets

This workstream seeks to provide practical solutions for a moral capitalism and sustainable economy. This includes encouraging new market entry, ensuring supply chain resilience through more localised control, promoting greater diversity of business models and facilitating wider asset distribution, in order to achieve an economy based on trust and reciprocity.

Current and forthcoming work will build upon the ideas outlined in our past output which have had a continuing impact on the British policy landscape. Examples of our successes in 2012 include ResPublica's report recommending a new community bond to unlock investment in infrastructure, and an ongoing series of publications on diversifying the energy market by enabling community-led projects to go to scale, the recommendations of which were reflected in a private members' bill and endorsed by Friends of the Earth. In 2013 this workstream will encompass our research on financial institutions and intermediaries, re-defining economic competition, SMEs and social enterprise, and governance prerogatives for a more responsible form of capitalism.

ResPublica

changing the terms of debate

in association with:

TRAFFORD HOUSING TRUST

R B H
Rochdale
Boroughwide Housing

CROSS KEYS *Homes*

PlaceShapers