



Surviving austerity

Local voices and local action in England's poorest neighbourhoods

nef is an independent think-and-do tank that inspires and demonstrates real economic well-being.

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nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.



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Executive summary

The welfare state no longer provides an adequate safety net. Many people are struggling just to meet their basic needs. Precarious employment is rising, and in-work poverty has overtaken out-of-work poverty for the first time. Public spending cuts are giving rise to more needs and greater demands on the welfare state. Austerity measures have thwarted the best ambitions of the government's plan to build a 'Big Society'. But people can use local assets and resources to try to tackle these problems.

In 2010, the Coalition Government began trying to reduce the national deficit through public spending cuts and welfare reform. This – along with the effects of the recession – became the 'new austerity'. It was linked with a new political programme to build a Big Society by promoting local social action.

Two years ago, nef (the new economics foundation) set out to explore how people in two of the most economically deprived parts of Birmingham and Haringey, North London, were experiencing these changes. Through peer research, photojournalism, interviews and workshops with local residents, community organisations and local authority officers, we asked:

- How are people experiencing welfare reform and public sector cuts?
- What does the Big Society mean for local residents?
- What can be done at local level to promote social justice and improve people's well-being?

1. Living with the new austerity

The burden of reducing Britain's deficit is falling predominantly on those who get vital support from public services and welfare: the unemployed, low-income earners, the very elderly, the young, and the disabled. As part of this research we interviewed a diverse range of local people: they all shared experiences of everyday insecurity, an unravelling safety net, precarious employment, and growing demands for unpaid labour.

Everyday insecurity: People's lives are made increasingly insecure by the rising cost of living; unemployment and/or precarious, part-time and poorly paid employment; changes to social security; and debt. There are mounting pressures to afford basic necessities such as food, utility bills, and rent, which often contribute to – and are compounded by – insecure relationships with family and friends, and mental and physical ill-health. People feel they are losing control over their lives – with scarcity of money and time closing down their options. They feel powerless in the face of change and have little hope for a future they cannot control.

An unravelling safety net: Benefits and tax credits are becoming less generous, more conditional, and increasingly punitive. The divisive rhetoric of 'strivers versus skivers' demonises people who are unable to work through no fault of their own. There are growing risks of food and fuel poverty, homelessness, and indebtedness. Services which could help meet these needs, such as social care, child care, youth services, housing services, and legal advice, are all being restructured and reduced. Services aimed at preventing needs arising or getting worse, are being cut back, piling up problems for the future.

Precarious employment: Our research reveals a growing prevalence of precarious working conditions, zero-hours and temporary contracts, underemployment, and very low wages. Jobs like this push people into in-work poverty. Many are caught in a 'low pay, no pay' cycle, oscillating between short spells of poorly paid employment and unemployment. Low wages have helped employers to keep employees in work but more people are now involuntarily underemployed than before the recession.

Growing demands for unpaid labour: Cuts to public services and tax credits are placing an impossible burden on people who have to step in and look after family members while doing paid work. As demand for care rises, a growing strain is placed on unpaid human resources and relationships. Women are most often left to pick up the pieces. For many, this added burden brings emotional stress, decreased well-being, and loss of earnings.

2. What happened to the Big Society?

The Big Society vision of empowered local communities driving forward an agenda of social action and local ownership of public services has faced major challenges. Many in the voluntary and community sector (VCS) viewed it as window dressing for a programme of cuts that had already thrown them into turmoil. As people have become less economically secure, they have tended to turn inwards, focusing on just getting by from day to day, with no time or energy to connect with others or take local action.

This has led to a general weakening of the core economy – a term used to describe all the unpaid time, caring, support, friendship, expertise, giving, and learning that underpin society and the formal economy. The Big Society vision relied on a strong core economy. But people have found their time and capacity increasingly stretched by reduced local public services, changes to working and child tax credits, and insecure, low-paid employment.

The Big Society project depended on people having disposable time and other assets, which have never been equally available to all. The new austerity has widened inequalities. Those who are poor and powerless have less time and fewer resources at their disposal. This makes it much harder to get involved in local activities, to take over local assets at risk of closure, or bid to run services, or develop neighbourhood plans. The Big Society has gradually disappeared from public and political discussion.

3. Promoting social justice in an age of austerity

Drawing on our research in Birmingham and Haringey, as well as on nef's work in other areas, we set out five themes to guide socially just local action. These recommendations draw on our conversations with residents in Birmingham and Haringey, and on wider research into how people are creating local, asset-based strategies to survive austerity.

- 1 Promote fairness:** Embed the principles of fairness in all decisions that a local authority takes, and use resources to reduce poverty and inequality. Our research shows key areas where local authorities and the VCS can take action to mitigate the worst effects of austerity. We have also drawn on knowledge accumulated by the Fairness Commissions, recently conducted in different areas across England.
- 2 Commission for social, economic, and environmental value:** Local authorities control vast sums of money spent locally across the country, influencing the quality and availability of public services and their impact on the local economy. External contracts are routinely awarded on the basis of financial cost rather than value – a practice that is on the rise, despite the new Social Value Act. If commissioning is to make radical improvements to the quality and impact of local services, value must be understood differently – not in terms of the lowest price, but in terms of long term social, environmental and economic outcomes.
- 3 Make co-production a standard way of getting things done:** Co-production is a way of sharing power, strengthening relationships, and making the most of our collective resources. It is an approach where people work together with professionals in an equal and reciprocal partnership, pooling different kinds of knowledge, skills, and assets. Time-banking, asset mapping, Crowdsourcing and Crowdfunding are all considered as examples of this approach.
- 4 Make well-being for all the primary goal of all public services:** When budgets are being cut, it is vital to make carefully considered, evidence-based decisions that are directed at improving well-being for all. Promoting well-being is about making the best use of all local resources to improve people's material conditions and enhance their psychological and social well-being.
- 5 Develop sustainable local economies:** Local authorities can invest public resources to transform local economies, so that they promote well-being for all and environmental sustainability. This involves, for example, supporting community-based enterprises that promote sustainability in key sectors such as energy, transport, and re-use of waste, and ensuring that public money is spent only with organisations which provide good quality jobs.

Introduction

After the 2010 election it became clear that the coalition government planned to irrevocably change the shape, size, and purpose of the welfare state. A ‘new austerity’ – combining the effects of a double dip recession with unprecedented cuts in public spending and welfare reform – swept across the UK. At the same time we were offered a new concept for social policy: the Big Society. This was a vision of how people and communities might fill the place of a big state. In this report we ask how people have been affected by this period of dramatic change, and what they can do to survive austerity.

Knowing this would be a time of great turmoil and change, we set up a major research programme to explore how those in some of England’s most economically deprived areas were faring through the new austerity, and what the Big Society might mean for them. We set out to explore

- how people experienced the new austerity in some of England’s poorest areas;
- how people responded to the idea of the Big Society; and
- what opportunities there might be for people to turn the crisis to their advantage.

We framed our work around these questions, and identified two areas for research: Tottenham, in Haringey, and Birmingham, working primarily in Aston. Working alongside the Birmingham Settlement and the Selby Centre in Haringey, we used a combination of [peer research](#), interviews with residents and local experts, desk research, and workshops, to build up a picture of how people in these areas have experienced the new austerity. Two interim reports, *The Big Society and the New Austerity*, and *Everyday Insecurity*, were published during the research, to share insights into how their experiences were unfolding. We maintained a focus throughout the work on what practical action could be taken by local groups, providers, and local authorities, and have set out five themes for action at the end of this report.

Our research has shown the complex ways in which economic and social conditions are changing across the UK.

- 1 Increasing economic insecurity is having a deep and lasting impact on people’s well-being, and compromising their ability to meet their own needs.
- 2 The retreat of the state marks much more than just ‘efficiency’ savings: entire services – youth support for example – are being completely cut in some areas. Eligibility criteria for core services such as social care are being restricted, so

people's needs have to be more acute before they get support. Social security is becoming more punitive and conditional.

- 3 Some groups are being disproportionately hit by the new austerity: particularly women, those who are disabled, and the young. A significant minority of those in work and on low wages are being affected by the new austerity, giving rise to a marked increase in the 'in-work poor'.
- 4 At the acute end of the spectrum, people can't afford basic goods and services. An increasing number of people face heat/eat trade-offs when making decisions about their weekly budget. Others now spend hours visiting multiple shops to stretch their money far enough to feed a family.
- 5 Changing patterns of need and demand on public services are beginning to show where the cuts will prove to be a false economy over the long term.
- 6 The divisive rhetoric of '[strivers and skivers](#)', a moniker used on all sides of the political spectrum to suggest a dichotomy between two distinct groups, is undermined by our research, which shows people trapped in a 'no pay – low pay' cycle of precarious and intermittent employment.
- 7 The worst may be yet to come. There are two more years of planned cuts, with more almost certain. Changes to the welfare system are only just beginning. Many of those whom we interviewed feel they are standing on a financial cliff edge, with little prospect of finding a way to make ends meet.

These are just the headlines. In this report we draw on in-depth qualitative and quantitative data to describe and explain how the new austerity is affecting people's lives, and suggest practical action which may help at local level to ameliorate its worst effects.

The first section of this report documents the ways in which Haringey and Birmingham have changed over the two years covered by our study. It explores how cuts have been made and whom they have affected, and shares personal testimonies and case studies of this experience. These stories are not isolated examples; people across the UK are likely to have similar stories to tell.

The second section explores what happened to the Big Society vision, what local groups and organisations made of it, and why we have seen its steady decline – in visibility, popular appeal and evident impact – over the period of this project.

The final section looks at what practical action can be taken to change the direction in which public services are developing, and to build capacity in local areas to promote power sharing, well-being, equality, and greater social solidarity. It explores five themes, with recommendations for action and implementation, with the aim of helping local authorities and providers put new strategies into practice.

We hope you find this work thought provoking, and useful. It makes clear the scale of the challenges to be confronted, the cliff edge at our feet, and the urgent need for a more socially just, and sustainable, welfare state.

Living with the new austerity

What is the new austerity?

Most people have felt the impact of the recession, but it's the poorest who have been hit hardest and will continue to feel its effects long after the better-off have recovered... families are already struggling, with many having nothing left to cut back on, yet worryingly the situation shows no sign of improvement.

Will Higham, Save the Children¹

How are today's economic and social policies going to change things for the next generation? What will be the combined, long-term impact of the new austerity? This project has explored life from the perspective of two of England's most economically deprived areas. We asked: How are people coping with rising inflation and the cost of living? What is happening to the provision of key local services? What does the raft of changes to welfare mean for different groups? Our findings suggest that the impact of the Coalition Government's policies, though not yet fully evident, amount to a quantitatively and qualitatively *new* austerity that will deepen poverty and widen inequality for years to come. Put simply, the scale and severity of the cuts are unprecedented and the effects they are having, and will continue to have, on people up and down the country, have not been seen in generations.

We have considered together the overlapping and reinforcing crises in three inter-related spheres of activity - the market economy, the public sector economy, and what we call the 'core economy' - to explore the ways in which people's lives are changing.

- **Crisis in the market economy:** It is now almost five years since the financial crash of 2008. The two recessions and general economic turbulence that ensued have caused very real hardship for many in the UK. Businesses have gone bust, unemployment has risen, wages have stagnated for those on middle to low incomes, and the cost of living has escalated. Today, the economy is still on shaky ground. Many of the structural problems in the UK economy remain, including an over-dependence on the financial sector, unsustainably high levels of private debt, stark and persistent regional inequalities, and a chronic trade deficit.² Debts remain high, growth has been anaemic, and although there has been some upturn in employment, many jobs are poorly paid, part-time, and precarious. People on lower incomes have been most affected by the financial crisis. Job losses, flat-lining rates of pay, and rising living costs have pushed more people into poverty. Inequality has widened significantly. In the first three years of the crisis inequality increased as much as it had over the previous twelve years.³ The welfare state cushioned the blow for many people, but now that it is being made leaner and meaner, poverty and inequality are predicted to rise still further in the near future.⁴

- **Crisis in the public economy:** The Coalition Government responded to the 2008 financial crash and the ongoing recession by explaining the market crisis as a failure of the public economy.⁵ Public spending was quickly identified as a dangerous drain on national resources and a millstone around the neck of economic growth. Public spending therefore needed to be reined in; the sooner the better. In October 2010, George Osborne set out the Government's plan to reduce the national deficit within four years. Cuts to public spending would make up 77 per cent of his plan; increases in taxes just 23 per cent.⁶ The UK was propelled into the most significant period of fiscal retrenchment since the 1920s, with a time frame for deficit reduction that was ten years faster than the OECD recommended.⁷ The biggest cuts were made to local government budgets and welfare spending. Research by the Institute of Fiscal Studies shows that middle to higher earners felt the brunt of the recession in the years immediately following 2008, but – as a result of the Coalition Government's austerity measures – it is now the poorest in society who are hit the hardest.⁸ By 2016 the incomes of the poorest 10 per cent in Britain are predicted to fall by 4.5 per cent, leaving individuals (on average) with just £224 a week to live on.⁹
- **Crisis in the core economy:** The core economy refers to everyday things people do as they care for each other, bring up their children, look after elderly friends and relatives, and sustain different kinds of friendships. It also refers to wider social networks and activities in civil society.¹⁰ Today, perhaps more than ever, crises in the market and public economies are putting significant strains on the core economy. As services for elderly, young, and disabled people are cut back, family and friends are taking on increased caring roles. This is clear in the growing numbers of 'sandwiched carers' in the UK and the rise in people who are reducing their hours of paid work or leaving employment altogether to care for loved ones.¹¹ The more that the core economy is relied on to cope with failings in market and public economies, the greater the risk of exhausting people's capacity and jeopardising the quality of care. What's more, the resources of the core economy are unevenly distributed between people – for example, some have stronger social networks than others and there are huge differences in the amount of control people have over their time. This suggests that relying on the core economy to get things done is likely to increase inequalities and deepen poverty.

In some respects, the three crises follow one from the other. The financial crisis prompted the introduction of austerity measures, while the combination of economic uncertainty and cuts to welfare and public services has put acute strains on the core economy. The three spheres overlap and are interdependent, creating negative feedback effects. The austerity measures are tending to prolong the economic crisis. At a time when businesses and households are reining in their spending, frugal fiscal policies seem to be dampening recovery through the 'multiplier effect'. The IMF, the World Bank, and the World Trade Organization (WTO) now recognise this.¹² Meanwhile, many of the cuts to public services represent a false economy in the long run. In particular, cuts to preventative public services are making it more likely that incipient health and social care problems will become more acute – costing more in the longer term. Many public services depend heavily on the core economy. As this comes under strain there are likely to be feedbacks that increase people's demand for acute and costly services.

The new austerity in numbers

In the 2010 Spending Review, George Osborne set out plans to reduce the deficit by cutting public spending at least until 2015. Two areas were earmarked for particularly stringent cuts: funding to local authorities and spending on welfare benefits and tax credits.

- Local authority spending cuts: From 2010 to 2015, funding to local authorities in England will be reduced by £7.6 billion, or 27.4 per cent in real terms.¹³ At the same time central government has made it harder for local government to raise its own revenue, for example through council tax. As a result, between 2009 and 2012 council tax revenues are estimated to have fallen by 2.1 per cent in real terms.¹⁴ New reforms to local government funding allow councils to keep a portion of business rates raised in their area. This will benefit councils that enjoy a growth in business rates income, but will 'remove resources from those which experience a relative decline'.¹⁵
- Welfare cuts: When the current raft of welfare reforms come into full effect, an estimated £19 billion a year will be taken from people's pockets. This is the equivalent of £470 per working adult per year, though of course the impact is not felt equally by all. The biggest areas of loss come from reforms to incapacity benefit, changes in tax credits and the move to a 1 per cent uprating of most working age benefits (Table 1).¹⁶

Table 1. Overall impact of welfare reforms by 2014/2015.

Welfare reform	Estimated loss per year	Number of people/ households affected
Incapacity Benefits	£4,350 million	1,250,000 people
Tax Credits	£3,660 million	4,500,000 households
One per cent uprating	£3,430 million	n.a.
Child Benefit	£2,845 million	7,600,000 households
Housing Benefit: LHA	£1,645 million	1,350,000
Disability Living Allowance	£1,500 million	500,000
Housing Benefit: 'bedroom tax'	£490 million	660,000
Non-dependant deductions	£340 million	300,000
Council Tax Benefit	£340 million	2,450,000
Benefit Cap	£270 million	56,000

Source: Reproduced from Beatty and Fothergill.¹⁷

The timing of these cuts has been spread out over a four-year period between 2011 and 2015. Cuts to local authority budgets began between 2011 and 2012 and will continue year on year until at least the end of the current Parliament. In many places cuts have been frontloaded, meaning that the majority of savings have had to be made within the first few years. Cuts to welfare, including benefits and tax credits, have occurred in fits and starts as different reforms have been enacted at different times. Some of the changes actually predate the Coalition Government. The move from Incapacity Benefit to Employment-Support Allowance, for example, was initiated under the previous Labour Government. Some changes took place as early as 2011, including: changes to Local Housing Allowance (LHA) rates; the Child Benefit freeze; and numerous changes to tax credits. Many others came into effect in April 2013, such as the 1 per cent uprating, the 'bedroom tax', and the Benefit Cap (in selected areas). The biggest single change, the shift to a Universal Credit, is still to come, and is expected to be brought in from late 2013 in stages.

The people and places most affected by the new austerity

In 2010, the Government emphasised that through welfare reform and public service changes, 'those with the broadest shoulders should bear the greatest load', while the most vulnerable and those with genuine needs would be protected.¹⁸

Three years later it appears that the opposite is true. The burden of reducing Britain's deficit is falling predominantly on people who live in the most deprived parts of the country, where the impacts of the recession have been hardest, and who receive vital support from public services and welfare: the unemployed, low-income earners, the very elderly, and the young, and – perhaps most of all – disabled people.¹⁹

Geographically, the cuts to local government and welfare are strikingly uneven. Some local authorities have seen their spending power (which includes all forms of income, such as central government grants and self-generated funds, including council tax) reduced by as little as 1 per cent over the past two years. Other councils, however, have experienced cuts in real terms of almost 9 per cent.²⁰ As a general rule, the most deprived places, where some of the poorest people live, are being hit hardest by austerity.

New research from the London School of Economics on changes in poverty and inequality during the 2000s finds that, in London: 'those living on lowest incomes were hit hardest, seeing their incomes after housing costs fall by 24 per cent in real terms compared with 3.5 per cent nationally.'²¹ Across the country 'households in the most deprived neighbourhoods did worse than those in less deprived areas... the biggest drop [in household income] was for the poorest households in the poorest neighbourhoods – more than 10 per cent for each of the bottom three tenths of neighbourhoods.'²²

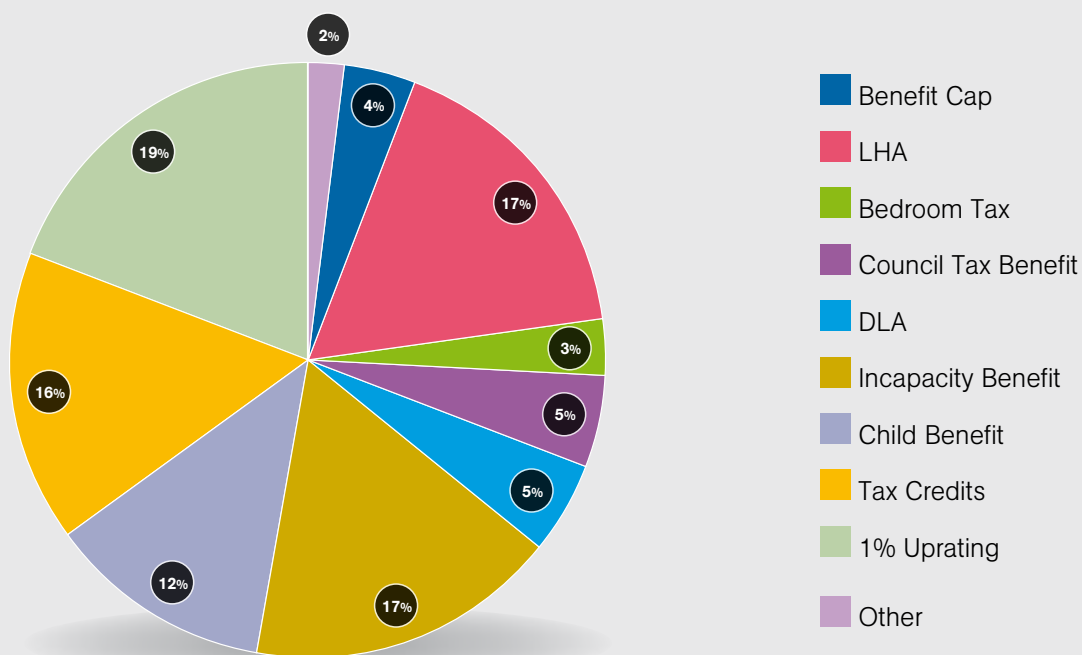
The impact of welfare reform has also been remarkably uneven. Researchers at Sheffield Hallam University have calculated that 'at the extremes, the worst-hit local authority areas lose around four times as much, per adult of working age, as the authorities least affected by the reforms.'²³ As with cuts to local authority budgets, it is the most deprived areas, where rates of unemployment and numbers claiming benefits have long been high, that have been the most adversely affected: 'Britain's older industrial areas, a number of seaside towns and some London boroughs are hit hardest. Much of the south and east of England outside London escapes comparatively lightly.'²⁴

In this report we highlight the experiences of communities, families, and individuals in Haringey and Birmingham, home to some of the most deprived communities in the UK.

Haringey and the new austerity.

- 2,672
increase in the number of people claiming Job Seekers Allowance since the recession began, from 6,669 in September 2008 to 9,341 in May 2013²⁵
- 22
number of people on Job Seekers Allowance for each Job Centre Plus vacancy in Haringey²⁶
- £88 million
savings that have been made by Haringey council between 2011 and 2013 out of a budget of £273 million; over half of which were made in the first year
- £100 million
total savings expected to be made by Haringey council by 2015²⁷
- 1200
jobs cut from the council, 20 per cent of the workforce
- £115 million
total amount people will lose due to social security cuts in Haringey a year (Figure 1)²⁸
- £635
amount of benefits cut per year for every person in Haringey²⁹
- 1030
number of families affected by the benefit cap³⁰
- 6,100
number of people affected by ending of Incapacity Benefit³¹
- 6,900
number of homes that will become unaffordable to families on housing benefits in Haringey because of housing benefit changes³²

Figure 1. How the total £115 million breaks down by major benefits in Haringey³³

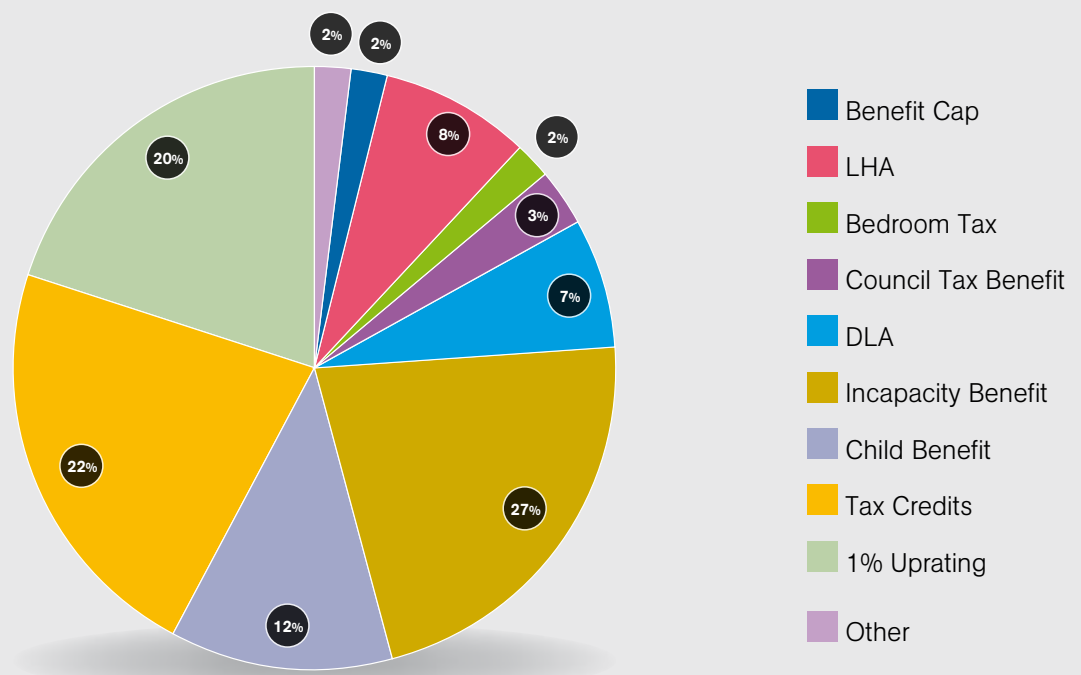


Birmingham and the new austerity

- 10,787
increase in the number of people claiming Job Seekers Allowance since the recession began, from 36,578 in September 2008 to 47,365 in May 2013³⁴
- 7
number of people on Job Seekers Allowance for each Job Centre Plus vacancy in Birmingham³⁵
- £274million
cuts made to Birmingham City Council's budget from 2011 to the end of 2013, **£212 million** of which were made in the first year³⁶
- £615 million
total savings expected to be made by Birmingham City Council by 2017
- +5000
jobs cut from the council³⁷
- £419 million
total amount people will lose due to social security cuts in Birmingham a year (Figure 2)³⁸
- £607
amount of benefits cut per year for every person in Birmingham³⁹
- 1030
number of families affected by the benefit cap⁴⁰
- 26,200
number of people affected by ending of Incapacity Benefit⁴¹
- 14,200
the number of homes will become unaffordable to families on housing benefits in Birmingham because of housing benefit changes, leaving **23,300** homes available to rent for **34,500** who need somewhere to live⁴²

LIVING WITH THE NEW AUSTERITY

Figure 2. How the total £419 million breaks down by major benefits in Birmingham⁴³



How are communities, families, and individuals affected by the new austerity?

The impact on families and individuals

Every day there is more and more pressure and you can barely survive. You are up to your head as it is. There is more and more to pay; food is going up, so is gas and electricity. Now on top you have to pay more for the spare room and council tax. Yet, the income you have is staying just the same. These are the frustrations and troubles people like me face every day. Aston resident, Birmingham

The scope and complexity of the economic crisis, cuts to public services, and welfare reform make it impossible to present a complete picture of how different groups are affected by the new austerity. This is a complex and rapidly changing landscape; the changes we describe here are likely to deepen and extend across different groups and areas.

In what follows we summarise the main themes that were consistent across almost all of the 50 interviews we conducted with residents in Haringey and Birmingham. While these cannot definitively capture how people are being affected, they illustrate a range of challenges faced by a diverse group of people. We spoke to a broad range of people: unemployed and employed people, people whose sole income was benefits, people who received tax credits, and others who did not receive any formal support at all. Every one of them spoke of the growing pressures in their lives and of the everyday insecurity that they faced.

Insecurity. A consistent theme across all the interviews was that people's lives are being made increasingly insecure by current changes. This sense of insecurity was felt most keenly in people's financial situation. Everyone with whom we spoke talked of mounting financial pressures and the challenges that they face to budget for basic necessities such as food, utility bills, and rent. There are several reasons why people are feeling financially insecure, including the rising cost of living; unemployment and/or precarious, part-time and poorly paid employment; changes to social security; and debt. Financial insecurity was often compounded by insecurity in other areas of their lives, such as in their relationships with family and friends or in their mental and physical health.

Most people on benefits are going to get a 10 per cent cut in their income, some maybe more, some maybe less... even people who are working, but on a low income, are teetering on the edge of debt. They are just about able to stay afloat. Any changes in their income will tip them over the edge. We have so many people who are at that point that actually even a delay in benefits for a week will send people over the edge. Legal Advice Centre manager, Birmingham

If only I had known the council was going to make these [job] cuts... I was doing a good job and meeting all the targets, but I was made redundant... I am really rationing with the little funds that I have. With employment, I have been having no luck. I am really stressed out you know, I think that I am coming down now to the breaking point. I have dugged into savings and there is nothing left, I really need a job! Washwood Heath resident, Birmingham

Losing control. Linked with rising insecurity, people are increasingly feeling that they are losing control over their lives. This was expressed in two ways. First, it was common for interviewees to talk of having no control over their present circumstances – especially their money and their time. People often spoke of their frustration at being powerless in the face of changes to social security and rising utility bills.

Who is listening to us? No one. They don't know how any of this affects us and they won't listen to people at the bottom. We can't change it. Aston resident, Birmingham

Secondly, many people felt hopeless about the future. There was a general consensus that people have much less control over how their lives are going to play out over the coming months and years, and this can be very stressful.

I don't want to be dependent on a system that is unfair and unjust. I had dreams and I had goals I was working to but none of them have come to fruition. If you are my age and you don't have a job you are at the bottom of the pile. At my age I should be out there working, putting something away for my old age. But no chance at the moment, there is no paid work for people like me. Tottenham resident, Haringey

It is widely recognised that the extent to which we feel secure and in control of our lives greatly affects our psychological well-being, our sense of competence and the quality of our relationships.⁴⁴

I have less control in my life and I just feel very stressed and depressed. Look I will tell you this because my wife and family are not here, but sometimes I think we should have assisted suicide here. The changes [from Incapacity benefit to ESA], and the letters pressuring me about my benefits, have stopped me from sleeping. I have to take anti-depression pills and things like Prozac now, which the doctors gave to me, just to get sleep at night because I am so worried. How do you cope with this when you are just about making ends meet? I was thinking about suicide. Aston resident, Birmingham

The rising cost of living. The most commonly cited concern, affecting everyone we spoke with regardless of whether they were employed, unemployed, or retired was the rising cost of living. The two main areas of concern for people are the rising costs of food and soaring utility bills. A recent OECD report suggests that the UK has the highest levels of food and energy price inflation in western Europe. Food prices in April 2013 were 4.6 per cent higher than at the same time a year ago and energy prices rose by 2.2 per cent in the same period.⁴⁵ At the same time wages for low- and middle-income earners in the UK have been stagnant and falling in real terms. Benefits are being uprated more slowly than inflation and thousands are finding that their incomes from benefits fall as a result of measures such as the bedroom tax.⁴⁶ The number of people living in food poverty is now estimated to be over four million in the UK and the number of households in fuel poverty has increased from one in five to one in four. For many of our interviewees, maintaining their standard of living was impossible and they had to make cutbacks and, increasingly, trade-offs just to get by. The most common trade-off was between eating and heating. A recent report by the Royal Statistical Society suggests this is a national phenomenon for people on the lowest incomes.⁴⁷

When my bills come in I have to sit down and rummage through my cupboards just to see what I can stretch for a week; to see what will last me until I can afford a food shop. And then when fuel bills come in that's the worst, I cannot afford it. Simple. I have to turn off the heating and get out of the house because it is too cold. I am left with nothing and I have to rely on my sons just to get by. Tottenham resident, Haringey

The cost of living is escalating, but your income is not growing. So you have to make rational and sometimes irrational cutbacks – like heating the house. This last winter was really harsh. You can't heat your home properly and you are having to eat cheaper and lower quality foods, but how can you stay well like that? It is a vicious circle. Aston resident, Birmingham

Unemployed and looking for work. Unemployment was a prominent issue among the participants in this research. It was commonly cited as a main cause of poverty and financial insecurity. At some point in their lives most people had worked. However, for a variety of reasons – usually associated with health or caring responsibilities – many had been forced to stop. Finding work was a priority for them and they spent a lot of time and energy actively looking for jobs. An implicit assumption in much of what the government says about getting people back to work is that unemployment is largely a supply side issue; there are jobs out there, but too many people are simply unwilling to take them.⁴⁸ However, in places such as Haringey and Birmingham, jobs at an appropriate level are few and far between. Unemployment levels in both places are higher than average and there are far more claimants per job locally.⁴⁹ The problem is a structural one and not due to the behaviour of those who are unemployed. Furthermore there are many who find it particularly difficult to get and stay in jobs. Young people, for example, are disadvantaged by their lack of experience and by the rise of unpaid internships, replacing lower level positions.⁵⁰ People with mental health issues require employers who understand their conditions.⁵¹ Middle-aged people, especially those who have been out of work for an extended period, due either to illness or to caring responsibilities, often speak of ‘being at the bottom of the pile’.

I am a middle-aged woman. I have been unemployed for three and a half years. I have been looking for work all that time, but there are so few jobs and what is out there is just not paying. I have spent years working towards an accounting qualification and I am a qualified accountant. It is not just me either; my two sons cannot find work. Tottenham resident, Haringey

They should consider what a person is actually going through and what they actually want to do. People have different problems and barriers that prevent them from always being able to work. People don't really get that and it can be really frustrating. I have mental health issues – anxiety and depression. I get into terrible panics and it is totally disabling. Wood Green resident, Haringey

There's no jobs out there for people to take. Only crappy jobs that nobody wants. If you've got qualifications and you study for so many years on the belief that it's going to be good in the end and you'll get a decent job because you're working hard and then in the end you end up on the dole, on the social, claiming £67.50 a week when you're worth more than that... at the moment I'm unemployed, I'm looking for a job and I'm finding it really, really hard to find a half decent job that's going to pay me an ok wage. I've been offered a job paying £4.50 an hour, in 2012. How does that work? Sparkhill resident, Birmingham

Precarious, part-time, and poorly paid employment. Some argue that the surest way out of poverty is through paid employment, and for many this is certainly the case. However, we have spoken to a number of people whose experiences with work complicate this picture. Their stories point to increasingly precarious working conditions, underemployment, and very low wages. Far from lifting people out of poverty this sort of job pushes people into in-work poverty, a condition that now affects more people in Britain than out-of-work poverty. It is characterised by a ‘low pay, no pay’ cycle, where people oscillate between spells of poorly paid employment and unemployment on a regular basis.⁵² The recent ‘good news’ in jobs figures is largely explained by a growth in poorly paid and part-time work; low wages have helped employers to keep employees in work and more people are now involuntarily underemployed than they were before the recession.⁵³ Research by the Joseph Rowntree Foundation concludes: ‘There are more people in work now, but the jobs that they have gone into are more likely to be low quality (poorly paid, insecure) and/or part time, which makes it more likely that they will still be in poverty. Those lucky enough to be in work are facing a cycle of insecure, short-term and poorly-paid jobs, 4.4 million of which pay less than £7 an hour.’⁵⁴

I have applied for so many agencies, agencies that will get you a job for a day or something. I have worked for a few. I have worked for one for two months, and you know it doesn't help because you have money for two months and then none for two months after and you think, what am I going to do now? I don't know. When it's a permanent job, that's when you feel secure. Solihull resident, Birmingham

People are paid so little that the government has to give them a top up. Why don't the employers pay you a wage that you can live on without relying on government? This system is designed so that you always need a top up because they pay just the minimum wage. So you are always dependent on the government. Aston resident, Birmingham

Changes to social security. Alongside the rising cost of living and uncertain and precarious employment, changes to social security are also making it harder for people to stay above the breadline. Current levels of benefits for the unemployed, disabled, and working parents, fall below the Joseph Rowntree Foundation's minimum income standard – a level of income that members of the public and experts have deemed adequate to live on in the UK today. Recent and forthcoming changes are making this worse. It is too early to predict the full impact of the current round of welfare reform. Most of the changes were enacted in April 2013 and the most significant single change – Universal Credit – has yet to be implemented. Meanwhile, our research has found that changes already enforced are making life much harder for people in the following ways:

- Increased stress, anxiety, and depression – particularly for those experiencing Work Capability Assessments.
- Rising risk of debt: including arrears for rent, council tax and utility bills.
- Growing risk of destitution – including food poverty, fuel poverty and homelessness – as people's benefits are sanctioned, changes such as the bedroom tax make satisfying basic needs impossible, or people's support is withdrawn after a Work Capability Assessment.
- Growing reliance on support from charities and third sector organisations for basic needs – demonstrated by the rise in numbers of people visiting food banks when their benefits are cut, stopped, or delayed.⁵⁵

I am a recovering cancer patient and I am only on the minimum benefits, Job Seekers Allowance. So I get very little as it is to live on – £70 a week or so. By the time you pay your bills you can barely manage and buy your food, sometimes it doesn't suffice you know. Now, they are taking money for the bedroom tax. As of April I have had to pay £13 a week. Now, I didn't ask for a two- bedroom place. I was put in that house – but now I am getting punished for it. Aston resident, Birmingham

The importance of the core economy. At a time when people are struggling to get by, many of the people to whom we spoke have turned to family and friends for support. This highlights the importance of the core economy – a term used to describe all the unpaid time, caring, support, friendship, expertise, giving, and learning that underpin and sustain society and the formal economy – during a time of austerity. People's social networks can make a significant difference to how they are able to cope with setbacks such as losing their jobs or benefits. It would also seem that the core economy helps to relieve pressure on public services, as people who have positive relationships draw on them for support.

Without the support of family and friends I would have lost the house by now. I would have been more dependent on the council to provide accommodation, bills and debt. Without them I would have been in a mess; thankfully they are there. Life is hard at the moment. The main support I get from my friends and family is my mortgage payment, 'cause whilst I was working I didn't have enough savings. With food, I borrow money to buy food. At the moment it's very hard for me to live the life I did whilst I was employed, you know, have the luxuries of buying crisps and chocolate every day. So I am really rationing; it's hard. Washwood Heath resident, Birmingham

[After having her hours cut down as a childcare worker. . .] Going back home has really helped, it really has. Because even though I give money to my mum for like the bills, but still I am very grateful that my mum has been there, if you know what I mean. 'Cause most people with nowhere to go might have had to go to a hostel; at least I've got a roof over my head. Nechells resident, Birmingham

Inequalities are reflected in, and are reproduced by, the core economy. We do not all have strong and supportive social networks and this can leave some people especially vulnerable. This research has shown that, for many, social isolation is both a symptom and a cause of poverty. As people's lives change for the worse – and this was often associated with losing a job – they can become more socially isolated and, as a result, more vulnerable to further setbacks and shocks.

Your social life goes through the window. I don't have a social life. I don't ever go out. I meet people here at the Birmingham Settlement but I cannot afford to go out because then I would be breaking into my gas bill money. It is a social decline. It is good to socialise and keep in touch with your friends, but your life on benefits doesn't allow for it. Aston resident, Birmingham

Living off benefits is really hard. I have had to make so many cut-backs in my life. I can't go and see people really now. I feel so much more enclosed and closeted. You can't go out and into town; you can't afford to do it. I feel isolated from the life I used to have. Wood Green resident, Haringey

Cuts to public services and welfare reform risk placing an unsustainable burden of care on individuals and families who increasingly have to step in and look after children and relatives while at the same time do paid work. Withdrawal of formal support and rising demand for care are increasing the strains on the core economy, with women most likely to be left picking up the pieces.⁵⁶

With cuts to social care services and reductions in benefits and tax credits for carers and parents, the formal infrastructure of support that used to help people balance paid and unpaid work has been substantially reduced for many, and removed entirely for some. This is most apparent in the numbers of people who are now giving up paid positions in order to care full time for their relatives. In the UK one in seven paid employees is a carer, and one in six people who juggle paid and unpaid work is now reducing their paid hours or giving up their jobs altogether.⁵⁷

Carers often pay for the care needs of the person they care for out of their own incomes. Over half of all carers in the UK are in debt because of their caring responsibilities.⁵⁸ Fifty-two per cent of carers cut back on food to make ends meet.⁵⁹ This can only get worse as social care budgets are reduced. It is likely to force more and more carers out of paid work and into increasingly insecure roles as full-time, unpaid carers.

It is usually women who end up doing the bulk of this care work. Women still do two hours more unpaid work a day than men; mothers take on as much as three-quarters of childcare during the working week.⁶⁰ Women are also the main

recipients of Carer's Allowance, making up almost three-quarters of all claimants.⁶¹ Unsurprisingly, women are more likely to fall into the 'sandwiched carer' category, juggling paid work alongside responsibilities for their children and elderly relatives. For many, an immediate effect of this added burden is the emotional stress, decreased well-being, and financial impact of added caring responsibilities. At a more systemic level, this means that women have less time to participate in decisions that affect their lives. The Fawcett Society has warned that this is likely to 'limit women's opportunities to work and engage fully in public and political life – including positions of power and influence'.⁶²

The impact on local authorities

The council has reached a point where efficiency and transformational savings are becoming even more difficult but there is still a need to significantly reduce expenditure further in order to operate within the constraints of the government cuts and meet the rising social demand created through unemployment, skills shortage and housing needs. Sir Albert Bore, leader of Birmingham City Council⁶³

Cuts to local authority budgets have come hard and fast, with the most deprived areas seeing the greatest reductions in their funding from central government. In Haringey, for example, £88 million of savings have been made out of a budget of £273 million,⁶⁴ half of which were made in the first year alone. Looking forward, it is predicted that by 2015 total savings will amount to more than £100 million.⁶⁵ In Birmingham, the city council has to make the largest cuts of any local government ever in Britain: £615 million is expected to be saved by 2017.⁶⁶

Reaching the limits of efficiency. When they were first announced, it was claimed that cuts could be absorbed through efficiencies – especially in 'back-office functions'. Yet many local authorities had been making this kind of efficiency since before the 2010 elections, through 'change and transformation' agendas.⁶⁷ In any case, the distinction between front-line services and back-office support can be over simplified, as they are often closely linked and inter-dependent. Changes that have been made in the name of efficiency include making staff redundant, particularly at the manager level, but also in front-line positions; reducing training opportunities for remaining staff; freezing and in some cases reducing staff salaries; and changing the way some services are delivered. As cuts are made year on year, local authorities have reached the limits of efficiency, meaning the only way to remain within budget will be to be cut further into front-line services.

Restructuring and reducing services. Core services as well as non-statutory services are being affected by the cuts. A recent report from the Joseph Rowntree Foundation found that many councils are responding to reduced budgets by restricting services, tightening eligibility criteria for care and support, reducing the numbers of people on personal budgets, increasing charges for service users, and reducing operating hours.⁶⁸ Some services have been cut completely – or their contracts have not been renewed. This is often the case for services that have been contracted out to community and third sector organisations, although it also applies to services provided by the council. In Haringey, the council has made a 75 per cent reduction in the Youth Services budget, affecting the number of youth centres open.⁶⁹ Adult and social care services have also been affected. Two day centres have now closed: the Woodside day centre, which supported elderly people to stay in their communities, and the Six8Four Centre, which provided a social environment for people with severe and enduring mental health issues. In addition, six lunch clubs and drop-in centres have been closed, affecting more than 700 elderly and disabled people in the borough.⁷⁰ The Alexandra Road Crisis Unit was decommissioned in the summer of 2012. This had provided unique short-term support for people with severe mental or emotional distress. It was able to look after eight people at a time and was used as an alternative to hospital admission.

Other services affected in similar ways include parks, allotments, libraries, neighbourhood management, customer walk-in centres, and leisure centres.⁷¹ Similar cutbacks are being made by councils up and down the country.

From prevention to reaction. In many areas, councils are cutting investment in preventative services which help to keep people safe, well, and happy. This reduces the risk of needing acute support later on. Cuts to youth services provide an obvious example. Haringey has cut its youth service budget by 75 per cent, while Birmingham is reducing its youth budget by £4 million over the next four years, leaving a budget of just £1.8 million for the whole city.⁷² Although the impact of this cut is yet to be felt, it is expected that as many as 30 youth clubs may close, 43 out of 60 projects cease, and 150 part-time youth workers will lose their jobs.⁷³ The preventative impact of youth services is well known and includes reducing risk factors, such as anti-social behaviour, criminal activity, and teenage pregnancy, and improving positive outcomes, such as healthier lifestyles, staying in and achieving better results in education, and getting a job. Research by the **nef** shows that the current cost of the poor outcomes for young people is high. Recent estimates suggest that youth unemployment costs the exchequer £8.1 billion a year; the cost of crime is an additional £1 billion each year.⁷⁴ These are not just costs that have to be met today. Lost economic productivity and increasing reliance on the welfare state mean that there will be heavy costs in the future. Other areas where preventative services are being cut include adult and social care, support for people with mental health issues,⁷⁵ homeless support,⁷⁶ and support for women and children at risk of abuse.⁷⁷

A race to the bottom on cost. Budgetary pressures and narrow definitions of efficiency are leading to a downward pressure on costs for services, which is likely to have significant and lasting implications for the quality and sustainability of some services. In one London local authority, services for people needing housing support have been commissioned on the basis of a 90:10 ratio in favour of cost. This means that, almost regardless of the quality, the cheapest bidder will be awarded the contract for the service. Ideally, quality should come before cost, which might mean setting a ratio of 60:40 in favour of quality, but as budgets are tightened, some commissioners are asking providers to offer the same for less, driving costs down to a level that is likely to prove unsustainable. The impact on the quality of jobs (and wages) afforded by these contracts, and the long-term viability of service provision has yet to be assessed.

We have seen some examples of tendering decisions being based on 90 per cent cost and only 10 per cent quality. Previously, the ratios would tend to be more evenly split – for example, 60:40, in favour of cost. Housing charity, west London.

Growing demand for services. Demand for local authority services is growing. There are demographic pressures that are increasing service demand, especially in adult social care due to an ageing population. The recession has increased demand for services as more people lose their jobs and struggle to meet their basic needs. The increase in demand for crisis services, such as food banks and debt advice, is an obvious example. Other services affected include housing, welfare advice, and mental and physical healthcare. Even before the Coalition Government's austerity measures, local authorities were reporting rising demand for services due to the recession and were anticipating further rises in future.⁷⁸ Since 2010, demand has continued to rise and this is in no small part due to austerity measures, such as changes to social security.

The impact of social security reforms. The Welfare Reform Act is affecting local authorities in a number of ways.

- *New responsibilities:* For certain changes, such as to council tax benefit and

the social fund, new duties have been placed on local authorities. They are now expected to administer a local social fund, with a reduced budget, and to organise council tax benefit, also with a reduced budget.

- *Increased demand:* Our conversations with local authority officers suggest, for example, that demand for benefit, debt, and legal advice has risen significantly over the past year. The spare-room subsidy, or bedroom tax, has created new pressures on local authority housing officers, who are now trying to help affected local residents move to smaller properties so they can avoid the tax. Over the longer term, local authorities expect demand for a wide range of services to increase, including adult and social care, housing, children and family's services, and health services.⁷⁹
- *Additional costs:* In a Local Government Chronicle survey of 156 local authority officers, 95 per cent expected social security changes to increase costs of providing services such as housing, social care, and customer services (including welfare advice).⁸⁰ In some cases these additional costs are expected due to increased demand. In other cases it is feared that the reductions in people's incomes will mean they will be able to contribute less – for example, the cuts in Disability Living Allowance will have a knock-on effect on some care and support services. Changes such as the benefit cap will also cost local authorities money. In Haringey, where the benefit cap is being piloted, the potential cost of people being unable to pay their rents in council housing and the cost of having to move these families into temporary accommodation is estimated to be as high as £7 million a year. The council has committed to ensuring that no families are moved out of the borough during the pilot. However, over time they will not be able to afford these amounts without having to make trade-offs elsewhere.⁸¹

The impact on community and third sector organisations

Under the previous Labour Government the size and role of community and third sector organisations grew. Alongside the charitable services and support that this sector has long provided, in the 2000s local authorities and other public bodies looked increasingly to community and voluntary organisations to provide key public services – including adult social care, health, children and youth services, employment support, and much more. However, community and third sector organisations are now under intense pressure because of austerity measures, with disproportionate amounts of local authority cuts being passed on to their shoulders.⁸² Across the UK, the National Council for Voluntary Organisations (NCVO) estimates that by 2018 funding for the sector will be £1.7 billion lower than it was in 2010.⁸³ Throughout this research we have spoken to a range of community and third sector organisations in Haringey and Birmingham to find out how they have been affected by the cuts. We spoke with large national charities, with relatively high levels of organisational capacity and public funding – such as the Citizens Advice Bureaux – and we spoke with much smaller and informal organisations, which have less capacity and funding. Common themes emerged from all organisations, regardless of their size and strength, painting a picture of troubled times for the sector.

Increased demand for services. Almost every community and third sector organisation we spoke with confirmed that, in the past three years, they have seen a rise in demand for their services. Upward trends in demand have grown as public sector cuts and welfare reforms have been implemented.

When we open up this thing called gateway [open access provision that people can receive without making appointments] on a Monday, Wednesday and Thursday, anyone can come along, first come first served. There are numerous times when we have to turn people away. And they've been queuing since 7am. Some come at 6. Queuing down the road. It's not nice to have to turn people away. People aren't happy. Case worker, Haringey Citizens Advice Bureau

Broadly speaking the rise in demand for services is attributed to two causes. The first is a growing need among individuals for services, such as welfare advice, mental health services, and employment support (Box 1). The second is a reduction in the number of providers, so that those who remain in business are faced with demand transferred from closed services. This increase in demand is driven not only by the most disadvantaged in society, but also by thousands of professionals who are seeking employment and legal advice and support, particularly those who formerly worked in the public sector. By the end of 2012 there were 640,000 fewer jobs in the public sector than at the end of 2009.⁸⁴

Reduced funding. The landscape of funding for community and third sector organisations has changed rapidly since 2010. The most obvious change has been the reduction in funding from local authorities. This makes competition for philanthropic funds ever more competitive. Almost every community organisation we spoke with had received a funding cut in some form – including cuts to project funding and cuts to core grant funding. Where organisations had experienced cuts to project funding they were sometimes able to keep projects going, albeit at a reduced level and with fewer participants, by 'robbing Peter to pay Paul' – which is to say by using other funds that could have been used for other purposes. As core funding dries up, however, this becomes harder:

There's no core funding. We used be able to squeeze a bit of money from grants to help people in new ways. We can't do that anymore. Birmingham VCS organisation.

We are all treading water... while local governments undertake their reviews about where there will be cuts and redundancies, we are having to eat into our reserves and make staff redundant, which makes us more vulnerable. Birmingham VCS organisation

Sometimes community organisations spoke of the need to become more entrepreneurial and less reliant on public sector funding. However, there was also a strongly held view that cuts to their funds had come too swiftly to enable them to make the transition away from traditional sources of funding.

I think that the view that we became too dependent on public funding is probably right. It is also right that we become more entrepreneurial. But, I think that actually they needed to give us longer to get out of the web of the local authority. One year is not sufficient. Even with a transition fund, it is all just very knee-jerk. Head of a youth centre, Birmingham

Competitive commissioning. Funding for community and third sector organisations is becoming less certain because of an increase in competitive commissioning. If guided by a strong understanding of social, environmental, and economic value, competitive commissioning may produce positive results. However, it can also have negative consequences, particularly for smaller VCS organisations. These include:

- *Less innovation:* Competitive commissioning allocates money for specific activities or outcomes. This can mean that organisations receive less core funding and so are sometimes unable to innovate around the services that

they have been commissioned to provide. Competitive commissioning can also lead to strategic drift in organisations, where staff spend less time working with people on the ground and more time filling out forms and chasing money in order to survive.

We are chasing money all the time instead of focusing on our communities. It's all about how can we get sustainable funds, project development, asset transfers... VCS employee, Birmingham

- **Less campaigning:** One of the most important roles of community and third sector organisations is advocating on behalf of the people they support, who are often unable to advocate of their own behalf. One downside of competitive commissioning and the loss of grant funding is that it makes it harder for organisations to campaign effectively. This is partly because they have less money to campaign with, but also because some fear that campaigning locally will harm their chances of winning contracts from the local authority.
- **Less collaboration:** Competitive commissioning can undermine collaboration and collective endeavour by pitting organisations against one another for funding. As one organisation in Birmingham noted 'The more we fail to get money, the more we just look out for ourselves. There's more tensions between groups because we are competing.'
- **A race to the bottom:** Our research has shown that financial pressures can lead to a 'race to the bottom' in the commissioning process, driving costs down to unsustainable levels.

Scale and diversity. Our research showed a significant concern about large, often private, organisations coming into the market and dominating service provision – particularly in back-to-work schemes. Interviewees reported examples from the work programme of large organisations' failure to pay subcontractors, including small local charities, adequately. These organisations appeared to be driven by the need to make a profit more than by an interest in the communities where they operate, adding very little, if any, social value beyond what is specified in their contracts. Larger organisations were seen as having few qualms about pulling out of an area if they are unable to make a profit – leaving people who still had significant and complex needs with a vacuum in service provision.

We don't seem to learn from past experiences where private providers have been very good at the bid side they have slick marketing, funding and bid writing teams and they are good at creaming off the management fees, but on the delivery side they are left wanting. They are not embedded within the community, so a lot of time they are here today and gone tomorrow; and we are left out in the cold. Birmingham VCS organisation

A lot of local commissions are going to private providers – national and international organisations – and not local organisations. They are taking over the local market and squeezing out local providers. We can see where local government and national government are heading and it is concerning. If local authorities commission on the basis of scale, a small local provider has no chance. [Large private organisations] don't have local support; they don't employ local people and often don't even have offices at the local level. The quality is reduced for service users. Profits flow out of the area, rather than staying in. Salaries that are paid are often much lower too. These organisations also don't think of equalities and diversity either. It will be worse for service users, provider organisations and the community generally. Birmingham VCS organisation

Box 1. Providing employment support in Birmingham

Many of the challenges facing community and third sector organisations are clearly illustrated by an employment support charity that we visited in Birmingham. Pathways was set up in the early 1990s in an area of very high unemployment. At the start it sought to address three local needs identified by a community survey. It found people wanted a space where community groups could come together; affordable childcare; and, above all else, employment support. Since it opened people from across Birmingham have come to Pathways to enjoy the community café, to drop their children off at the crèche, and to get help finding work.

Until 2010 Pathways' services were sustained through a mixture of long-term grants, shorter-term contracts, and self-generated revenue from the café and venue hiring. This financial stability and continuity helped it to grow into an important local hub of activity, and its work club became particularly popular. At its height, Pathways employed 20 staff members working with thousands of people with complex employment needs.

Since the recession, the cuts and the privatisation of employment services through the Single Work Programme, life has become much harder at Pathways. The financial stability once enjoyed has given way to a constant state of precariousness, necessitating endless rounds of funding applications for short-term contracts of ever decreasing value, with increasingly onerous expectations from funders. Staff numbers in the employment office have been reduced to one full-time and one part-time worker.

Meanwhile demand for employment services increases rapidly as large private providers flounder and other community organisations in the area close. In 2011, over a nine-month period, 1200 individuals accessed Pathways' work club. This year it took just six months to reach this figure. These are often people who are very far from the employment market referred to Pathways by job centres and the prime providers of the Single Work Programme because they are 'too needy' and because Pathways won't turn anyone away.

In many ways, Pathways is emblematic of the best of the Big Society. An organisation set up to creatively meet local needs, mixing income streams, and engaging local people in ways that work. But without support, its ability to do this during a period of austerity is thoroughly compromised.

How will things change in the future?

Although the impact of public sector cuts and welfare reform has already been significant, there are still more cuts to come, including to local authority budgets. It should also be noted that some of the most significant elements of welfare reform, the Benefit Cap and Universal Credit, have yet to be fully implemented. Until all of these changes have come to pass we will not know their full cumulative impact on people and communities. At this stage, however, it is possible to project, with a reasonable degree of confidence, how things might change in years to come.

- **Continuing cuts.** The 2010 spending review laid out plans for continued public spending cuts until the end of the parliament, in 2015. However, this does not mean that austerity will end after 2015. In fact, the Coalition Government has indicated that cuts will continue at least until 2017/2018.
- **Further service reductions.** As we have seen, there are limits to the kinds of efficiencies that can be made before services are significantly affected. Non-statutory services have already felt the impact of the cuts and modelling by the Local Government Association suggests that as much as 80 per cent of these services, which include leisure, youth services and parks, will be cut.⁸⁵

- **The viability of local government.** In a recent report, the Public Accounts Committee warns that, if current levels of cuts continue, some local authorities may cease to be financially viable. There is a real risk that as many as one in eight councils across England, including Birmingham, will be unable to provide the full range of statutory services.
- **Decommissioning.** As cuts accumulate year on year, more and more councils are finding it necessary to decommission whole services. This is the case for Birmingham, whose council leader, Sir Albert Bore has warned: 'with the extent of the cuts over the past few years and with more to come, we have to start decommissioning services. I am not looking forward to this but it has to be done... The extent of the future financial challenge facing Birmingham will change the landscape of local government not only in Birmingham but nationally.'⁸⁶
- **Deepening poverty and widening inequality.** Research from the OECD⁸⁷ shows that welfare helped mitigate the worst of the economic downturn, protecting vulnerable groups to some extent. With the range of cutbacks to welfare reform that we have witnessed over the past two years, and which we will continue to see for another two years at least, poverty is expected to deepen and inequalities widen.⁸⁸ Already vulnerable groups – the unemployed, families (lone parents especially), and the disabled – in the most deprived areas will be disproportionately affected. The Institute of Fiscal Studies, for example, predicts that by 2015, lone parents will lose as much as 12 per cent of their incomes, about £2,000 a year, because of welfare reform.⁸⁹ Meanwhile, work by Demos estimates that collectively disabled people in Britain will lose £9 billion in welfare support by 2015.⁹⁰
- **Local economic impact.** Cuts to public services and welfare can damage national and local economies. In recent years, the Government has blamed high levels of public spending for Britain's current economic troubles. Yet, far from inevitably acting as a drain on the economy, public spending – whether on frontline services or to people directly in the form of social security payments – can play a key role in sustaining and growing national and local economies:
 - *Public spending acts as an economic stabiliser.* During times of economic uncertainty and recession there is a pressure to tighten belts, treating national and local economies like household economies. However, public services and social security payments actually help to stabilise local economies and can prevent them from spiralling downwards. This is particularly true in places where there is an impoverished commercial economy, high unemployment and evident market failures.⁹¹
 - *Public spending stays within local economies.* Social security payments and benefits mean that people continue to have money to spend on their basic needs and businesses still have customers to keep them going. In fact, there is a strong business case for maintaining, or even increasing, social security payments. Research shows that welfare benefit income is usually spent locally and in cash, so that local economies benefit from social security payments and lose out when they are cut. Local government spending has a similar effect.⁹² Public services usually employ local people either directly or indirectly by commissioning local organisations and businesses to run services. This keeps local money in the local economy, as employees spend a higher proportion of their wages where they live and work.
 - *Public spending can catalyse market economies.* We are often led to believe that the public economy crowds out commercial endeavour and enterprise. However, the opposite is true. Public spending plays an important role in catalysing local markets through positive multiplier effects.⁹³ The same is

true of social security spending. Economists suggest that, during a recession, social security payments have a multiplier effect of around 1.6. Put another way, every £1 in social security spent generates £1.6 to the national economy. Cutting social security has a negative multiplier effect.⁹⁴ Research by Sheffield Hallam University shows that reducing welfare by £19 billion a year may depress the economy by as much as £30.4 billion a year.⁹⁵

Austerity measures are likely to depress local economies in places such as Birmingham and Haringey. As noted earlier, the total welfare cuts in Birmingham and Haringey, per year, are £419 million and £115 million, respectively. This is money that people would otherwise have to spend on goods and services in the local economy. Indeed, the £419 million worth of welfare cuts in Birmingham represents 3.3 per cent of the region's gross disposable household income.⁹⁶

What happened to the Big Society?

The big society is a lovely concept, but part of me feels that there is not much new in it. The people who volunteer and the charities that already do the Big Society – they are already engaged – but how do you inspire disaffected people; people who are struggling financially, with children, with mortgage repayments and debt? When you face those personal challenges, where are you going to find the time to become an active citizen, care about your neighbour and give your time? It feels like the survival of the fittest.

Birmingham VCS organisation, Birmingham

At the start of this project we set out to explore how far it was possible for the Government's plan to build a Big Society to be realised in an era of austerity. Could the vision of empowered local communities driving forward an agenda of social action and local ownership of public services be put into practice? How would these ideas fare in the context of a prolonged recession and an unprecedented programme of cuts in public spending?

We maintained that, while the concept was problematic, some of its core ideas – promoting social action and enabling greater ownership of public resources at a local level – were appealing. Our work in this project was designed to introduce local groups to a range of methods, projects, funding sources, and innovations that could spark action and enable them to improve local well-being at a time of austerity. We introduced local groups to new ideas and fresh thinking on topics ranging from 'radical localism', co-production, assets-based ways of working, kick-starting local enterprise, and using well-being and social valuing methods to assess and demonstrate impact.

On the ground, our work with local communities and voluntary sector organisations showed that from the start, the language of the Big Society was viewed with suspicion and a degree of hostility. It was seen as window dressing for a programme of cuts that would reduce their own capacity so significantly that the sector would never look the same again. Many groups felt they were already 'doing' the Big Society, but that the best of what existed was being undermined by increasingly insecure economic conditions. Here, we set out six factors that have undermined the Big Society project and led to its failure as a viable plan for social change in England.

Forgetting that the social and the economic are interdependent

Our work has shown that as economic insecurity increases, people become more inward looking, and focused on meeting their basic needs: just getting by from day to day. As the impact of the recession continues, median wages stagnate, the cost of living increases, and the effects of welfare cuts begin to be felt; extreme

economic insecurity is a daily experience, not only for people on welfare but also for those in work and on low wages. For many years, social security has shielded people on the lowest incomes from making the kinds of choices we describe: between eating or heating their homes, between childcare and paid employment.

All this leaves many people more insular, and less able to connect with others or take local action. As one interviewee remarked:

People are thinking more about themselves because they don't know what's gonna happen in a few weeks. People are angry, they have debts. You feel as though all doors are closing in your face. Even if you're gonna ask someone for help, they need help to. So who are you going to ask for support and guidance? Wood Green Resident, Haringey

Economic conditions are depriving many people of the resources they would need to get involved in local civic action. This substantially weakens the Government's vision of a Big Society.

The core economy is weakened

The **core economy** refers to the sum of all the activities carried out by people and families up and down the country. These include informal caring, bringing up children, local campaigning and civic action, membership of faith groups and peer networks, and everyday acts of friendship and neighbourliness. This core economy can flourish if it is valued and supported, or it can be weakened, if the basic necessities of life are eroded.

If everyone has enough to live on, a moderate amount of disposable time, and access to good quality public services, this will enable the core economy to thrive. It will help to strengthen human and social resources and improve individual well-being, which in turn help to build and sustain active, happy, and healthy communities. Many current policies have served to weaken the core economy: reductions in child and working tax credits, diminishing support for carers and local civic groups, and cuts in preventative mental health services are just a few examples.

If the core economy is weak, the very expertise and capacity that the Government hoped would build a Big Society are in jeopardy. We describe the impact on one individual in a case study, which you can read here.⁹⁷

The voluntary sector is in turmoil

A combination of reduced public spending, and a doctrine of open public services and competitive tendering, has left the voluntary sector in turmoil. As the cuts in public spending have begun to take their toll, the capacity of the voluntary sector is being eroded. Many people we spoke to expected that the sector would be savagely reduced over the next five years. A huge amount of informal activity is supported and co-ordinated by the voluntary sector – from running volunteer programmes and providing meeting spaces for peer support groups, to acting as advocates and running local campaigns, and everything in between. The sector embodied the best ambitions of the Big Society. It now faces formidable challenges: increasing demand; more acute needs that require more intensive support; scarce resources withdrawn from lower level, preventative support; and a more competitive and commercial funding environment. This means that yet more of the sector's scarce resources must be diverted away from the front line. This affects not only those voluntary sector organisations who raise funds to deliver services, but also those more informal groups who run very local and specific projects, such as the People's Carnival Group in Tottenham.

We're 30 years old this year... I don't know how long we can carry on doing it without funding ... There is an assumption that voluntary and community groups will take up the slack of all the missing services, without the additional support going into it ... We are volunteers, but we have to pay the gas bills. We need buildings to do it in, and lights, and heat. People's Carnival Group, Tottenham

Some of these local organisations have received small amounts of grant funding that have sustained their work, but this type of funding is less and less likely in the current climate. Our last report, *Everyday Insecurity*, showed in more depth how the Government's vision for the role of the voluntary sector was at odds with a programme of cuts to the public sector that has substantially weakened most of the organisations within it.

There are many assumptions about how volunteers can fill gaps left by paid staff. But participants in this research were sceptical about its potential. Restructuring is taking place in many organisations, with volunteering likely to become a growing part of how services are delivered. But many people warn that there is only so far that this can go before front-line provision is affected. They also insist that volunteers should not be asked to take on essential roles from paid staff; nor should too much pressure be put on people who are just looking to help out in a convivial and informal way.

Alongside reductions in funding (direct and indirect) to the voluntary sector, the Government's Open Public Services policies have increased competition between providers. Arguably, collaboration and partnership might have cemented stronger foundations for a Big Society. Local authority commissioners and providers have expressed their dismay that local funding is going to become ever more competitive and aligned with direct service delivery, with less money – if any – available for helping smaller groups to build capacity at local level. Few of the smaller VCS organisations can have the skills, time or capacity to bid against other much larger providers on anything like equal terms. Early signs from the Work Programme show some charities feel their role is now reduced to 'bid candy'. Many other organisations cannot even attempt to bid and may be forced to close due to lack of funding. Both these trends will precipitate a substantial shift upwards in the scale of organisations that deliver public services, away from those with genuine local connections and grassroots involvement.

Not all 'communities' are equal

The Big Society offers an opportunity for those with time and resources to take over local assets that are at risk of being shut down, or bid to run services, or develop neighbourhood plans. But this kind of opportunity is not open to all on an equal footing. People who have little discretionary time due to caring responsibilities, for example, are usually unable to participate. As a political concept, the Big Society obscures the workings of power, and pays scant attention to how inequalities of time and resources differ across areas and groups. Poorer areas have been disproportionately affected by the cuts, while their residents are among the worst off, and most in need of support.

Separating state from people

The Big Society offered a vision of a smaller state and more power for individuals, families and communities. Yet in doing so it actively separates the state from local communities: it creates a dichotomy, where public goods and activities are the responsibility either of the state, or of the individual. It makes no effort to build reciprocity and partnership between citizens and the state, or to promote these at the heart of a new social contract, using approaches such as co-production to reconfigure public services.

A cover for the cuts?

The language of the Big Society seemed appealing to many at first. The appeal has faded over the course of this project. Initially met with mixed responses, from guarded optimism to outright scepticism, it is now seen as an empty term, without much substance beyond a few unconvincing initiatives. Properly funded and supported, the concept could have gained more traction. But without much financial support, and even less capacity building at a grassroots level – although 500 community organisers were trained, this is little in the face of the challenges that people and communities across the country are facing – the Big Society has lacked both political gravitas and substantial action. The concurrent cuts in public spending meant that the concept lacked popular legitimacy. For many in our research, it amounted to little more than a sales pitch for the cuts.

Promoting social justice in an era of austerity

At a time of austerity, when people are facing unprecedented challenges, it can feel like there isn't much that can be done locally to make life better. Yet, even within the current constraints, a difference can be made at the local level. Local authorities, service providers, VCS organisations and residents can all take steps to improve well-being and social justice.

In the previous two sections we showed how people and communities are being affected by the recession, welfare reform, and public sector cuts, and why the Big Society is an inadequate response to these challenges.

In this section we explore strategies that might help local authorities, health agencies, and service providers to ameliorate the worst effects of the new austerity, and to direct public resources towards achieving sustainable social justice.

The challenges that people, communities, and public organisations face are significant. Many of them can only be addressed through concerted effort at a national and even international level. However, within these structural constraints, we can make a difference at the local level – helping to improve people's lives now and generating momentum for wider movements of change in the future.

Drawing on our research in Birmingham and Haringey, as well as on **nef**'s work in other areas, we set out five themes to guide local action:

- 1 Promote fairness.
- 2 Commission for social, environmental and economic value.
- 3 Make co-production the standard way of getting things done.
- 4 Make well-being for all the primary goal of public services.
- 5 Develop sustainable local economies.

Each theme has a clear objective, underpinned by practical recommendations. Each recommendation has been tested by one or more authorities, across the UK. We include case studies, sample templates, and links to other resources to show how this has been done.

Together, these themes form the basis of an approach to delivering services that has sustainable social justice at its heart. They offer an alternative to increasingly common ways of commissioning, where cuts are leading to the closure of many services, to competitive commissioning based on 'lowest cost wins', to widening inequalities, and to aggregate contracts threatening to squeeze out smaller VCS providers.

The recommendations, once implemented, have the potential to shift incentives for providers away from a reductive focus on cost, towards maximising social, environmental, and economic impacts. They can support a stronger relationship between citizens and local government, and draw on a full range of strengths and assets in any local area. They point to a new approach to valuing the resources that go into public services, and the value that is created by them.

They also form the basis of a more systemic approach to public services: one that understands the interdependence of society, environment, and economy, and promotes solidarity, partnership, and co-operation over competition and individualism. The themes are mutually reinforcing. For example, co-production can build on, and help to improve, people's well-being; commissioning for social, environmental and economic value is essential for building sustainable local economies: promoting fairness makes it possible to co-produce effectively and to realise the goal of well-being for all.

Promote fairness

Tackle poverty and inequality within the local area through a range of measures that address income, access to services, the impact of the new austerity, and the additional costs that those on low incomes face when using basic goods and services (sometimes known as the poverty premium).

Explanation

This recommendation is about embedding the principles of fairness in all decisions that a local authority takes, and using resources and influence to reduce poverty and inequality. Our research indicates that this is one of the most important guiding principles for a local area. It has shown that the cuts in spending and welfare changes have affected specific groups, including people who receive in- and out-of-work benefits, young people, women, and those who get social care support. They are also having a huge impact across much larger groups – including those who are in work and on low wages. Measures that aim to counter the worst effects of the austerity must take this into account.

Traditionally, reducing poverty has been seen as the remit of the tax and benefits system and targeted employment programmes, in combination with well-funded public services and regeneration projects. While these remain core methods for addressing poverty and inequality, there are many other methods that local authorities and voluntary organisations will find useful. Our research has highlighted key areas where local authorities and the VCS can take action to tackle low wages, the poverty premium (particularly in access to credit, and utilities), and the rising cost of living, particularly for everyday goods such as food and utilities.

Our recommendations are by no means exhaustive, but our research and practical work suggest that these are areas where a local authority can have a big impact.

Recommendations

Develop a Fairness framework

A framework, or set of principles, has been used by many local authority Fairness Commissions to guide their decisions so as to respond to the new austerity in a fair and equitable way. These can be used to guide strategic decision making, to decisions about cuts in spending, during the commissioning process, when assessing the impact of services, and on scrutiny panels. Two examples of Fairness frameworks are shown in boxes 3 and 4.

Box 2. Sheffield Fairness Framework

The Sheffield Fairness Commission have produced the following guidelines to help decision-makers and citizens make Sheffield fairer:

- 1 Those in greatest need should take priority.
- 2 Those with the most resources should make the biggest contributions.
- 3 The commitment to fairness must be for the long term.
- 4 The commitment to fairness must be across the whole city.
- 5 Preventing inequalities is better than trying to cure them.
- 6 To be seen to act in a fair way as well as acting fairly.
- 7 Civic responsibility – all residents to contribute to making the city fairer and for all citizens to have a say in how the city works.
- 8 An open continuous campaign for fairness in the city.
- 9 Fairness must be a matter of balance between different groups, communities and generations in the city.
- 10 The city's commitment to fairness must be both demonstrated and monitored in an annual report.

Box 3. Birmingham's Giving Hope, Changing Lives White Paper

In Birmingham, a range of partners, from the city council to civil society organisations and local businesses, have recently committed to the Giving Hope, Changing Lives White Paper. Though not formally termed a Fairness Commission, this strategy works in much the same way and has similar aims, including:

- 1 Supporting families and children out of poverty** by promoting a living wage, developing an inclusive growth strategy, and supporting the growth of small businesses and social enterprises.
- 2 Embracing superdiversity** by developing a set of rights and responsibilities with Birmingham citizens and establishing an Institute for Research into Superdiversity with the University of Birmingham.
- 3 Protecting the most vulnerable** by preparing for welfare reform, mapping existing assets in the community that can support people, using social prescribing and peer support services more, developing food redistribution schemes with food producers, and combating fuel poverty.
- 4 Connecting people and places** by reducing the cost of and improving access to transport, addressing the city's digital divide, developing more open spaces and community assets and bringing people together through art, culture, and sports.

- 5 Creating a city that values children and young people** by creating a Birmingham Jobs Fund, providing free transport for young people and developing a 'right to play' campaign.
- 6 Empowering people to shape their neighbourhood** by developing community contracts – outlining services local communities should expect, support neighbourhood twinning to help communities share learning about what works for them and developing a Neighbourhood Trust to attract social finance into the city.
- 7 Addressing safety, isolation, and loneliness** by adopting **nef**'s five ways to well-being throughout the council's organisations and services, developing coproduction and time banking and attracting philanthropic investment through a 'Birmingham Big Ideas' fund.

Introduce a living wage and promote pay ratios

Local authorities are often one of the biggest spenders in the local economy. As well as being direct employers, they contract out a large number of services with providers in the private and third sectors. This means they can play a key role in shaping local employment conditions for a great many people, and have a range of mechanisms at their disposal to improve the employment conditions of those on the lowest wages. They can, for example, influence employment conditions through setting local living wages, encouraging the development of local jobs through specific investment in new sectors or infrastructure programmes, and use the procurement of services to promote training opportunities and employment for particular groups, such as young people.

The idea of introducing local living wages has gained growing traction across England and is the single common policy pursued by all the different Fairness Commissions. Introducing a local living wage as a minimum for council staff, and as a contractual obligation for all externally contracted services, has the potential to reduce income inequalities, and to address some of the most prevalent low pay sectors, such as social care and hospitality.

Some councils have gone further and introduced good jobs accreditation and recognition schemes, to encourage take-up of the policies. Sheffield City Council, for example, has introduced a Fair Employer Code, which covers a local living wage, good training, health screening, an internal pay ratio, a diverse workforce, and a safe and clean workplace.

Box 4. Case study: Fairness Commissions

Across England there has been a series of Fairness Commissions, led by local authorities and VCS partners, to explore how to make fairness a key theme in the way they work, and to tackle poverty and inequality at a local level in the face of severe cuts to the public sector. Some of these commissions are still in progress. Others have reported and set out concrete recommendations. Taken together, these can be broadly summarised as follows:

Income and employment

- Introduce a local living wage and promote good jobs (e.g. through secure contracts, a living wage, and better training).
- Introduce pay ratios and increase employee representation on remuneration panels.

- Prepare people for welfare reform through awareness raising, advocacy, and benefits checks.
- Focus on local economic growth and investment in small businesses and social enterprises.
- Provide a sustainable allowance that enables young people from low-income families to attend training and education programmes that will enable them to enter the job market.
- Promote apprenticeships and paid internships.

Tackling poverty

- Target loan sharks and pay-day loan companies, for example by exploring options to pass local byelaws against them.
- Establish new forms of affordable credit by promoting credit unions and developing other affordable loan schemes.
- Address housing problems by building new stock, exploring new delivery models, developing private sector accreditation schemes, and developing mortgage deposit schemes for first-time buyers.
- Introduce and extend free school meals.
- Address food poverty by trying to re-distribute good food which is going to waste.
- Extend childcare, through provision and/or loans.
- Introduce free or reduced travel for young people.

Reforming public services

- Introduce fairness and equality as overarching principles for local public services.
- Invest in early intervention and prevention.
- Introduce co-production into the design and delivery of services.
- Address health inequalities, for example by extending social prescribing and recruiting community champions to improve access to services and reduce health inequalities
- Extend support for mental ill-health.

Use collective action to reduce poverty

The rising cost of living was a strong theme in our research, particularly for essentials, such as food and fuel. In some cases, people were facing a heat or eat trade-off. Although still on the margins of practice, collective solutions that bring people together to meet their basic needs can be very effective. These approaches involve facilitating local networks or groups to come together and meet their own needs, or to bargain on their behalf, to gain better value on such items as utility bills. Collective approaches have used in some local areas to tackle the costs of fuel, food, and childcare, and are illustrated by the examples below. The ideas could be adapted for many other purposes.

- A [coalition of London boroughs](#) is currently coordinating a 'reverse auction', where energy bills are negotiated down by local authorities acting on behalf

of interested local residents. Participating councils engage with their residents to see how many of them in principle would be willing to switch to a different provider if they could reduce their tariffs. Pooling residents together in this way increases the collective purchasing power of the local authority, putting them in a strong position to approach a range of energy providers and ask them to compete for the custom of their interested residents. In Met de Strom Mee, in Holland, where this idea was first tested in practice, 6,630 residents took part and saved an average of €300 a year on their household energy bills.⁹⁸

- The [Parkwood Bulk Buying Project](#) in Kent has brought local residents together to address two major challenges: the cost of transport to the nearest supermarkets, and high prices in the local shops. Four core families now co-ordinate the 'R Shop' which operates out of a school and bulk buys goods on behalf of residents, including nappies and cleaning supplies. The project has reduced the cost of a select basket of goods **by £31 a month and over £500 a year**.
- Scallywags is a childcare co-operative in Tower Hamlets, East London, run by two childcare professionals, who are supported by the parents of all the children who attend – three parents on any one day. Parents are on duty every fifth day on which their child attends. The additional capacity created by working with parents means that the cost of childcare is just £2.50 an hour.⁹⁹ Parents become more involved, meet others, spend time with their children, and expand their local networks. It means many more parents, particularly single mothers, can afford to work. This kind of collective democratic ownership of childcare is relatively common in Scandinavia, but has yet to gain currency in the UK.

Address health inequalities

Significantly lower life expectancy and higher rates of illness are major effects of inequality in England's most economically deprived areas. As the work of Michael Marmot shows, health inequalities are strongly determined by economic and social factors, such as income and housing.¹⁰⁰ These strategies for addressing the social and economic determinants of health are recommended for health and social care practitioners by the [UCL Institute of Health Equity](#).

- **Provide workforce education and training.** Health professionals can access training on the social determinants of health. This could occur within undergraduate and postgraduate education, and through Continued Professional Development.
- **Give non-medical information.** Practitioners can refer patients to non-medical services such as Legal Aid, Relate, CAB, employment programmes, or housing advice services where needed and available.
- **Work in partnership.** Health organisations could work more closely with other agencies that have the potential to change social and economic conditions, such as local government, third sector organisations, schools and employers.

The Marmot Review emphasised 'local control' as a lever for reducing health inequalities. This is because people's health is strongly influenced by inequalities in the conditions of daily life.¹⁰¹ These in turn arise from inequities in power, money and resources. The Marmot report argues that:

There needs to be a more systematic approach to engaging communities [by Local Strategic Partnerships] at both district and neighbourhood levels, moving beyond often routine, brief consultations to effective participation in which individuals and communities define the problems and develop community solutions.¹⁰²

This short case study (Box 5) shows how some of these steps can be put into practice.

Box 5. Case study: The Bromley by Bow Centre

The Bromley by Bow Centre is a community organisation in East London, working in one of the most deprived wards in the UK. It aims to improve the health and wellbeing of local people of all ages. The centre takes a holistic understanding of health that recognises its social and economic determinants. It is home to a GP practice, but provides a broad range of services beyond this. In the GP reception area, people can access information on benefits, register for training on setting up social enterprises or gardening classes, get support in writing their CV and access their housing officer.

Last year, the Centre reported numerous successes including:

- 1,111 people signed up to the Health Trainers adult health advice scheme.¹⁰³
- 80 per cent of people who took part in its 'PoLLen' project – a social and therapeutic horticulture initiative – reported improved mental and physical health over a 12-month period.¹⁰⁴
- 134 people were supported into employment, with 100 per cent of those accessing the employment service reporting that they were satisfied or very satisfied.¹⁰⁵
- 30 new social enterprises were launched, creating 200 jobs with all profits going back into the community.¹⁰⁶

Resources

Resolution Foundation:

<http://www.resolutionfoundation.org/publications/what-price-living-wage>

For resources on health inequalities, see the Institute for Health Equity:

<http://www.instituteofhealthequity.org>

For more information on the poverty premium, see:

<http://www.savethechildren.org.uk/resources/online-library/uk-poverty-rip-poverty-premium-2010>

The Local Authorities holding Fairness Commissions include York, Newcastle, Liverpool, Blackpool, Birmingham, Islington, Camden, Tower Hamlets, Southampton, Sheffield, Plymouth, Leicester and Newport. More information and links to the Commission resources can be found on the Equality Trust website: <http://www.equalitytrust.org.uk/news/act-local-reduce-gap>

Commission for social, economic, and environmental value

When commissioning, use an outcomes-focused approach that aims to maximise social, economic and environmental value.¹⁰⁷

Explanation

Local authority commissioning shapes how vast sums of money are spent in local areas across the country. It influences the quality and availability of public services and their impact on the local economy. All too often, commissioning decisions are

distanced from the people in the local area. Contracts are more often awarded to the provider submitting the lowest price, than to the one offering to create the greatest value. We have noted that commissioning could instead take an assets-based approach, encourage providers to apply the principles of co-production, and use the insight, experience, and resources of local people to improve decisions relating to commissioning and delivery of services. No less important, radically changing *what* is commissioned, and the impact this has on the local area, calls for a different understanding of value. In this section, we describe an approach that defines value as the long-term social, environmental and economic outcomes, and uses this as a basis for commissioning and procurement.

Using value and cost inter-changeably can obscure the importance of using public resources to actively increase social, environmental, and economic value. Rather than asking providers simply to compete on cost, causing a downward spiral, local authorities should be asking providers how they will also promote the strategic social, local economic, and environmental objectives of the council. This could be done, for example, by developing training opportunities for young people, decreasing carbon emissions, and/or increasing the number of businesses in the area. In doing so, local authorities can use their purchasing power to create change in their area, beyond delivery of the service.

Let's take one example: the re-commissioning of a waste collection service. The typical outcomes for this activity might be chiefly environmental, focused on recycling, reducing waste, and making the local area cleaner and more enjoyable. But firms bidding for the waste collection contract could also be asked how they would contribute towards training and skills development for young people who are unemployed or ex-offenders seeking work, for example. They might also be asked how they would reduce carbon emissions, or promote well-being among their own employees. The approach we describe in this section develops the commissioning process into a strategic tool to create social, environmental and economic value.

This section offers specific recommendations on: defining value, identifying outcomes, changing procurement processes and contracts, and monitoring and evaluation.

Recommendations

Define value

Traditional approaches to commissioning and procurement fail to adequately take into consideration the value that can be created by different approaches to delivery and their wider social, economic and environmental costs and benefits. This is often because value becomes a synonym for price, rather than long-term value creation. A first step is to re-frame the commissioning process around a more meaningful definition of value, and to ensure that this is a reference point throughout the process.

The Treasury's own best value guidance defines value as more than price, and takes into account longer-term impacts across the economy, environment, and society, as follows:

Value for money is defined as the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirement. Value for money is not the choice of goods and services based on the lowest cost bid.¹⁰⁸

Wider social and environmental costs and benefits for which there is no market price also need to be brought into any assessment. They will often be more difficult to assess but are often important and should not be ignored simply because they cannot easily be costed.¹⁰⁹

This definition of value is enforced through The Social Value Act (2012) which requires public authorities to apply it in their public spending decisions. Given the guidance issued by the Act, narrow definitions of value as 'cost per unit' are no longer sufficient (Box 6).

Box 6. Public Services (Social Value) Act 2012

The Public Services Act, often referred to as the [Social Value Act](#), became law on 8 March 2012. For the first time this Act places a duty on public bodies to consider social, economic and environmental value before the procuring of services and goods. Specifically, the Act states that, when spending public money, 'the authority must consider, a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and b) how, in conducting the process of procurement, it might act with a view to securing that improvement'. The law does not oblige public bodies to do anything more than consider social value. This means that it will not necessarily alter the way services and goods are commissioned or procured. However, if interpreted with vision and creativity, the Act could encourage large and financially powerful institutions to spend public money in the most effective way possible. The procurement of locally grown, environmentally sustainable food grown by cooperatives that employ unemployed people from nearby areas [offers one example](#).

Box 7. Birmingham's Social Value Policy

In Birmingham, the city council have been working alongside the [Birmingham and Solihull Social Economy Consortium](#) and local VCS organisations to improve their approach to procurement, ensuring that they get the most social value from the £1 billion that they spend on goods and services. In April 2013 the council approved three policies that will work to this effect. These are a Living Wage policy, a Birmingham Charter for Business Social Responsibility, and a Social Value policy. Significantly, Birmingham City Council's Social Value policy actually goes beyond the Social Value Act enacted by Government by stating that social value must be considered not only in services, but also goods, and for contracts of all sizes, rather than for those above EU thresholds as the Act states.

Identify outcomes and understand change

Applying this definition of value requires a shift to **commissioning for outcomes**, and ensuring that **social, environmental, and economic outcomes** are taken into account throughout the commissioning process. This approach should be applied to both in-house and externally contracted services. At the heart of the approach is an outcomes framework, which describes the social, economic, and environmental change that the commissioned services will support, and forms the core content of the procurement documentation.

The example outcomes frameworks (Figures 3 and 4) were developed by Camden Council for the tendering of a mental health service, using Supporting People (SP) funds. They show two levels of outcomes that providers were asked to bid against: 'Service User Outcomes' which are directly linked to outcomes for those using the service, and 'Community Level Outcomes' that reflect Camden's local economic, social and environmental priorities. Asking providers to show how they will deliver against these outcomes shifts the direction of public funding so that it promotes increased *value*, rather than just focussing on driving costs down.

1.1 Service user outcomes

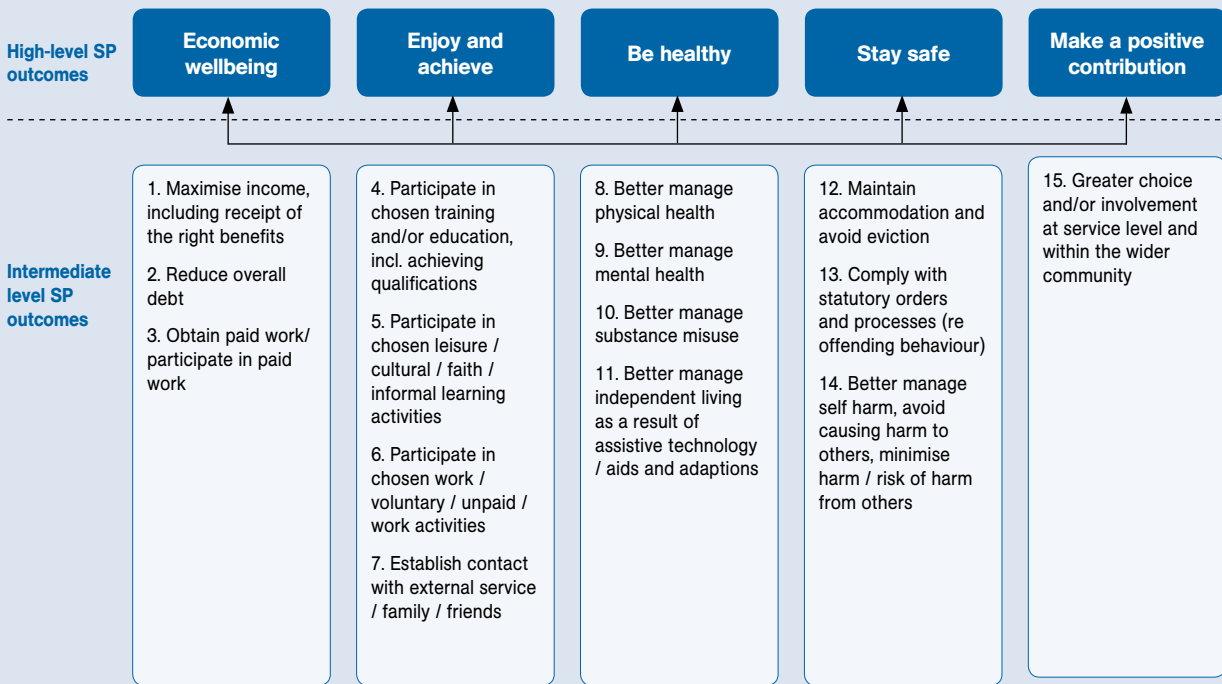


Figure 3. Camden Council Outcomes Framework

1.2 Community level outcomes

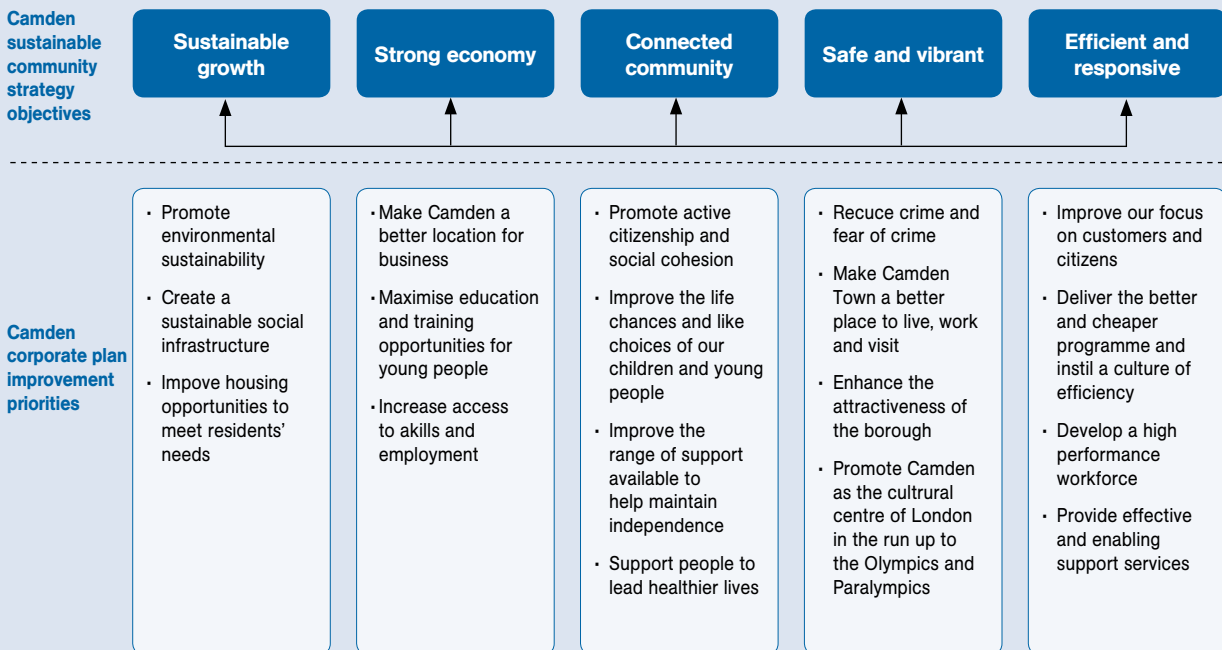


Figure 4. Camden Council's Outcomes Framework

Identifying outcomes

There is a range of ways to begin identifying the outcomes to be included in an outcomes framework. Some organisations have used a Theory of Change approach to help identify important outcomes, and map out the links between different activities, stakeholders, and short-/medium-/long-term outcomes.

Another approach is to draw together the social, economic, and environmental outcomes that are already described in a local authority's strategies and needs assessments. Core council strategies usually include a number of borough-wide priorities and outcomes. These should be complemented by social, economic and environmental outcomes, which the services are required to deliver directly.

A typical process to develop an outcomes framework for a department would involve:

- Reviewing of existing strategies and policies, pulling out the environmental, social, and economic outcomes that the council is currently committed. Also identify outputs and indicators that are commonly used.
- Developing relationships with people who use the service, and other residents in the local area, and getting their insights into how important the various outcomes are to them. This process will involve testing and adapting the outcomes framework, to ensure it reflects locally determined priorities and needs. Methods such as peer research, asset mapping, and closer networking with the VCS can help to facilitate this process.
- Refining the outcomes and agreeing the final outcomes framework. The framework should reflect any key indicators against which the council is required to report.

Changing procurement documentation

One of the most important steps is to embed these outcomes into the procurement process. The outcomes can sit alongside other priorities and required approaches – such as [promoting well-being](#) and [co-production](#), which are both covered in separate sections of this report. This is where a focus on outcomes is often lost in favour of highly detailed service specifications with tightly defined outputs and targets. We've introduced two short sections here on changing procurement documentation and award criteria.

- *Changing the tender paperwork.* To make sure that an outcomes approach to commissioning is fully embedded, the tendering and contract management systems, processes, and documents will all need to be adapted. This will include service specifications, tender documents, contracts, monitoring forms, and evaluation frameworks. Outcomes need to be embedded in the subject matter of the service, replacing a description of required activities. Those tendering should be asked describe how their service will directly support the outcomes detailed in the framework as part of the description of their approach. The outcomes framework should then be reflected as a contract requirement and form the basis of developing the monitoring and evaluation processes.

Changing award criteria. Because the commissioning decision should be based on required outcomes, the price/quality ratio needs the balance of the decision to focus on quality, which should be a better reflection of outcomes. This suggests a minimum ratio would then be 60 per cent quality to 40 per cent price, though in practice, particularly where co-production is specified, we have seen commissioners increase this ratio to 80/20 in favour of quality.

Monitoring and evaluating

Commissioning for social, economic, and environmental value will also involve changing what is measured and evaluated. There is a growing range of methods for appraising social and environmental outcomes, and many specific tools for assessing outcomes, as well as methods for *valuing* outcomes, such as social return on investment.

Some long-term outcomes may need to be broken down into short- and medium-term outcomes to assess interim progress and impact. If indicators against the outcomes have been developed during the procurement process, then these can be used as the basis for monitoring performance. Co-production can be used in the monitoring and evaluation of services so that those who use the service are involved in assessing its impact.

Resources

The Sustainable Procurement Cupboard: <http://www.procurementcupboard.org>

Measuring well-being: a short handbook for voluntary organisations and community groups: <http://www.neweconomics.org/publications/entry/measuring-well-being>

nef, a Guide to Social Return on Investment: <http://www.neweconomics.org/publications/entry/a-guide-to-social-return-on-investment>

Social Enterprise UK, Social Value Guide, <http://www.socialenterprise.org.uk/news/new-guidance-available-help-public-bodies-implement-the-social-value-act>

Make co-production the standard way of getting things done

Co-produce decision-making, service design, and delivery, and approaches to addressing local issues. This involves sharing power, building stronger relationships, and making the most of collective resources.

Explanation

At a time of diminishing financial resources, there is a strong case for making the most of the non-monetary resources and ensuring people have equal access to them. These resources include, for example, personal resources, such as time, skill, energy, and wisdom; the social relationships which enable us to function and flourish in society; and physical resources, including buildings, spaces, goods and services. To do this we need to begin to co-produce how we make decisions, how we design and deliver public services, and how we address social challenges locally.

Co-production is a method of sharing power, strengthening relationships and making the most of our collective resources. It describes a particular way of getting things done, where people work together in an equal and reciprocal partnership, pooling different kinds of knowledge, skills and assets. It is underpinned by six guiding principles (Box 8) which, when put into practice, can help transform public services and support a culture of collaboration between people, organisations, and institutions.

Box 8. The six principles of co-production

- 1 Recognise assets:** Transform the perception of people from passive recipients and burdens on the system into one where they are equal partners, and make full use of all human, social, and physical assets in a local area.
- 2 Build on people's existing capabilities:** Instead of focusing solely on problems and needs, recognise and grow people's capabilities and actively support them to put these to use at an individual and community level.
- 3 Foster reciprocity and mutuality:** Offer people a range of incentives to engage with each other in reciprocal relationships, where there are shared responsibilities and expectations.
- 4 Engage peer support networks:** Engage peer and personal networks alongside professionals as the best way of building and sharing knowledge.
- 5 Break down barriers:** Remove the distinction between professionals and residents receiving services, and between producers and consumers, by transforming the way services and goods are developed and delivered.
- 6 Facilitate rather than deliver:** Enable public service agencies to become catalysts and facilitators rather than being the main providers of services.

At its best, co-production offers a way of working in partnership which can improve people's outcomes, distribute power, and access to public resources more equitably across the population; have a preventative impact; and be cost-effective. In practice, co-production taps into an abundance of human resources, and encourages people to join forces and make common cause with each other. It builds local networks and strengthens the capacity of small, informal civic and support groups. It draws upon the direct wisdom and experience that people have about what they need and what they can contribute. This approach helps to improve well-being and prevent needs arising in the first place. By changing the way we think about and act upon 'needs' and 'services', co-production offers more resources, better outcomes and a diminishing volume of need.

Recommendations

In order to embed co-production across the many different ways in which local authorities, community organisations and local citizens work together we offer the following recommendations:

- 1 Introduce co-production into commissioning.
- 2 Crowd-source ideas and funds.
- 3 Support mutual relationships and peer support networks.
- 4 Develop new ways of exchanging and sharing non-monetary assets and resources.

Introduce co-production into commissioning

As the main way in which public money is spent on shaping local services and meeting local needs, commissioning has the potential to give people

meaningful decision-making powers; build stronger relationships between people, organisations, and institutions; and make the full use of the assets and resources in a locality. Most commissioning practice currently works against the principles of co-production. Despite the best intentions to engage and empower local communities, commissioning is often an inward looking and technical process. It tends to focus on a narrow definition of value, and to dictate what ought to be done with tightly defined roles and outputs for delivery. To change this we need to introduce co-production into the commissioning process in two different ways.

- **Co-producing commissioning.** Co-producing commissioning is about commissioning with people rather than for them. This means opening up the culture and practice of commissioning so that it becomes a collaborative endeavour between people, organisations, and commissioners. People can be involved at all stages of the commissioning cycle – from identifying local needs, assets, and priorities, to specifying the types of projects, programmes, or services they feel are needed, to interviewing potential providers and evaluating how well interventions are working.
- **Commissioning for co-production:** Commissioning for co-production is the practice of using public purchasing power to encourage local providers to co-produce their services. This means making clear expectations of providers, including that they design and deliver services with the people who use their service, as well as their family and friends; foster peer relationships and mutual support networks as a core part of how services are delivered; develop collaborative working partnerships with other local organisations and providers; and make the most of local assets.

Box 9. Coproducing Commissioning in Lambeth

nef recently worked with the London Borough of Islington's youth service to help it embed co-production throughout its commissioning approach. Much of this work focused on clarifying the council's expectations in relation to co-production. In the procurement documents, questions are asked of providers to ensure that they understand and are developing the principles of co-production, including:

- How will you design, deliver, and evaluate your work with young people?
- How will the work that you propose make the best use of existing local resources?
- Which other organisations do you plan to work with to maximise your offer to young people?

Crowd-source ideas and funds

Crowdsourcing is the practice of generating ideas, obtaining services, and soliciting contributions from large groups of people. It can help people to share power, strengthen relationships, and make better use of collective resources. It challenges hierarchical models of decision-making and control, asking whether the 'wisdom of the crowd' might sometimes be more appropriate. There are two potential ways in which local authorities and community and third sector organisations might make the most of crowdsourcing. The first is by crowdsourcing ideas, using challenge or innovation funds. The second is by turning to the increasingly popular idea of crowdfunding.

- **Challenge/innovation prizes.** Current practice in local authority commissioning is for a select group of people – commissioners – to sit down and determine what

the local needs are and how best to meet these needs. They will then usually specify which services they want to procure and either provide them in-house or go through an open commissioning process where a range of alternative providers can bid. In both cases, however, the answers to the problem that commissioners have identified are usually defined by the commissioners themselves.

An alternative approach is to use challenge prizes. Here, the problem is defined by the local authority but rather than specifying the answer, an open market for the solution is created and a cash incentive for the best responses is provided. For example, in 2012 the London Borough of Haringey launched the 'One Borough, One Future Fund', a fund worth £1.5 million to encourage individuals and groups, of any size, to come forward with innovative services that would help address inequality. Five ideas were awarded funding. One local resident was awarded £18,750 to develop WorkLife, an enterprise and innovation hub that provides onsite, flexible, affordable childcare. WorkLife aims to help parents back into work, to ease the barriers posed by expensive childcare, and to act as a space where people can come together and exchange knowledge and resources.

- **Crowdfunding.** This takes the principles of crowdsourcing and applies it to generating financial support for ideas and projects. At a time when public funding is scarce and is, in many places, becoming more restrictive, crowdfunding offers community and third sector organisations an alternative way of financing their work, by pooling contributions from individuals, philanthropic bodies, and businesses in addition to public institutions. The benefits of crowdfunding go beyond its ability to raise money at a time of austerity and outside of public regulations and restrictions. It also helps groups to raise their profile and build communities of support – with people often giving not only money, but also their time, energy, and talents to a cause.

One of the leading crowdfunding platforms in the UK, SpaceHive, has recently begun work in Tottenham to help community organisations fund innovative projects. Two of the examples are of community organisations we have worked with in this research: the Selby Centre, which is raising money to create an organic community garden, and the Highway of Holiness which is crowdfunding to make upgrades to its homeless shelter.

Support mutual relationships and peer support networks

We need to offer people a range of incentives which enable them to work in reciprocal relationships with each other, support local networks, and strengthen peer support. There is a growing body of evidence that shows how mutual relationships and peer support networks are important for improving people's outcomes and their general well-being. The feeling generated by giving something and getting something back – or reciprocity – is especially important, yet most public services only enable one-way relationships, where professionals provide services or solutions to people. Even traditional volunteering models are based on this unidirectional model, with the volunteer providing their time, energy, and skills but not expecting to receive something from the people or organisation they are supporting. The following two examples demonstrate how mutual relationships and peer support networks can be embedded into public services in ways that greatly improve their effectiveness and efficiency.

- **Taff Housing** is a community-based housing association with more than 1,000 homes in some of Cardiff's most disadvantaged housing estates, as well as specialist, supported housing projects for young women. Managers have been working with the social enterprise Spice to build a co-production culture among some of its young, single, female tenants.

The aim is to give them opportunities to be more active in their hostels and challenge the dependency culture that can quickly develop, undermining their confidence and capacity. Tenants earn credits by volunteering their time to help deliver the services of the housing association; going to focus groups, tenant and steering group meetings; being on interview panels for Taff staff; writing articles for the Taff newsletter; helping to arrange events and trips for tenants; doing jobs that benefit the hostel collectively, such as communal shopping or watering flowers; creating new clubs or community events linked with Taff; or being a tenant board member. The credits can then be redeemed within Taff, for example by 'paying' for access to training or computer suites, but also in the wider community, such as the local sports centre and Cardiff Blues Rugby Club. These opportunities in the broader local community also help to prevent the young women living in the hostel from becoming too separated and isolated from the community networks and resources around them. They are now broadening this programme to all their tenants across all their homes and also allowing people who aren't tenants to earn these credits.

- **KeyRing** is a supported-living service for vulnerable adults. The approach is to set up a series of local networks, of which each has nine adult members and one volunteer (the navigator), all living independently, usually within a 10–15-minute walk of each other. The networks provide mutual support for independent living and links people with other local networks and resources.

KeyRing's support is based on people living in their own homes, while sharing their skills and talents with each other and with their communities. It is about helping people to live independently by building networks of interdependence with other KeyRing members and the broader community. Building these networks is the role of the community living volunteer. KeyRing networks draw on community development philosophies, which emphasise the importance of social networks to good living. Volunteers are much like good neighbours who help people out when challenges arise, such as helping to read and pay bills, or organising necessary housing maintenance. Volunteers also help members make links with each other and with the wider community. One of the first things that members of a new network start to work on is a personal and community map which highlights people's networks of friends and acquaintances and draws out formal resources and amenities, and informal networks and assets within the community. Because the volunteers live in the community, they know what's going on and are able to help members make the most of where they live. Community connections are very important to KeyRing, whose members have campaigned for streetlights, run neighbourhood improvement campaigns, and much more.

Once networks have matured, the support becomes more mutual within the network, and the volunteer role is reduced as members turn to each other. The volunteer is often perceived as a peer by members. In the 2008 floods in Gloucester, the local network volunteer's flat was flooded and all the members arrived to help clear the water and debris away.

Develop new ways of exchanging and sharing non-monetary assets and resources

One way to make the most of collective resources is to develop networks that facilitate their exchange outside, or alongside, the market economy. Time Banks are one increasingly popular way of doing this. Time Banks facilitate the exchange of time – people trade an hour of their time for an hour of someone else's time. The simplest expression of this model is the person-to-person time bank, where one person spends an hour doing something – such as teaching another time bank member how to use video-editing software – and in return receives a credit worth an hour of someone else's time – which they might use if they want to learn

how to dance. The point is that we all have something we need or want and we all have something that we can offer or give. By making one hour count for one hour, regardless of what is done in that hour – be it accounting or gardening – time banking ensures that everyone’s needs, wants, and contributions are equal.

More sophisticated time banks involve exchanges between people, organisations, and institutions – such as the example from Taff Housing. In this way people can exchange time and physical resources such as space, or goods such as minibuses. For example, a small community organisation may require space to offer people its counselling services. A local library might have an abundance of spare space and could offer up its rooms to the small organisation. In return for doing this the library receives a time credit which it can redeem for something it needs – such as the time of a local artist to run classes for library users and who, in turn, might use their time credit to watch a show at a local theatre (Box 10).

The benefits of exchange models such as time banks can be far-reaching. At one level they help people to access goods and services that they otherwise may be unable to afford. It can also improve access to services out of reach for those on low incomes: offering an hour of their time in return for a theatre ticket can open up new opportunities for people with limited financial means. Exchanging and sharing in this way also makes sense for community organisations and public institutions. When there is less money to purchase new things, these models can help to free up resources that would otherwise go under-used. Space is a good example. Finally, these models develop and strengthen relationships between people and organisations. For individuals these relationships can reduce isolation, improve well-being, and help them feel more connected to their local area. For organisations it helps reduce replication and can lead to new opportunities for developing alternative ways of working.

Box 10. Camden Shares

Camden Shares is a time bank model, run by the mental health charity Holy Cross Centre Trust (HCCT), which facilitates the exchange of local resources between organisations, local groups, and individuals. The model begins with the recognition that in every place there is an abundance of unrecognised and under-used resources that can and should be used. These resources include the talent, skills, energy, and wisdom of people and also the physical wealth in buildings, space, goods, and services. The time bank was initially conceived as a way of helping people gain access to more opportunities locally. HCCT realised that the best way of achieving this would be to set up a sharing economy – or market place of free exchanges. Today this marketplace involves a range of organisations – from prestigious art, theatre, and university institutions to very informal local groups and individuals – all sharing what they have and accessing what they need, including training, rehearsal space, access to minibuses, research participants, volunteers, theatre and film tickets, and much more. Like all time banks, the model works on an equitable model of one hour for one hour. This simply means that all exchanges are worth the same – whether you are sharing a small room for training or a ticket to see a show at Sadler’s Wells. One hour shared is one hour earned. In practice the exchanges can take many different forms. For example, a local theatre troupe might need space to rehearse a show. They could use Camden Shares to access free space at a nearby charity. In exchange for the hours used, the charity might set up a direct exchange and ask the troupe to put on drama classes. Or they might save the time credits and exchange them for film tickets at a participating cinema. The model offers many potential benefits: it can help make Camden a fairer place by enabling people to access opportunities they would otherwise have to pay for and may not be able to afford; it can make use of local resources that would otherwise remain under-used and can therefore ease financial pressures on organisations; and it can help develop new relationships within and between groups and people.

Resources

Co-production practitioners' network: www.coproductionnetwork.com

Stories of co-production: <http://www.youtube.com/watch?v=aKATrzUV2YI>

Co-production of Local Public Services: <http://www.rcuk.ac.uk/documents/innovation/larci/LarciCoproductionInfoSheet.pdf>

Coproduction and adult social care briefing: <http://www.scie.org.uk/publications/briefings/briefing31>

Improve well-being

Make well-being for all the primary goal of all public services. Promoting well-being is about making the best use of all local resources to improve people's material conditions and enhance the psychological and social well-being of residents. This includes the resources of the local authority, and also those of local residents, businesses, civic groups, and the voluntary sector.

Explanation

When times are tough and budgets are under pressure, the idea of well-being as an overarching goal for local government can easily be thrown out with the proverbial bathwater. In fact, in austere times it is more important than ever that spending decisions are carefully considered, underpinned by evidence, and directed at improving well-being for all. This is because focusing on well-being can:

- Help limit the long-term impacts of recession and austerity.
- Achieve positive outcomes efficiently.
- Reduce discrimination and stigma.
- Encourage positive behaviour change.

In practice promoting well-being will involve a combination of population level interventions and more targeted support for those who need it; this is known as 'proportionate universalism'.¹¹⁰ The factors supporting well-being are unevenly distributed, which makes it essential to address well-being.¹¹¹ This calls for a balance between the reduction of risk factors, such as personal debt, material poverty, or lack of meaningful activity, and the promotion of protective factors, such as social networks and a decent income.

There are strong links between the well-being section and other parts of this report, including those referring to assets-based approaches, co-production, and prevention. We have included four specific recommendations to indicate how action can be taken to develop this theme. Strategic leadership is central to all of them. Leaders have a critical role to play in developing the vision of what a well-being approach means in a locality, assigning areas for implementation to senior officers, considering well-being in resource allocation, and promoting the use of local government powers. Leaders can also play an important role in promoting well-being within the local authority itself, such as by supporting the psycho-social well-being of council staff and helping local businesses do same for their employees.

Our recommendations in this section include:

- 1 Commission for well-being outcomes
- 2 Design the well-being evidence base into services
- 3 Support well-being through co-production
- 4 Measure well-being outcomes

Commissioning for well-being outcomes

The benefit of commissioning for well-being is that it provides an evidence-based framework for decision-making and resource allocation within local government. It seeks to create the conditions for flourishing across the local population and involves using public resources to improve people's material conditions and support their mental and physical health. Some local authorities, health agencies and providers use a well-being model to frame their work, such as **nef**'s Dynamic Model of Well-being (Figure 5).

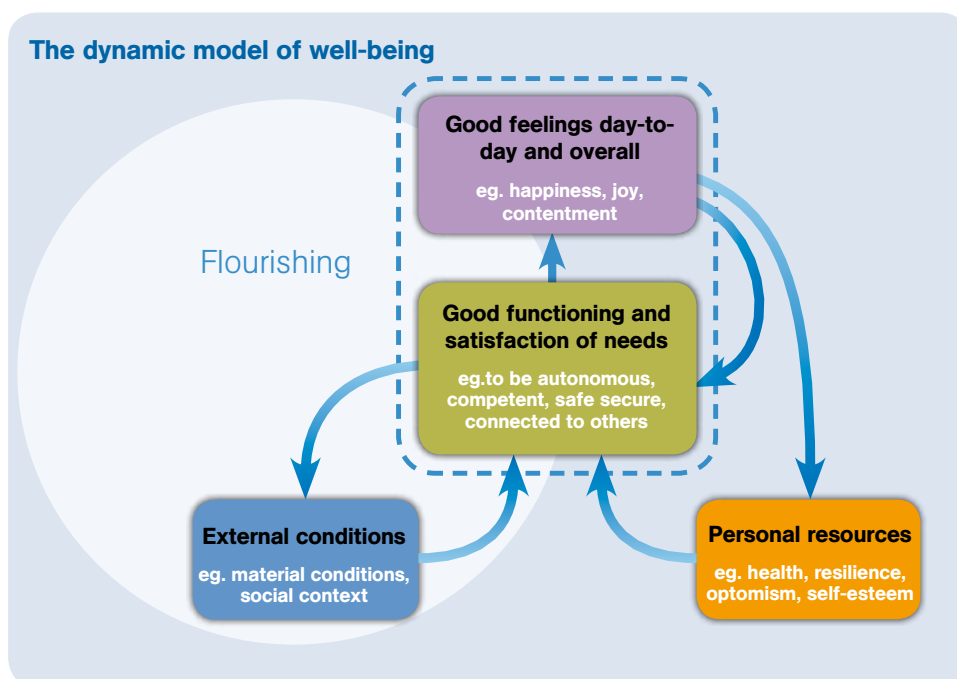


Figure 5. The dynamic model of well-being (**nef**).

The dynamic model of well-being was developed by **nef**'s Centre for Well-being after a major review of the most commonly used approaches to conceptualising well-being. It brings together two major theories of well-being – the hedonic and the eudemonic theories – into one framework of subjective well-being.

Figure 5 shows in the top box the feelings element of well-being – how we feel day-to-day and about life overall. The middle box represents one of the core components of well-being – how we function, i.e. whether we interact positively with the world around us to meet our basic psychological needs

The two boxes below – external conditions and personal resources – are two major groups of factors in determining our well-being: they are the drivers that can either increase or decrease it. External conditions are all the factors that exist outside our immediate self – the social networks around us or our employment status, for example. Personal resources relate to our psychological and emotional characteristics including our resilience, confidence, and self-esteem.

Tools that can be used to maintain the focus on well-being throughout the commissioning process include well-being impact assessments, mental well-being impact assessments, [well-being indicator sets](#), and a strong evidence base on effective interventions to promote well-being.

Designing the well-being evidence base into services

Promoting well-being through the commissioning process will involve designing support to meet well-being outcomes, as well as promoting well-being through the delivery of services. In order to do this, the drivers of well-being need to be well understood by commissioners and providers, and the evidence base used to maximise the impact of resources. This includes an awareness of the social determinants of key well-being indicators; and links between specific interventions and well-being. For example, there is evidence that children's and early years services can play a central role in promoting well-being, and that there is a strong relationship between debt and mental ill health.¹¹² Such knowledge can inform the design and delivery of specific services – for example, to tackle personal debt, to extend support for children and parents through programmes such as Nurse Family Partnerships, or to generate and strengthen social connections. Table 2 provides a brief summary of different projects and interventions that promote the Five Ways to Well-Being, a set of evidence-based ways of improving well-being. The Five Ways to Well-being were developed by **nef** for the UK government's 2008 Foresight Project on Mental Capital and Well-being.

Table 2. Summary of different projects and interventions that promote Five Ways to Well-Being

	Children's services	Adult social care	Planning and transport	Housing and community services	Environmental services	Work, worklessness and the local economy
Connect	Inter-generational activities (eg Merton Council)	Local area coordination (eg Middlesborough Council)	Designing in traffic-free spaces (eg Sutton Council)	The Big Lunch (eg St Albans City and District Council)	An area-based growing competition (eg Rushmoor Borough Council)	A local procurement policy (eg Camden Council)
Be active	Sports support buddies for disabled young people (eg Nottingham City Council)	Healthy walks scheme (eg Adur District Council)	City centre cycle paths (eg Herefordshire Council)	Enabling council tenants to grow their own food (eg Southwark Council)	Green Gym (eg Bath and North East Somerset Council)	Green space apprenticeships (eg Tamworth Borough Council)
Take notice	Public art project devised in collaboration with young people (eg Bristol City Council)	Arts festival for social inclusion (eg Lambeth Council's Springforward)	Auditing green space provision (eg South Gloucestershire Council)	Gardening support for vulnerable residents (eg Hampshire County Council)	Resident involvement in wildlife protection (eg Fareham Borough Council)	Helping local people understand the local economy (eg South Somerset District Council)
Keep learning	An online directory of informal learning activities for young people, (eg Essex County Council)	Adult learning on prescription (eg Northamptonshire County Council and partners' Learn 2b scheme)	Identifying sites for self-builders (eg Swindon Borough Council)	Providing training as part of resident involvement (eg South Kesteven District Council)	Community planting day events (eg Banbury Town Council)	Local entrepreneurship coaching (eg Norwich City Council)
Give	Peer support awards for young people (eg Bradford Metropolitan District Council)	Timebanking to encourage skills swapping and reciprocal volunteering (eg Bromley Council)	Supporting volunteered walking bus schemes (eg Thurrock Council)	Using peer-support models to enable independent living and residential support (eg Lincolnshire County Council)	Encouraging volunteers to 'adopt' their local area (eg Manchester City Council)	Local business support networks (eg Malvern Hills District Council)

Adapted from: LGID¹¹³

Support well-being through co-production

Recent analysis has shown a strong link between using co-production in the way services are designed and delivered and improving well-being, especially the elements of good functioning.¹¹⁴ Local authorities and providers interested in promoting well-being might find co-production an effective method for enhancing well-being outcomes. As an overview, we can show how some of the core principles of co-production – developing peer networks, taking an assets-based approach, and building up people's skills and capabilities – complement three of the *Five Ways to Well-being*. Table 3 shows how the Five Ways to Well-being align with the principles of co-production.

Table 3. How the Five Ways to Well-being align with the principles of co-production

Five Ways to Well-being	Give	Keep learning	Take notice	Be active	Connect
Co-production principle	Reciprocity and mutuality	Developing people's skills and capabilities	Recognising individual and community assets	Involving people in the design and delivery of services	Promoting peer and social networks

Encouraging co-production as the default way of designing and delivering services (see [co-production](#)) would therefore go some way towards creating the conditions for greater well-being at a local level. For example, strengthening social networks and enhancing control and autonomy are protective factors in well-being, and are also central features of co-production. Box 11 shows how co-production and well-being are mutually reinforcing.

Box 11. Case study: The Singapore Prison Service

World expert on well-being, Professor John Helliwell, recently published a paper describing how reforms to prisons in Singapore reveal the fundamental principles of co-production and well-being. In 1998, the Singapore Prison Service (SPS) was experiencing the same issues that are found in prisons across the world: overcrowding, high staff turnover, poor inmate–staff relations, and high levels of reoffending. A change of leadership and a radically alternative culture shift within the institution has led to an entirely different organisation, where well-being is promoted and some of the key principles of co-production are applied. After prolonged discussions with prison staff from all ranks, it became clear that ‘most Prison Officers wanted to do more to help inmates under their charge become contributing members of society’.¹¹⁵ Recognising that a ‘second prison’ awaited inmates on their release from the SPS, staff wanted to do much more to help break down the inside/outside divide that separated inmates from their families, communities, and society.

Notably, there was a new commitment to re-conceptualising what imprisonment means and what it hopes to achieve. This centred on a decided move away from a prison as a secure repository for criminals, towards an understanding of imprisonment as a process of rehabilitation from day one.

This has been backed up in the SPS by a radically different way of working with inmates, their families, and the community. For example, peer support networks within the prison have now been set up; coordinated after-care networks have been established; and a number of community outreach initiatives, including the major Yellow Ribbon Project, have taken shape.

The Yellow Ribbon Project, a framework for a set of activities which bring communities, prisons, and inmates closer together, has been described by Helliwell:

The range and content of these activities are impressive. There are annual song-writing contests for inmates, ex-offenders and after-care agencies, with inmates and headline artists from Singapore and abroad performing together in concerts to raise money for the Yellow Ribbon Fund. There are now regular runs that pass through prison grounds (the runners in the first such event included the Deputy Prime Minister). The Singapore Lions Club approached the YRP in 2009 to co-host a lunch for the elderly, with the meal cooked by inmates and served by ex-offenders. In that same year, inmates volunteered to fill the fun packs for the National Day Parade, and an ex-offender, a prison officer, and a social services officer took part in an Ironman race to raise S\$10,000 for the YRP.

The results include:

- Two-year recidivism rates dropped from 44 per cent for prisoners released in 1998, to 23.7 per cent for prisoners released in 2004.
- Prison officers' satisfaction with management rose from 70 per cent in 2001 to 84 per cent in 2007.
- Respect for prison officers among inmates grew from 58 per cent in 2002 to 92 per cent in 2006.

Helliwell notes how the reforms embody various lessons from well-being research including the importance of process, the value of benevolence and trust, the importance of having fun, and the value of bottom-up initiatives.

Measuring well-being outcomes

What gets measured often becomes what matters. Ensuring that well-being becomes part of the framework for measuring progress at a local level will help to generate knowledge about what impact services actually have and how they may be developed and improved. Well-being measurement is also likely to steer activity towards achieving well-being outcomes. First steps include:

- Bringing together data on levels and distribution of material well-being.
- Measuring psycho-social well-being by capturing people's experiences through subjective indicators:
 - at universal and targeted level;
 - using existing measures, scales and frameworks; and
 - using new indicators, including via the [MWIA toolkit](#).
- Using resources from the ONS Measuring National Well-being Programme.

Measuring well-being doesn't always need to involve new data – many local authorities are already likely to collect some data on well-being. This might be found in Joint Strategic Needs Assessments, existing surveys of local residents, and measurement tools used by provider organisations.

For further resources for measuring impact, see below and in the [commissioning](#) section.

Resources

nef, The Role of Local Government in Promoting Well-being: <http://www.neweconomics.org/publications/entry/the-role-of-local-government-in-promoting-well-being>

<http://www.nmhd.org.uk/silo/files/confident-communities-brighter-futures.pdf>

Embedding well-being as a way of working: the local authority perspective http://www.local.gov.uk/c/document_library/get_file?uuid=a37d3c05-896d-446a-9961-80c44c0e4f79&groupId=10171

nef, the national accounts of well-being. The Indicators: an overview. <http://www.nationalaccountsofwellbeing.org/learn/measuring/indicators-overview.html>

Evidence summary on well-being interventions: <http://www.champspublichealth.com/writedir/3de8Evidenceonwellbeing.pdf>

nef/Action for Children, Backing the Future <http://www.neweconomics.org/publications/entry/backing-the-future>

Making it Happen: well-being and the role of local government: http://www.local.gov.uk/c/document_library/get_file?uuid=cf03a151-163a-463f-80a6-6fb9db0569fa&groupId=10171

John Helliwell: 'Institutions as Enablers of Well-being' <http://www.internationaljournalofwellbeing.org/index.php/ijow/article/view/28>

Develop sustainable local economies

Use leadership, influence, and direct investment to support the development of thriving local economies that promote good jobs and create new opportunities for sustainable local enterprise.

Explanation

To make real improvements in people's quality of life and well-being, the reform of public services is necessary but not sufficient. It is equally important to support the development of local economies that promote social justice and improve environmental sustainability, promoting good jobs, and creating new opportunities for local enterprise. The local authority can exert influence to ensure that public spending is used to invest in transforming local economics. This involves actively investing in new, community-based enterprises that promote sustainability in key sectors such as energy, transport, and re-use of waste, and ensuring that public money is spent only with organisations that provide good quality jobs.

The recommendations below are not by any means exhaustive, but reflect priorities identified by **nef** and by our conversations with people in Haringey and Birmingham.

Recommendations

Create business models that re-invest wealth in the borough

Local authorities are increasingly looking to the market to provide local goods and services. Though the tendency can be to increase the scale of contracts and drive costs down, there are other opportunities that could create sustainable and socially just local outcomes. New business models, such as mutuals, co-operatives, and

social enterprises, can deliver high-quality services, increase local ownership, and re-invest wealth in the borough.

The development of co-operative and mutual models could extend to a wide range of areas, including housing, social care, childcare, recycling, and local food production. An example from the United States (Box 12) shows how these types of models might operate.

Box 12. Evergreen Co-operatives, Cleveland, Ohio, USA

Launched in 2008, the Cleveland Evergreen Co-operatives offer ways of turning mainstream spending, particularly of large institutions such as hospitals and universities, into sustainable local employment generators for low-income urban neighbourhoods. The initiative is based on a vision of community wealth building. This aims to improve the ability of communities and individuals to increase asset ownership, anchor jobs locally, strengthen the municipal tax base, prevent financial resources from leaking out of the area, and ensure local economic stability.

With a strategy focused on catalysing a network of green new businesses that are owned by their employees, Evergreen takes an enterprise approach by first creating job opportunities and then recruiting and training local residents to take them. Established cooperatives in the network include:

- Evergreen Energy Solutions (E2S) design and install PV solar panel arrays for institutional, governmental, and commercial markets. E2S also provides energy efficiency and home performance services for residential and commercial buildings.
- The Evergreen Cooperative Laundry, established in 2009, is the greenest commercial-scale healthcare bed-linen laundry in Ohio. Working at full capacity, it will clean 10 to 12 million pounds of healthcare linen a year, employing 50 residents, while having the smallest carbon footprint of any industrial-scale laundry in northeast Ohio.
- Green City Growers Cooperative opened 3.25 acres of hydroponic green houses in 2013 supplying salads to the city.

More co-operatives are planned. It is estimated that after approximately eight years, a typical Evergreen worker-owner will possess an equity stake in their company of about \$65,000.

Create good jobs

All employers in a local area can be encouraged to create good jobs, which provide a living income, good conditions, secure employment, and training opportunities. Much of our research showed an increasing number of people working in insecure employment, on short-term and temporary contracts, who were being offered jobs at below the national minimum wage.

Local authorities can play a strong role in both providing good jobs themselves, and creating the right conditions and incentives for others to do so. There are useful examples of Good Jobs criteria developed by some of the Fairness Commissions across England.

Build a low carbon economy

Many councils could be more proactive in meeting their environmental objectives and playing a leading role in creating the environment for a sustainable economy to flourish. This could be through the creation of low carbon enterprise districts where businesses are proactively recruited to co-locate, for example.

All local authorities can use procurement policy to drive a significant reduction in carbon emissions, for example through raising the bar on minimum environmental standards and expecting the highest standards. Local authorities can also exert influence over the shape of enterprise on their high streets and business districts by offering reduced business rates to businesses which can prove their positive social, economic, and environmental impact in the area.

An example of how a local authority has tackled these issues can be seen in the Haringey Carbon Commission (Box 13).

Box 13. Haringey: A sustainable new economy¹¹⁶

Haringey is setting out to be the first London borough to reduce carbon emissions by 40 per cent in a way that develops new economic opportunities and addresses the unacceptable levels of inequality across the borough by developing a new sustainable economic model.

The potential economic prize is substantial: by 2031 up to 11,000 jobs could be created in Haringey in the low carbon and renewables sector with an immediate opportunity for 3,000 good jobs in energy networks and improving the energy efficiency of housing (retrofitting) in north London. The art is to achieve carbon reduction in a way that brings prosperity through local jobs, creating local connections and supporting well-being for all across the borough. Two factors will drive future prosperity in Haringey: how people work together, and the terms upon which they build a low carbon economy. Haringey aims to establish an environment that encourages ideas and action for systemic change across the borough, presented in its strategy as five inter-connected areas:

- Developing business models which re-invest wealth in the borough, focusing initially on developing a mutually owned Combined heat and power network and a retrofitting co-operative of local tradespeople.
- Building a low carbon economy by attracting new low carbon enterprises into the borough.
- Boosting innovation in three key areas: technology, financial models and social activism.
- Investing in low carbon transport.
- Strengthening community organisations.

Resources

Haringey Carbon Commission: <http://www.neweconomics.org/publications/entry/the-haringey-carbon-commission>

For more information on how local economies can be built around SMEs, social enterprises and community groups with support from public sector and larger private companies in the UK see [Localise West Midlands' work on community economic development \(CED\)](#)

Bizz Fizz: <http://www.bizfizz.org.uk>

Plugging the Leaks: <http://www.pluggingtheleaks.org>

Conclusion

The new austerity is making life for people and communities harder up and down the country. The Big Society, the government's answer to austerity, has failed to capture people's imaginations and won't be able to address the rising social challenges that welfare reform and public sector cuts are causing. Concerted local action from local authorities, VCS organisations and residents, however, can make a difference; promoting social justice and well-being even during a time of austerity.

In this study we have traced the experience of people living in two of England's poorest neighbourhoods over a two-year period. Local residents speak for themselves about what is happening in their daily lives. Their voices deepen and enrich knowledge derived from statistical data.

Overall, the picture is a bleak one. Many people are struggling just to meet their basic needs, whether or not they have paid jobs. They are insecure, anxious, and often have nowhere to turn because their families and friends are under the same kinds of pressure. Local authorities and community-based organisations are facing increased demand for help while their budgets are being dramatically reduced. The best ambitions of the Government's plan to build a Big Society have been thwarted by the combined effects of recession, public spending cuts, and welfare reform.

What, then, can people do locally to help themselves and each other to survive austerity? Now, more than ever, it is vital to recognise, value, and support the assets and resources that are embedded in everyday lives, relationships, and neighbourhoods. This is the starting point for our recommendations, which suggest ways in which local authorities, alongside local charities and voluntary organisations, as well as individual residents, can work together in new ways. We set out proposals – by no means exhaustive – for promoting fairness, for changing the way services are commissioned, for co-producing decisions and actions, for promoting well-being, and for building sustainable local economies.

How far these can be effectively implemented depends on individuals and organisations having the vision, time, space, and strength to think and act creatively in adverse conditions. There is some cause for optimism in the prospects for changing local practice and for shifting focus from a market economy with scarce financial resources, towards a core economy with an abundance of human resources. But making these changes locally requires sustained support at a national level. Our evidence suggests that – however resilient local communities may be – efforts to overcome the effects of poverty and inequality are unlikely to enjoy any lasting success without more profound changes to the systems and structures that have created and exacerbated these problems. Current policies appear to be making matters worse for those in the areas we studied, rather than better.

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