

# What housing associations can do for the foundational economy

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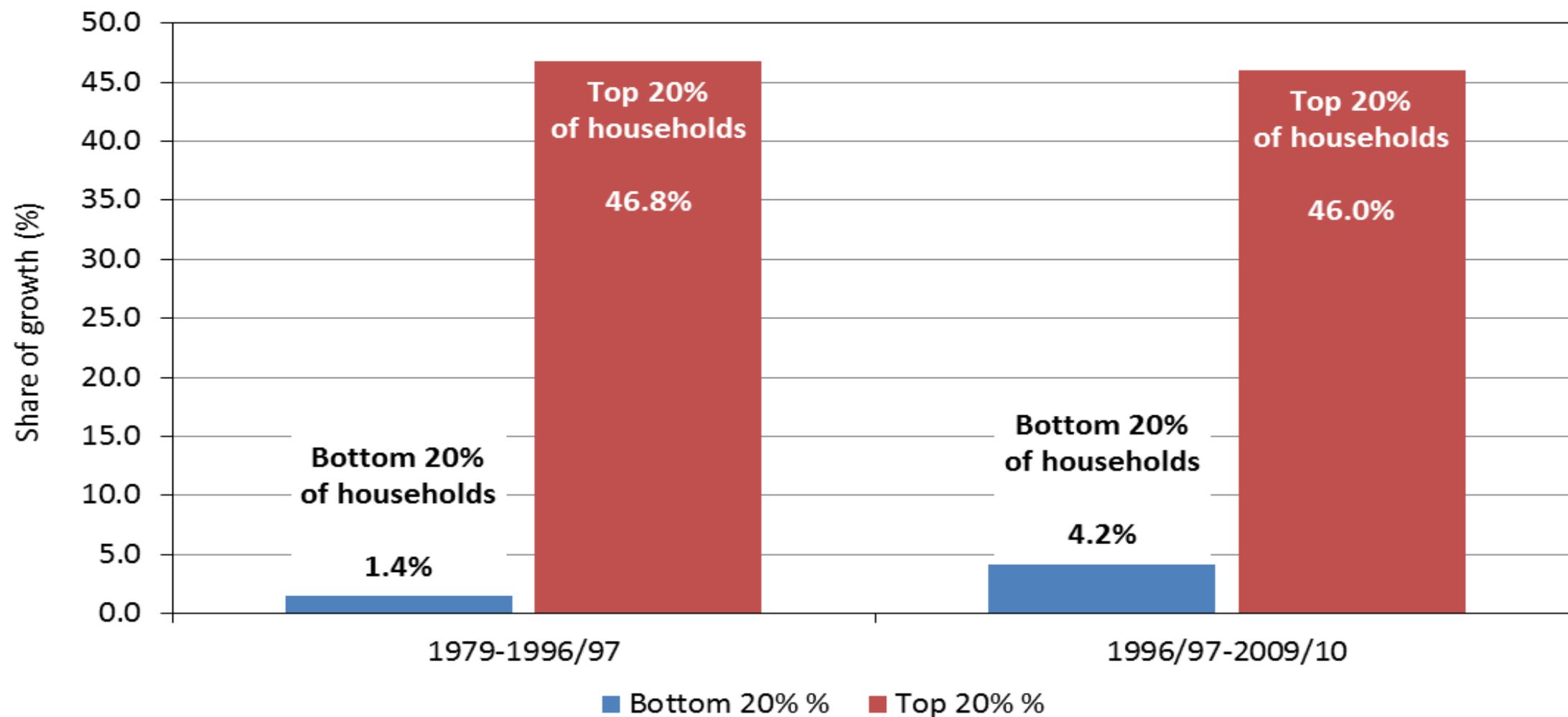
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# The 30 year Thatcher/Blair experiment + our need for construction in 2017

- The post 1979 Thatcher/ Blair experiment: privatised utilities, outsourced public services, housing as a private asset, deregulated labour market; all in an open economy which let manufacturing go (while maintaining welfare provision)
- Central state could do economic disruption; what nobody did was balance that with social and political construction
- Economic inequality (regional and social) ex uneven gains in market incomes; low wage jobs; difficulties in funding health, education and welfare; residualisation of services + altogether growing social disillusion and political volatility

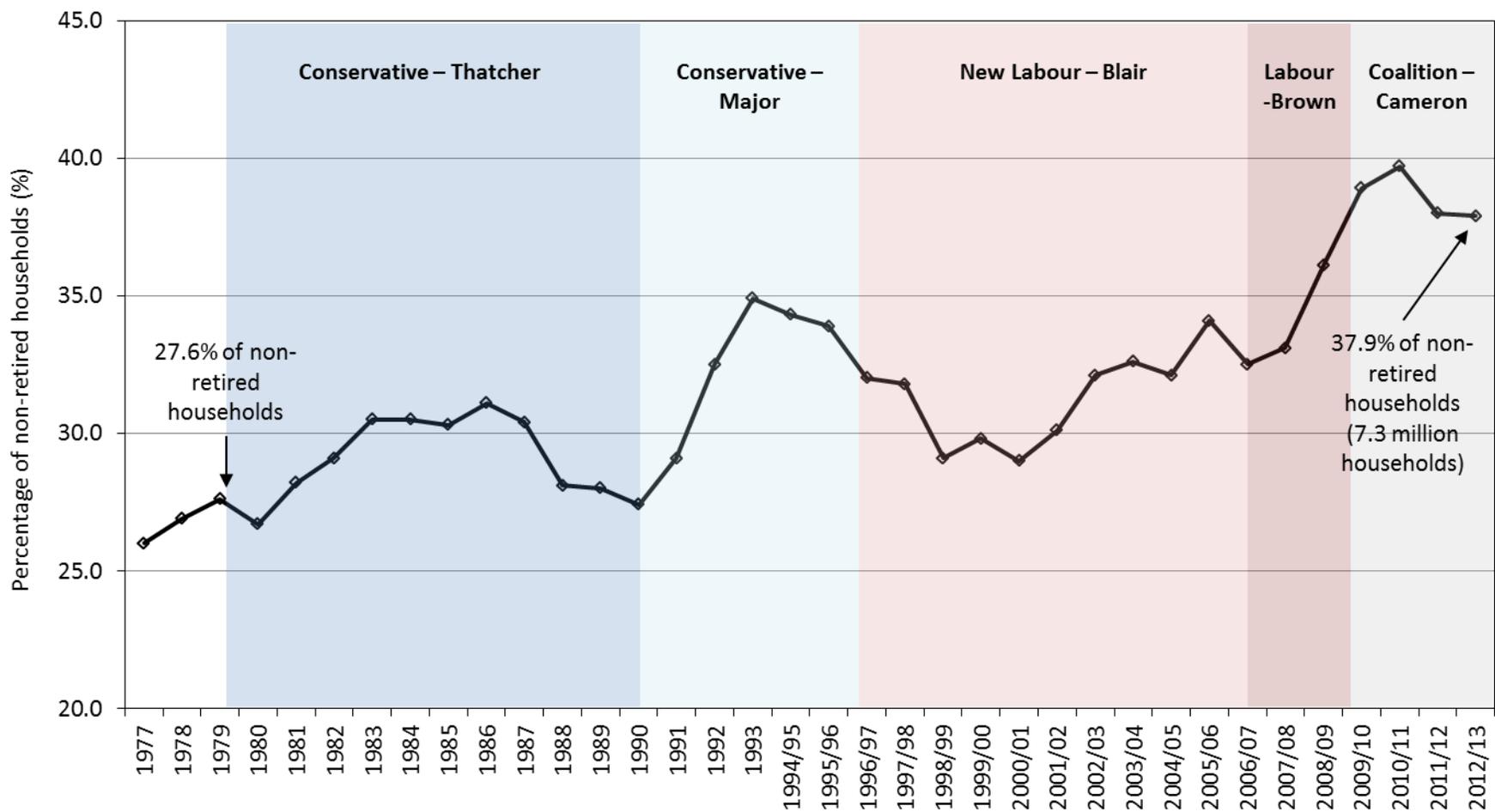
## UK non-retired household share of (nominal) income growth

(Source: ONS. Based on original income)



## UK Non-retired Households receiving more in benefits than taxes paid

(Source: ONS. Benefits include benefits in kind eg. education and tall taxes included)



# The importance of social capital + intermediary institutions

- “Deindustrialisation” = a huge destruction of social capital/ the networks that make things work; eg in South Wales after collapse of the large unionised work place only ¼ of the private sector work force is unionised; the churches + chapels get 5-10% each Sunday
- What social actors and educators can replace unions and churches?
- Housing Associations promoted as part of the 30 year experiment; with the stripping out of LG functions + selling off stock, somebody had to manage residual social provision; some HAs have done so creatively eg leading on procurement
- RSLs now pressured by universal credit forcing people into low paid work / unable to pay decent rents: if retrenchment onto renting + maybe building housing is unsustainable, why not add community organisation and local economic development

# A bit of discouraging history: intermediary institutions after 1945

- William Beveridge and J. M. Keynes were not socialists but liberals who believed there were limits on what state should do (a) Beveridge designed flat rate state insurance and supposed friendly societies would provide top up (b) Keynes favoured quangos like Arts Council and UGC which would independently decide how to spend state funding.
- Intermediary institutions never played their intended role post 1945
- Occupational pension schemes provided the top up via deduction without participation; Treasury used funding as a way of controlling everything

# Can Housing Associations become key intermediary institutions

- The opportunity is here because mainstream economic policy has no answers for areas like Swansea Bay; and the foundational alternative needs non state actors
- But getting round the many obstacles requires a clear focus on the problems, possibilities and political persistence in lobbying up wards for powers and engaging downwards for legitimacy
- So let's be clear, using the example of Swansea Bay from the forthcoming report *What Wales Can Do*.

# Mainstream policies offer little eg Swansea Bay City Deal

- The Swansea Bay City deal focuses on “next generation industries” and promises “an economy that works for everyone”.
- But the official projection is that £637 million of public funds over 15 years create 10, 000 jobs for 3% of the workforce vs in a region which lost 30,000 manufacturing jobs 1990- 2010
- Next generation industries will never be volume employers; they have a place but need to be embedded in grounded firms and resource based activities which will be mainly foundational; we need to think about what employs locals in volume

## High-technology sectors (high-technology manufacturing and knowledge-intensive high-technology services) - %total employment

	2008	2009	2010	2011	2012	2013	2014	2015	2016
	000s								
<b>European Union (28 countries)</b>	3.8	3.7	3.8	3.8	3.9	3.9	3.9	4.0	4.0
<b>France</b>	3.9	4.0	3.9	4.1	4.1	4.0	3.9	4.0	4.0
<b>Germany</b>	4.1	4.3	4.3	4.3	4.3	4.1	4.1	4.1	4.1
<b>Hungary</b>	5.0	4.7	5.0	5.3	5.2	5.3	4.7	4.7	5.1
<b>Italy</b>	3.3	3.3	3.3	3.3	3.4	3.4	3.4	3.4	3.4
<b>Luxembourg</b>	3.6	3.5	4.1	3.8	4.2	4.0	4.3	3.9	3.6
<b>Malta</b>	6.4	5.8	5.1	5.7	6.0	6.2	6.1	5.8	5.9
<b>Spain</b>	3.3	3.3	3.4	3.6	3.7	3.7	3.6	3.7	3.6
<b>United Kingdom</b>	4.9	4.2	4.2	4.4	4.4	4.6	4.7	4.8	4.8

# The foundational economy: the driver of welfare

- On the demand side, all households depend daily on
- providential services like health services and care, universal primary and secondary schooling
- material infrastructure of pipes and cables connect every house to the systems which make everyday life possible, safe and civilised
- On the service supply side, the two core foundational domains and the outer belt of occasional purchases like haircuts and holidays distribute welfare through waged employment in Swansea Bay: 35% in the providential, a more modest 15 % in material infrastructure and another 20% in the outer belt

# Requires a new approach: asset based economic development

- Our model is asset based community development = don't list deficiencies but map resources, build capabilities, mobilise around local issues
- Applied to economic development: do not start by listing deficiencies of GVA etc + instead build on firm and workforce assets and capabilities
- For policy purposes, it is important to adopt the double definition of an asset as something useful that is owned or controlled by a person or organization.
- Hence the importance of grounded forms whose activity and capability is anchored to the area; that means recognising the value of firms like Jenkins Bakeries regardless of whether they are fast growing and seeing new problems like ownership transition

# First principles of the new approach

- *The aim is 'citizen lives worth living'* which means better lives supported by goods and services from a reorganised foundational economy; and demoting the goals of jobs and GVA growth.
- *The lever is to 'recognise what's there, enable what's there and build on what's there'* by way of grounded assets already in place; with less emphasis on attracting mobile resources like inward investment.
- *The method is 'learn from experiment'* in areas like micro firm support or care reform; this is not about a controlling centre which imposes a template, but an enabling centre which sponsors change.
- *The working assumption is 'social value comes from politically mobilising different actors to work together'* this is not about top down policy but about effective action after coalitions of disparate forces have been mobilised.

# Government (and Welsh Government) does not have the answer

- Government (and WG) action is limited by (a) power and resource constraints and (b) limited vision when it is seeing like a state
- Resource constraints: after 1979, state capital funding for social infrastructure was switched off and, since 2008, the central UK state has increasingly failed to discharge its key obligation of revenue support for the providential; Welsh Government is heavily constrained by the UK Treasury's commitment to austerity and unwillingness to sanction borrowing for capital expenditure
- Limited vision: Welsh Government should start by admitting it does not always know what to do, and the need is for innovation and experiment with government partnering intermediary institutions, like housing associations; we need a practice which is more like Unger's social innovation than Welsh Government economic policy

# What to do?

## scalable experiments

- Low cost, innovative ways to boost the foundational economy through scalable experiments:
- build up local assets and capabilities, provide citizens with better foundational services + decent jobs and business opportunities. Hence develop the new institutions, skills and cultures which begin to empower participatory decision making
- The Swansea Bay starting points = three key areas where we have complex and urgent problems: more effective small business support; reorganising adult and child care; and building community hubs

# eg building SME and micro firm capability

- Rebalancing policy: less emphasis on reform of external finance as way of leveraging growth + more on what can we add (beyond money) that will increase firm capability and create a collaborative and networked business ecology.
- The starting point here should be mapping the SMEs so that we can, for example, identify businesses close to ownership transition + build support networks with experiments to expand the field of the thinkable and doable:
  - ✓ Reach micro businesses by creating a local authority employment/apprenticeship agency and sponsoring virtual SMEs so smaller firms can take on bigger work packages
  - ✓ Encourage local government “one council one product policies” of marketing support, , for example, leaning on supermarkets to buy food with a story like Towy valley yoghurt
  - ✓ Shift training away from workforce certification: support a culture of making by building makerspaces where equipment and workshop space can be rented by the day; begin to tackle the unsolved problem of training micro and SME owner managers.

# Eg reorganise adult and child care

- Care is a huge opportunity to extend our civilisation in 2017 in a disorganised sector which employs 5% with potential for a triple dividend of economic, social and political benefits
- Local authorities should sponsor practical experiments in the organisation and management of care by for-profit and non-profit providers with input from the care workforce, clients and the community:
- **Experiment with reorganising domiciliary care** by recomposing the carer role to recognise it combines social work and community nursing; put more emphasis on local patches and social connections for the elderly (not a rota of fixed visits focused on bio medical tasks)
- **Borrow to build residential accommodation on new models:** if social landlords with 5% capital can build, they could break with the Travelodge-style format of residential home and experiment with smaller Green House style shared houses or mixed age care environments
- **Bring informal carers into the health and social care ecosystem:** here there is an opportunity to find ways to incorporate informal carers into the care system to relieve staff shortages and provide them with training and support for their own care responsibilities

# What can Housing Associations do?

- in the first instance the initiative for policy experiment must come from lead institutions and organisations who have both the resources and the adaptability to kickstart change and lead mobilisation for foundational economy interventions.
- Organisations are reservoirs of capability and we must tap that capability in the Assembly, in government offices, quangos, civic membership organisations and business of all kinds
- Housing Associations have broad capabilities so they can contribute in many ways; many institutions are worse placed eg TUs or business associations which are membership organisations .

# Here's 4 practical contributions which Housing Associations could make

- **Start with modest social projects** eg help communities run local facilities like swimming pools =HA first step, building local skills...
- **Bring forward sites and buildings** that can be used enable start-ups/work space for maker space/green space improvement/community hubs.
- **Deploy skills to mentor/support** community groups eg in collective purchasing of energy, food etc; support small businesses eg in taxis, care, building
- **Bring capacity to lead consortia funding bids/partnerships** especially with community groups/social enterprises who struggle with fundraising/tendering and the complexity of public service commissioning.

# So what are Housing Associations/RSLs?

- Asset based organisations with resources + capacity to engage the skills and strengths of tenants and community members
- **What are Housing Associations/RSLs? intermediaries which connect people and communities to opportunities** - taking notice of where gaps exist and taking a proactive role in working with partners to develop local solutions
- You've already got projects: POBL have Blaen y Maes as a regeneration area, Coastal plan the regeneration of Swansea High Street, Bron Afon have a warehouse which could become makerspace
- Just add vision and a bit of practicality eg via a network of experiments and a post like local economy co -ordinator