A Rescue Programme for Local Communities

### Background: The Aim of this Programme

The Office for Budget Responsibility’s Coronavirus Analysis forecasts job losses and unemployment, levels of which have not been witnessed in the UK since the 1970s and 1980s (Office for Budget Responsibility, 2020):

“The sharp fall in GDP is accompanied by a steep rise in the unemployment rate to 10 per cent in the second quarter, equivalent to an increase in unemployment of 2.1mn (to a total of 3.4mn). As with GDP, the rise in unemployment is likely to be very fast, as the sharp rise in new claims for UC already attests”.

This is comparable with the UK job losses deindustrialisation in the 1970s and 1980s, following the oil price increase and globalisation, as summarised by Community Development Programme workers (CDP Inter Project Editorial Team, 1977, p. 32).

“Between 1966 and 1971 manufacturing employment in Manchester declined by 20%, in Liverpool by 19%, in Birmingham by 13%, in Newcastle by 11% and in Inner London by 18%. In London’s Canning Town, between 1966 and 1972, almost half of the area’s workers were made redundant at some time”

Most projected post Coronavirus economic and social ‘rescue packages’ will undoubtedly be private sector led. Unfortunately, following precedent, most national representatives of third sector organisations, including voluntary, community, social enterprises and cooperatives, will fall in behind this, anxious not to miss out on potential funding. There are ample precedents for their supporting similar policies from the early days of 1997 and 2001 New Labour Governments and during the initial years of the Cameron Clegg Coalition 2010 till 2015.

For over twenty years, national organisations representing the third sector have not opposed New Labour and Conservative Government policies of increased outsourcing, privatisation or marketisation of the delivery of public services. Instead, many of these policies have been led by the third sector, usually in anticipation of increased central or local government funding. As a result, most third sector organisations are no longer part of a separate social economy but are seen as providing ad hoc and low cost solutions to public service delivery.

### Experience from Previous Deindustrialisation

Based on Labour experience during a 1970s period of massive job losses and deindustrialisation, and mostly using existing capacity within the public and third sectors, this Rescue Programme will be led by the public and third sectors, based on those organisations which seek to restore local community economic and social democracy. Not only is there a need to reposition many third sector organisations from their current location within a marketised economy but also to begin laying foundations in areas where community wounds and sores have been laid bare, with the genuine needs of local people overlooked (Thake and Zadek, 1997, p. 12):

“Those neighbourhoods that have been dependent upon failing industrial, commercial and distribution processes have suffered terribly. … The inadequacies and injustices of the decision-making machinery, tolerated or unseen in times of plenty, are exposed”

### The Foundational Economy and Local Communities

This Rescue Programme is based on the “Foundational Economy” - services needed by us all - being restored to the public sector, with involvement of trade unions to ensure restoration of wages, terms and conditions (Bentham et al., 2013; Foundational Economy Collective, 2018). Even where welfare critical and essential services are provided by the private or third sectors, they should be regarded as being the public domain. However, ways forward for the Foundational Economy, as projected by CLES in its latest offering “Owning the Future” is only minimally supported (Guinan et al., 2020, p. 13):

“Localities must also use the relaxation offered in the UK government’s Covid-19 guidance package in the recovery stage to stimulate new forms of supply to service local demand, particularly in the foundational economy sectors. Developing local industrial strategies which stimulate co-operatives and social businesses will also be essential and this will involve fundamental reform of the composition, powers and purposes of Local Enterprise Partnerships”.

Alongside the Foundational Economy there is a range of services in local communities, including training, food provision and other support which have never been delivered by the public sector and are more appropriately delivered by community and cooperative organisations. There are already developing programmes for online local food sourcing and delivery which, apart from rivalling Tesco and other online provision, would be more climate and environmentally friendly. Many of these might be supported under current environmental and climate challenge funding programmes. Similarly, support for community energy and recycling, based on existing organisations, offer more effective adherence to UN Sustainable Development Goals then “energy from waste” and other corporates. Many of these PFI contracts have been supported by councils though these exclude community recycling.

### Creating a Social Economy

From the 1980s, much of the voluntary, community and social enterprise sector, including cooperatives and mutuals, have been driven by managerialism and marketisation to become dependent on competitive tenders and contracts to deliver public services, in competition with the private sector. Unless there is a change in procurement procedures, this competition for public service delivery will intensify, especially with private tenders’ using “self cleansing” procedures, which enable acknowledgement of previous mistakes, with an ‘undertaking’ that these have now been rectified. Procurement also needs to move away from a “social value” approach, with scores ‘adjusted’ by offering more marks for social value. Successive evaluations of the Public Service (Social Value) Act 2012 have shown that this approach does not improve the bidding position of those offering greater public value.

### Delivery

Current policies of social investment subsidised by Big Lottery and Big Society Capital, using dormant bank accounts, and the Access Foundation’s “Power to Change”, based on third sector organisations’ accessing funding at near commercial rates, are inappropriate.

“Power to Change” and similar programmes focus on a community business approach, rather than the restoration of economic and social democracy and creating and restoring jobs.

Previous examples of local authority support for a local social economy includes Greater London Council and Labour controlled Metropolitan County Councils, and individual cities like Sheffield, which prioritised job creation and cooperatives. Individual City Regions and larger cities like Greater Manchester, Preston. Plymouth and Sheffield are once more prioritising cooperatives by setting up Cooperative Commissions and Community Wealth Building Units, though the latter are often resisted by trade unions since their delivery is sector neutral. Community Wealth Building has also been criticised as “Chameleon Localism” (Gough and Eisenschitz, 2011), since it pits local communities against each other. If all local authorities seek to maximise local procurement, there will be few overall winners. Local authority economic development departments need expanded powers to deliver these additional services, using existing expertise. For example, the Preston City Council and Liverpool Social Economy Forum already include expertise in local expansion and contributions by local initiatives.

Since registration of new cooperatives is not easy, it may be necessary to revive the Industrial Common Ownership Movement and ICOF, which registered and funded most new cooperatives as Companies Limited by Guarantee during the 1980s and 1990s. During this period, following the 1976 Industrial Common Ownership Act and 1978 Cooperative Development Agency Act, according to various estimates, there were between 1500 and 2000 new common ownership cooperatives registered. Evidence from that time shows many of these as community responses to deindustrialisation rather than local communities seeking to become more ‘business like.’ Registrations of Community Interest Companies, B Corps or US equivalents of Benefit Corporations and L3C should not be encouraged since many of these are exhibits of private sector ‘window dressing’

### References

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