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Community-led approaches to reducing poverty in neighbourhoods: *A review of evidence and practice*

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Executive Summary

Overarching findings

- There is no 'silver bullet' in terms of a single community-led approach that is best placed to tackle poverty. There are a wide range of community-led approaches and poverty-related outcomes vary across and within approaches in terms of scale, nature and timing.
- Some approaches impact on 'material' forms of poverty by reducing costs such as housing or fuel, providing access to low cost credit, or creating employment opportunities. Approaches can also impact on the 'non-material' aspects of the experience of poverty by enhancing health and well-being, improving quality of housing and condition of the physical environment, and increasing levels of social participation.
- The timing and nature of poverty impacts varies by activity. Some have immediate financial benefits on 'pockets'; others improve the longer-term 'prospects' of households exiting poverty in the future; whilst some activities can 'prevent' households experiencing poverty in the first place. Community-led activities more commonly deliver poverty-related outcomes around 'pockets' and 'prospects' than 'prevention'.
- Community-led activities achieve a range of valuable outcomes around poverty but sometimes only for relatively small numbers of people. However, it is important not to assess small-scale, neighbourhood-level activities only using quantitative yardsticks as they cannot be expected to tackle area-wide disadvantage in isolation. That said, more substantial, targeted and sustained investment for community-led activities in low income neighbourhoods could increase the scale of outcomes.
- Appropriate levels of start-up funding and, in some cases, on-going subsidy may be necessary to sustain activities. Community enterprise cannot always become self-financing, especially as there may be additional costs in serving low income communities.
- The particular skills and leadership qualities of key individuals, as well as the existence of an active and supportive voluntary and community sector infrastructure, also emerge as important elements of success. One implication is that different approaches may have varying levels of transferability.
- The evidence base is highly mixed and, perhaps unsurprisingly, less robust for smaller-scale activities outside of formal government-funded programmes. There is a need for more rigorous research to identify the outcomes and impact of community-led activities on poverty. At the same time, it is important not to solely assess activities in instrumental terms around *outcomes* as the *process* of participation may be as important in many community-led interventions.

Findings on community-led approaches

The review looks at the activities, impact, and drivers and barriers to success of four types of community-led approaches: voluntary action, community organising, social action and community economic development.

i) Voluntary action

Voluntary action

- Studies of grassroots voluntary activity in low income communities identify important benefits that could impact on non-material forms of poverty by improving individual well-being, opportunities for social interaction and perceptions of area.
- There is less evidence that community-led forms of volunteering impact on material poverty. However, one study of a social group set up to tackle isolation among lone parent mothers found that improvements in well-being were also associated, in some cases, with movement into work or education. This implies voluntary action that aims to improve the non-material dimensions of poverty may also impact on 'pockets' or 'prospects'.
- On-going support is essential to sustain volunteer commitment but may be a challenge in the current climate in low income areas due both to cuts in funding for support organisations and the tendency of residents to deprioritise community-based activities.

Food banks

- Rapid growth in the use of food banks shows the important role they play in meeting the immediate material needs of households experiencing food poverty; they are also reported to deliver improvements in well-being through social interaction.
- The Trussell Trust model of social franchising shows how community-led activities are transferable and can achieve scale.
- Critics contend food banks are little more than a short-term, emergency fix that absolves government of responsibility for food poverty and fails to address the wider determinants of poverty.
- But there may be some scope for the food bank 'plus' model allied with more vociferous campaigning against welfare reforms to deliver more sustainable outcomes around poverty. This shift from a focus on immediate material need (*pockets*) to longer-term outcomes (*prospects*) has yet to be evaluated however.

ii) Community organising and social action

- Government funded programmes to support community organising tend to focus on measuring outputs and reflecting on success factors; there is little direct evidence of poverty-related benefits.
- Grassroots forms of community organising have notched up notable successes including changing the practices of payday lenders and ensuring low paid workers receive the living wage. Both outcomes may have immediate benefits on the *pockets* of low income households.
- Key drivers of effective community organising and social action include individuals with the right skills to lead campaigns, strong social networks, and appropriate levels of local voluntary and community sector (VCS) support infrastructure. One important implication is that community organising may work less well in low income communities with the least developed VCS infrastructure.

- Community organising and social action approaches have significant potential to scale up and achieve wider change where linked into city-wide and national campaigns.

iv) Community economic development

Developing social assets

Neighbourhood enterprise

- There is some evidence to show that neighbourhood-based forms of enterprise can tackle material forms of poverty through creating jobs for local residents as well as generating income in the local economy. This may have immediate benefits for the *pockets* of those who secure jobs. Volunteering opportunities within neighbourhood enterprises may also improve the employment *prospects* of those outside the labour market.
- However, jobs created may not always be accessible to, or of sufficient quality to benefit, more marginal groups.
- Building individual and community capacity through neighbourhood enterprise can help to address non-material forms of poverty by reducing social isolation, increasing cohesion, and creating opportunities for residents to have a say in how their neighbourhoods are managed.
- There are limits to the capacity for neighbourhood-level enterprise to tackle poverty. But it is possible the scale of local economic development and poverty-related outcomes could be enhanced with more substantial, targeted and specialised support for the sector.

Credit unions

- Community-based credit unions have been promoted for their potential to tackle financial exclusion in low income communities through access to low cost credit and other financial services.
- There is evidence to suggest credit unions can benefit *pockets* by providing access to low cost credit. Coupled with appropriate debt and welfare advice, credit unions also have the potential to play a *preventative* role in helping low income households avoid poverty associated with debt and use of high cost lenders.
- But it is doubtful that credit unions can make significant inroads into poverty at a neighbourhood level given limited penetration of, and awareness among, low income households coupled with continued high use of high cost credit.
- Modernisation and expansion may help to broaden membership and increase the capital base of credit unions to support lending to low income families.
- But expansion may require significant on-going subsidy as well as care to ensure there is no trade-off between achieving growth and maintaining social objectives.

Community currencies

- There is strong evidence to suggest that both Local Exchange Trading Systems (LETS) and time banks have the potential to address material forms of poverty for participants, with impacts both on *pockets* through mutual provisioning of services and *prospects* through enhanced employability.
- Both models have also been shown to address the non-material dimensions of poverty by providing opportunities for social participation that can enhance confidence as well as improve health and well-being.

- Adequate staff resource is vital for the success of time banks whilst sustaining member commitment may be an issue in both models.
- Community currency models do not tend to engage large numbers of marginalised individuals so are unlikely to impact significant on poverty at an area level; this should not detract, however, from the valuable benefits they deliver to individual beneficiaries.

Developing physical assets

Community assets

- Acquiring and managing community assets can improve outcomes related to material poverty by creating employment or supporting enterprise, whilst also enhancing non-material experiences of poverty through better services, enhanced physical environment and improvements to community well-being.
- Case study evidence suggests community assets deliver a range of benefits in low income communities but quantitative data indicates overall take up may be higher in more affluent areas.
- Available evidence does not suggest that new 'community rights' in England are being maximised to the benefit of low income neighbourhoods; more resources and greater targeting may help to unlock demand in these areas.

Community-led housing

- Community-led housing accounts for less than one per cent of housing stock but can deliver important benefits to low income households that access it.
- Studies suggest community-led housing may have positive short-term impacts on *pockets* by providing affordable housing, lowering fuel costs and, in some cases, offering direct employment. In the longer-term, training and volunteering opportunities accessed through community-led housing projects may also improve *prospects* by providing skills and experience that help individuals move into paid work.
- Benefits of community-led housing that may impact on non-material forms of poverty associated with living in low income areas include higher satisfaction with area and housing, greater social cohesion and empowerment through participation in projects.
- Success factors include sourcing appropriate upfront finance, an appropriately skilled board and effective partnership with local authorities and the third sector.
- There may be more opportunities to achieve scale but the benefits for households in poverty will depend on the extent to which initiatives target households in need, which has not always been a priority of previous programmes.

Introduction

1

This report reviews the evidence on the effectiveness of community-led approaches to tackling poverty. The UK has a strong history of community development and community-led activity in low income neighbourhoods from grassroots volunteering through to mutual exchange activities and the ownership and management of community assets. Whilst these activities have often been conceived and delivered without government support, policymakers are showing increasing interest in supporting community-based forms of activity to meet local need. Both UK governments since 2010 have introduced a series of programmes and legislative reforms to stimulate community-led activities as part of the 'Big Society' and 'localism' agendas to promote 'asset-based' forms of development. Current policy mechanisms, such as the suite of community 'rights' enshrined in the the Localism Act 2011, shift the focus from risk-based and deficit models to an emphasis on the devolvement of power to citizens and communities as well as the release and use of local assets. In addition, cuts to local government budgets, and pressure to diversify provision and promote 'prevention' in public services, and the requirement for commissioners to add 'social value' have led public services to seek ways to enhance the contribution of communities.

Policy shifts towards supporting community-led activities have also been evident in other countries in the UK. In Scotland there has been a significant move from physical regeneration towards a more people-based approach that pursues physical, social and economic change. The 'Achieving a Sustainable Future' strategy (Scottish Government, 2011) advocated a stronger focus on community-led regeneration which has since found expression in the Community Empowerment Act that came into place in 2015. This extends the community right to buy, makes it simpler for communities to take over public sector land and buildings, and strengthens the statutory base for community planning. Unlike the Localism Act in England, there is an explicit emphasis on tackling disadvantage and inequality. There is no equivalent legislation in Wales or Northern Island although there has been support for community asset transfer. The Welsh Assembly Government’s 2005 Social Enterprise Strategy set specific targets for contracts, asset transfer and asset refurbishment for social enterprises. In Northern Ireland, the 2007 Community Support programme was targeted at community centres and other facilities to underpin economic and social development.

Despite this growing policy interest, there has been no comprehensive review to date of precisely what constitutes 'community-led activities' and how these impact on poverty. This report addresses that gap in knowledge by reviewing the existing evidence base. In doing so, it makes a key contribution to debates about the extent to which community-led activity can, or should, be a mechanism through which to mitigate or reduce poverty in neighbourhoods. These are important questions against a backdrop of 'Austerity' which has seen cuts to public spending alongside welfare reforms that have tended to the hit the most disadvantaged groups and areas hardest (Beatty and Fothergill, 2013; Hastings, *et al.*, 2012; O'Hara, 2015).

1.1. Aims of the research

The core aim of the review is to consider the impact of community-led approaches to tackling poverty at the neighbourhood level. Related objectives are to:

- develop a typology of community-led approaches to tackling poverty
- reflect on how networks, relationships and different organisational forms operate at the neighbourhood level to support anti-poverty objectives
- assess the impact of community-led approaches on poverty and identify the mechanisms contributing to outcomes
- reflect on the transferability of different community-led approaches
- provide recommendations on the role of community-led approaches in anti-poverty strategies.

1.2. Methods

The review was undertaken in two phases. A scoping phase was undertaken to develop a typology of community-led approaches that informed the selection of activities included in the review. This was 'road-tested' with 10 stakeholders from the policy and practitioner communities to refine key definitions and identify community-led approaches to prioritise. The final typology is presented in Section 1.3. A subsequent core phase collected relevant documents based on a search of:

- academic search engines (e.g. Pro Quest) and Google Scholar
- relevant websites of organisations involved in community development work
- a call for relevant literature via academic and practitioner mailing lists.

Searches were undertaken using a number of search strings that combined the terms 'poverty', 'community-led' and associated activities e.g. 'credit unions' or 'time banks' along with appropriate synonyms. These searches identified 3,000 documents which were filtered down to a long list of 400 documents based on assessments of relevance. These documents were subsequently analysed within a matrix which scored each document for relevance and rigour and also recorded the aims, logic, key activities, funding, delivery agent and outcomes associated with activities described.

Reviewing this material presents two key challenges. First, there is a significant evidence base but very little of this *directly* reflects on outcomes around, or impact, on poverty. For this reason, the review uses a conceptual framework of poverty (see Section 1.3) to understand the different dimensions of poverty and how community-led activities may impact on these. Second, small-scale community-led activity is rarely subject to formal evaluation except where funded through large-scale programmes. There is, as a consequence, a dearth of robust evidence which establishes the contribution of community-led approaches to neighbourhood-level outcomes.

Case studies and vignettes are often used for capturing the experiences, approaches and benefits associated with community-led activities. These provide rich narrative and sometimes also compelling evidence on the benefits to individuals and groups associated with collaborative working within neighbourhoods, particularly in relation to improved skills, confidence and social capital. Examples have been included in this report to illustrate the breadth of community-led activities taking place in low income neighbourhoods. But they are often limited in their capacity to establish the counterfactual (what would have happened in the absence of activities) or to link these benefits to area-level change.

This reflects a wider tension within this review. Identifying what works in tackling poverty imposes an instrumental concern with outcomes and impact on activities which are not necessarily conceived and delivered in those terms. Community-led approaches are often as much about the *process* of mobilising individuals and communities as pursuing a clear defined set of *outcomes*. As far as possible, this is reflected in the review which captures both impacts on material forms of poverty (e.g. low income) *and* non-material forms of poverty (e.g. lack of social participation) where the benefits of the latter may arise through the process of engagement. However, poverty-related outcomes are simply one set of criteria by which community-led approaches can be assessed; there are many other measures of success which are not necessarily captured in this review.

1.3. Defining poverty and 'community-led' approaches

What do we mean by poverty?

Poverty is most frequently understood and measured in 'material' terms. This is reflected in the Joseph Rowntree Foundation's (2014:3) definition of poverty as 'when a person's resources are not enough to meet their basic needs'.

Poverty is usually operationalised either by reference to household incomes below a given threshold (normally 60 per cent of the median) or through identifying material deprivation in terms of households' inability to afford essential goods and services (Spicker, 2007). There is scant research on community-led activities which employs these material measures of poverty but there are proxy measures which can be used. For example, employment secured through community-led activities may indicate a change in poverty status among households if movement into work raises income above poverty thresholds. Clearly, there are limitations in using proxy measures. Growing levels of in-work poverty (see MacInnes *et al.*, 2014) have reduced the likelihood, for instance, that securing paid employment takes households out of poverty. Nonetheless, it remains reasonable to assume that changes in levels of worklessness and employment within a given area are likely to indicate at least some movement in levels of material poverty.

Poverty is about more than income or deprivation, however, and also encompasses a range of 'non-material' factors including poor health or disability, low educational attainment, poor housing, higher rates of offending and higher experiences of crime (Lister, 2004). Poverty has been further defined in terms of the way that it effectively excludes individuals from participation in what might be regarded as the customary life of society (Levitas, 2006). These non-material forms of poverty can also have a spatial dimension relating to the subjective experience of living in the social and physical space of 'poor places'. Features include poor housing, a run-down physical environment, neglected public space, inadequate services and facilities, and high levels of crime or anti-social behaviour (Lupton, 2003; Lister, 2004; Spicker, 2007; Batty *et al.*, 2010).

This conceptual distinction between material and non-material forms of poverty provides a useful framework for understanding the broad range of poverty-related outcomes that community-led approaches may have. This is summarised in Table 1 below. The framework enables distinctions to be drawn between interventions that might not prevent 'material' poverty but could mitigate some of the 'non-material' impacts of poverty' that are part of the experience of poverty.

Table 1: Potential impacts on poverty of community-led activities

Activities may impact on 'material' poverty where they generate outcomes around:	Activities may impact on 'non-material' poverty where they generate outcomes around:
• Jobs • Employment • Worklessness • Enterprise • Local economic growth • Living costs (e.g. food, fuel or housing)	• Education • Health • Housing (availability, quality or security) • Community safety • Physical environment • Social interaction • Community cohesion • Community empowerment

The way in which any particular intervention will impact on poverty will depend on the point in time at which it occurs in relation to household experiences of poverty. Useful distinctions can be made between impacts on 'pockets', 'prospects' and 'prevention' (JRF, 2014). Some initiatives will have short-term impacts on *pockets* by raising household income or reducing expenditure through, for example, facilitating access to employment or reducing household fuel bills. Alternatively, some interventions may not relieve poverty in the immediate term but enhance the *prospects* of individuals exiting poverty in the future. Volunteering opportunities in the community, for example, might provide skills and experience that increase the likelihood of finding paid work at a later point in time. Finally, some community-led activities can serve to *prevent* poverty where the intervention takes place before households would otherwise experience material difficulties. One example might be a community-run credit union providing low-cost credit that eliminates the need for an individual or household to use high interest payday lenders. These distinctions are used throughout the report.

What do we mean by community-led approaches?

There is no pre-existing or consensual definition of 'community-led approaches'. For this reason, the review produced its own definition in consultation with key stakeholders. We defined community-led approaches as:

> *'activities undertaken by individuals, groups or organisations within defined geographical neighbourhoods in order to achieve social, economic or environmental objectives defined by participants with minimal external control'.*

This definition includes activities that may be facilitated by the state e.g. through formal government programmes but where objectives are set by beneficiaries. These activities may be undertaken both by those who live in a particular area as well as those who work in the area or use it for social or other purposes.

The definition excludes personal and social relationships outside of formal community groups or settings. The important practical, financial and emotional benefits for households experiencing poverty e.g. loans or childcare agreed between friends and family have been examined elsewhere (e.g. Crisp and Robinson, 2010).

Community-led approaches include a potentially bewildering range of activities with different aims, delivery organisations, beneficiaries, and target groups or areas. A typology of approaches was developed, therefore, to provide some conceptual clarity by enabling activities to be grouped by shared features. A range of existing typologies was considered to see if these could be adapted. Well-established typologies have been created around the 'depth' of engagement. Arnstein's (1969) 'ladder of participation' is one of the best known models and still retains contemporary relevance. This approach has limitations however. Commentators have suggested, for example, that the *breadth* of engagement in terms of the numbers participating should also be considered alongside depth (Farrington and Bebbington, 1993). More fundamentally for our research, a focus on the depth of engagement does not resolve the question of precisely what sorts of activities might be classified as community-led approaches.

An alternative starting point is to look at typologies of community-led approaches which focus more on form and content. These models attempt to identify broad approaches by grouping activities according to a shared set of defining features. One of the most significant developments is Weil's (1996) eight part typology of community practice. This forms the foundation of our own typology shown in Table 2. Weil's model has been refined by collapsing the number of approaches from eight into four (community organising, community economic development, community involvement in service provision, and social action) in line with Weil's (1996) own suggestion for simplifying the typology. An additional fifth approach of 'voluntary action' has been introduced to reflect the failure of Weil's typology to account for group activity not explicitly facilitated through community development work e.g. church provision of food banks. Potential poverty-related outcomes have been added as an additional feature to reflect the aims of the research. It is important to note that we have used 'social action' in its historical sense of campaigning for change rather than its current usage in policy circles as a broad definition for volunteering with a purpose.

It should be emphasised that activities may fall into more than one approach at any one time. For example, a community organiser that mobilises a group of tenants to resist demolition of social housing could be seen as falling in both the 'community organising' and 'social action' approaches. The activities of any particular group may also change over time. A church group providing a food bank (voluntary action) may become galvanised into campaigning against benefit cuts or sanctions (social action).

In this review, we have looked at the poverty-related impacts of all four approaches except community involvement in service delivery. This was excluded because nearly all of the literature in this area relates to community engagement in service delivery which is neither community-led nor focussed on achieving anti-poverty outcomes. Wider discussion of the impact of broader forms of community involvement in larger regeneration programmes can be found in a separate evidence review (Crisp et al., 2014). It should be noted the balance of evidence is uneven. There is far more material on community economic development than either voluntary action, community organising or social action. This is reflected in the structure of the report. The evidence on community organising and social action has been integrated into a single section given the considerable overlap between these approaches. Throughout, the emphasis is on community-led approaches at the neighbourhood level, though broader discussion is occasionally brought in to ensure evidence is rooted in wider debates about the potential of any particular approach.

Table 2: Typology of community-led approaches

	COMMUNITY-LED APPROACHES				
KEY FEATURES	ASSOCIATIONAL ACTIVITY	COMMUNITY AND NEIGHBOURHOOD ORGANISING	COMMUNITY ECONOMIC DEVELOPMENT	COMMUNITY INVOLVEMENT IN SERVICE DELIVERY	SOCIAL ACTION
Broad goals	Improve quality of life (social economic, physical) in the neighbourhood; encourage volunteering and mutual exchange (self-help) among residents; provide services to residents to address (unmet) needs.	Build capacity, power and influence of residents to improve quality of life in geographic area or for 'community of interest'; foster 'grassroots' development, delivery and control of projects, programmes and services.	Initiate economic development plans from a grassroots perspective; prepare residents to make use of social and economic investments; improve income and resources; develop and control community assets.	Improve or expand existing services or introduce new services through resident involvement in identifying needs, co-designing services and delivery.	Action for social justice focused on changing policy or policy makers, influencing programmes and drawing down resources.
Key logics	Meeting needs, providing services; improving individual capacity; creating opportunities for association	Empowerment, self-help, mutual support	Invest in, develop and control assets for community benefit	Rational analysis and planning to bring about service change	Altering power relationships and allocation of resources through mobilisitation of individuals and groups
System or group targeted	Residents	Residents, local government/service providers	Local residents, local government/service providers, banks and financial institutions.	Local residents, local service providers, multi-agency partnerships programme funders, elected officials.	National/local government; political systems; general/voting public; elected officials; employers; inactive/ potential participants within neighbourhoods.
Beneficiaries	Residents,VCS groups groups	Residents, VCS groups groups, service users	Low-income residents	Local residents, service users, local service providers	Local residents; organisations with stake in a particular issue, victims of discrimination or disadvantage.
Facilitators	VCS support organisations, funders	Community development organisations/workers	National/local government; Community development organisations/workers	National/local government, local service providers, community development organisations	Campaigning groups; broad based coalitions; trade unions; community development organisations; VCS groups.
Core activities	Building capacity of VCS groups; supporting volunteering; service delivery.	Supporting groups to identify problems and solutions; helping residents to develop skills to participate; practical support to groups.	Planning, developing and controlling community assets; supporting enterprise; facilitating investment; improving economic outcomes at individual/community level	Identifying (unmet) needs in relation to services consultation; gathering information; planning/co-design of services; direct involvement and/or control or residents in service delivery	Defining problems; raising awareness; mobilising residents or groups; building/ demonstrating political power; campaigning; direct action.
Example programmes/projects/activities	Foodbanks (e.g. Trussell Trust); welfare benefits and debt advice; health champions; timebanks; Local Exchange Trading schemes	Community Organisers; Community First	Community Economic Development Programme; Community right to Bid/Build; community asset transfer; local credit unions; local currencies; community enterprise; energy efficiency; community-led housing; community land trusts.	Neighbourhood Planning, Community Right to Challenge; Our Place; participatory budgeting.	Citizens UK; Focus E15
Examples of potential poverty-related outcomes	Meeting basic needs (e.g. food banks) Increasing income (e.g. welfare/debt advice) Improving employability (e.g. through volunteering) Improving health and well-being (e.g. healthy walkers groups)	Reducing living costs (e.g. tenant campaigns to resist gentrification and loss of affordable housing) Improving physical environment (e.g. neighbourhood clean up campaigns)	Reducing living costs (e.g. energy efficiency, affordable housing) Creating jobs/raising incomes (local enterprise support)	Reducing living costs (e.g. affordable housing) Improving physical environment	Improving incomes (e.g. Living wage campaigns) Reducing living costs (maintaining access to affordable housing/resisting gentrification (e.g. E15)

1.4. Structure of the report

The remainder of the report is structured around the following sections:

- Sections 2 to 5 look at the different community-led approaches in relation to voluntary action (Section 2); community organising and social action (Section 3); and community economic development (Sections 4 and 5). Each of these subsections is structured around a discussion of background and key policy developments; impact on poverty; and the drivers and barriers to effective interventions.
- Section 6 provides overarching conclusions from the review and reflects on the implications of findings for the role of community-led activities in anti-poverty work as well as wider policy.

Voluntary action

2

This section focuses on voluntary activities that are not explicitly facilitated through community development work. The first of the two substantive sections (2.2) considers grassroots examples of voluntary activity. Food banks are considered in a separate section (2.3) due to both the volume of available evidence on this growing phenomenon and their pivotal role in supporting households experiencing poverty.

2.1. Key findings

Voluntary action:

- Studies of grassroots voluntary activity in low income communities identify important benefits that could impact on non-material forms of poverty by improving individual well-being, opportunities for social interaction and perceptions of area.
- There is less evidence that community-led forms of volunteering impact on material poverty. However, one study of a social group set up to tackle isolation among lone parent mothers found that improvements in well-being were also associated, in some cases, with movement into work or education. This implies voluntary action that aims to improve the non-material dimensions of poverty may also impact on *pockets* or *prospects*.
- On-going support is essential to sustain volunteer commitment but may be a challenge in the current climate in low income areas due both to cuts in funding for support organisations and the tendency of residents to deprioritise community-based activities.

Food banks:

- Rapid growth in the use of food banks shows the important role they play in meeting the immediate material needs of households experiencing food poverty; they are also reported to deliver improvements in well-being through social interaction.
- The Trussell Trust model of social franchising shows how community-led activities are transferable and can achieve scale.
- Critics contend food banks are little more than a short-term, emergency fix that absolves government of responsibility for food poverty and fails to address the wider determinants of poverty.
- But there may be some scope for the food bank 'plus' model allied with more vociferous campaigning against welfare reforms to deliver more sustainable outcomes around poverty. This shift from a focus on immediate material need (*pockets*) to longer-term outcomes (*prospects*) has yet to be evaluated however.

2.2. Volunteering

Background

Voluntary activity has the potential to impact upon material poverty in a number of ways that includes meeting basic needs such as the provision of food through foodbanks (see 2.3); and increasing employability or facilitating access to paid work. It may also mitigate non-material forms of poverty through raising levels of social participation and reducing isolation; and improving individual outcomes associated with poverty such as low levels of health and well-being. The RSA Connected Communities programme (RSA, 2015) suggests that these outcomes have a social value or 'dividend' which can be shared by people within communities.

There has been a strong focus by consecutive governments on supporting volunteering in recent years with a particular emphasis on promoting 'social action' among young people through programmes such as VInspired Cashpoint and the National Citizens Service. However, there is also a long tradition of grassroots, community-led forms of voluntary action that seek to tackle poverty and related forms of disadvantage. Box 1 below provides two separate examples of how small-scale voluntary initiatives in low income communities can evolve to encompass a far broader set of objectives more akin to community-led regeneration. These activities largely focused on improving non-material aspects of poverty such as the neglected physical environment, housing quality and participation in social activity. Whilst not strictly targeting *pockets* in terms of seeking to improve immediate material well-being, the examples clearly show how neighbourhood-based voluntary activity can be borne out of a sense of injustice about everyday experiences of poverty.

Box 1: Voluntary action in low income communities

Example 1: Women's Regeneration Group (later MECA residents' association), North West England

Meadowbank is an overspill estate from a large city in northwest England. In the late 1990s, the estate was among the top one percent of most deprived areas of England and was perceived by residents to have suffered years of neglect by local services. A study by Kagan *et al.* (2000) reported that trust and co-operation between residents was low; apathy and passivity were common; residents were blamed for the state of their estate; council authorities were unhelpful; few social ties existed between people; and an ineffective residents' association was inactive and obstructive.

In March 1998, a women's action group (later called the Women's Regeneration Group) was set up to stimulate interest amongst residents in the state of the estate and take action to improve quality of life. Initially, two issues were the focus of their activity: (i) cleansing the 'dip' by removing tons of rubbish which had not been removed over a number of years; and (ii) resisting attempts from the city council to hand over the control of housing on the estate by 'trickle transfer'. As they met their activities grew and their group evolved into a residents' association (MECA) with a far wider regeneration brief.

As an early activity, the women organised a survey of the estate, asking people about their views about housing (particularly repairs), cleansing and the environment, and satisfaction with the residents' association. Carrying out the survey meant they had to work together, and begin to appreciate each other's strengths.

Source: Kagan *et al*. (2000)

Example 2: 'Westfields' and 'Riverlands' community groups, Stoke-on-Trent

'Westfields' and 'Riverlands' were both neighbourhoods with low-density areas of social housing built in the 1950s and 1960s that had been subject to regeneration to some degree although neither had had significant public funding via an 'area-based' regeneration programme. Instead, the areas had been engaged with initiatives including Sure Start, Education Action Zones and Health Action Zones, all involving forms of partnership with residents, as well as broader governance innovations.

However, both neighbourhoods had strong local, informal community groups. They were mostly run by women, although not exclusively so, and worked around a chairperson plus a committee of six/seven residents and a wider network of volunteers. The groups were seen locally as highly successful, by many residents and by local officials, and they had been supported by officials and local government initiatives to varying degrees. They were based in 'community houses'— ordinary houses given to them rent-free by the council. Researchers working with the groups reported that it became apparent that their 'activism' came from a sense of the marginalisation of their neighbourhoods within policy priorities and also of the everyday experiences of poverty among residents. The volunteers shared a sense of injustice about the lack of resources and opportunities locally.

The groups operated in a variety of ways, from campaigning on particular issues, to involvement in official forums around regeneration. The core work of both groups revolved around informal get-togethers and 'drop-in' sessions often targeted at different ages. In a typical week, the groups would run 'drop-in' sessions for the elderly, for children and young people, and gardening and outdoor play sessions at different locations around the neighbourhoods. They also put on parties and special events throughout the year—for example, summer carnivals and Christmas meals.

Source: Jupp (2012)

Impact on poverty

Studies of grassroots voluntary activities in low income neighbourhoods offer some insights into poverty-related benefits. In terms of poverty related impacts, research tends to report benefits associated with non-material forms of poverty relating to improved health and well-being as well as enhanced levels of social participation. Recent research on 'resilience' in two low income communities in Northern Ireland looked at levels of formal (defined as being involved with groups, clubs or organisations in the past 12 months) and informal (defined as any unpaid help given in the last 12 months to someone who is not a relative, such as a friend or neighbour) volunteering (Hickman *et al.,* 2015a). It reported far higher levels of both types than in three comparator areas. This was explained by the existence of a volunteering tradition; plentiful recreational activities and opportunities to volunteer; the relative stability of the neighbourhoods; and the small scale of the area which fostered a close-knit community.

The research also identified a range of individual and community-level benefits for the case study areas, and highlighted the importance of volunteering for people in deprived communities in particular. In terms of poverty, these tended to consist of non-material outcomes such as improved individual health and well-being; and the enhanced friendliness and perceived safety of the areas. There is some evidence that informal volunteering helps people to 'get by': people who had received unpaid practical or financial help from people they did not live with were more likely to be 'getting by' than those who had not received this support (Hickman *et al*., 2015b). The impact of volunteering within disadvantaged communities has been further documented by Baines and Hardill (2008). Conducting qualitative research with a community in the East Midlands with high levels of unemployment, researchers found that volunteering helped to instil volunteers with personal confidence and a sense of purpose; enhance well-being; and provide meaningful activity outside the home.

It is less common that studies of community-led forms of volunteering report positive impacts around material forms of poverty. There are projects which effectively use volunteering to support movement into employment that could impact positively upon household incomes. However, these tend to be formal programmes delivered through contract funding that do not always have an explicit neighbourhood level focus (for one example see Bashir *et al*., 2013). One exception is a detailed case study of voluntary action in a low income neighbourhood in Murton in County Durham. Here, the study team involved in this action research reported that some residents attending a social group established for lone parent mothers ('Murton Mams') experienced improvements in well-being that supported movement into paid employment and education (see Box 2 below). This has the potential to impact both *pockets* through employment and *prospects* through engagement in learning. One implication is that projects set up to facilitate improvements in non-material well-being are also able generate improvements in material outcomes for households in low income areas.

Box 2: Tackling poverty through voluntary action

Murton Mams, County Durham

Murton is a village in County Durham in the north-east of England. Formerly a predominantly mining village until the pits were closed in the 1990s, it is ranked among the 10 percent of most deprived areas in the country. It nevertheless retains a strong community ethos around institutions such as pubs, clubs and the village cricket team.

Murton Mams is a social group in the village of Murton set up to provide enjoyable and supportive activities for lone parent women, who were found by research in the area to be vulnerable to isolation and low well-being.

The impact of the intervention on its participants has been significant. A number of participants attribute significant improvements in their life circumstances to the increased confidence, networks and well-being that they have experienced since beginning to attend the group. These changes in attendees' circumstances include paid employment for some, and a return to further and higher education for others: one member has enrolled on a GCSE English course, one at university, and another has completed a 'Preparing To Teach' (PTLLS) programme that she heard about while attending the community centre at which the Mams group is hosted.

Source: Parsfield *et al*. (2015)

It is important to set these findings in the context of overall patterns of volunteering. Lim and Laurence's (2015) analysis of the Citizenship Survey revealed a decline in both formal volunteering and informal helping immediately after the recession began. Greater declines correlated with more socially and economically disadvantaged communities, described as having 'weaker norms of social trust' (Lim and Laurence, 2015: 338). Their findings suggest the limits of the shift in emphasis towards promoting volunteering as a potential panacea for the challenges faced by low income communities. As the independent review of the Big Society concluded, 'the potential to unlock the power within society has also been demonstrated but it remains to be realised on a significant scale' (Civil Exchange, 2015: 7).

Barriers and drivers to successful intervention

Sustaining community-led voluntary action can be challenging and often requires external support. A study of two small community groups in low income neighbourhoods in Stoke-on-Trent sought to identify what 'productive' forms of participation might look like. It found that the most effective schemes were community-led but benefitted from longer-term support and training from community workers (Jupp, 2008). This evidently has resource implications for effective anti-poverty work through voluntary activity. In the current funding context, this can prove particularly challenging as cuts in funding compromise the ability of organisations to support volunteers in low income neighbourhoods (Hickman *et al*., 2015a). These difficulties are compounded by the shifting priorities of low income households during times of hardship. Case study work in Northern Ireland found people may be more inclined to prioritise family and work commitments over community participation even if the will to volunteer exists (Hickman *et al*., 2015a).

A number of recommendations are suggested by King *et al.* (2010) as a means of enabling others to overcome barriers to volunteering: increasing awareness of volunteering opportunities by building inclusive networks of people; ensuring that experiences of volunteering are positive and relevant for those who take part; providing peer support to help get others involved; and to make sure that volunteering is open to all by revising expenses systems to ensure the costs of volunteering are not prohibitive.

2.3. Food Banks

Background

Food banks are 'community-based projects, where food is donated by local people, stored locally and distributed to local people in need' (Lambie, 2011: 3). They provide a short-term, immediate response to crisis situations (Beatty, Eadson and Foden, 2015). A notable development over the last ten years is the extent to which food banks, and the model of 'foodbanking', have become more prevalent and institutionalised (Cavicchi and Caraher, 2014). This increased reliance on food banks is inseparable from the growth of food poverty in the UK, driven by the rise in food, energy and housing costs combined with low wages, insecure employment contracts (such as the 'zero hour' contract), and reforms to social security such as the use of benefit sanctions and localisation of the hardship fund (Cooper *et al.*, 2014).

It is estimated there are at least 500 food banks currently operating in the UK (Beatty, Eadson and Foden, 2015). The most high profile food bank is the Trussell Trust Foodbank, a Christian network of more than 400 community-based emergency food franchises operating across the UK (Lambie-Mumford, 2013; Beatty, Eadson and Foden, 2015). Trussell Trust food banks provide a minimum of three days emergency food and support to people experiencing crisis in the UK. All recipients must be referred by a frontline care professional and may only receive up to three consecutive referral vouchers to help avoid dependency. Food banks clearly have the potential to ameliorate immediate forms of material poverty by supporting those unable to afford to meet basic needs. Secondary goals relating to non-material forms of poverty include reducing inequalities in health and social exclusion (Dowler and Caraher, 2003; Webster, Gott and Sissoko, 2014).

More recently, food banks have expanded their remit beyond the provision of food to debt and benefit advice. Looking ahead, there is strong support for the development of a 'Food Bank Plus' model which seeks to tackle both the causes and symptoms of food poverty by providing advocacy services and skills training as well as food (All-Party Parliamentary Group on Hunger, 2014). This *pockets* to *prospects* approach has yet to be fully evaluated although the Trussell Trust are currently commissioning research in this area.

Impact on poverty

Food banks are one of the types of community-led activity that impacts most directly on households experiencing poverty. Research emphasises that food banks are predominantly used by those on very low incomes (All-Party Parliamentary Group on Hunger, 2015; Garthwaite *et al.,* 2015). Both national and local data reveals problems with benefits to be one of the most prevalent triggers for food bank use in the UK (All-Party Parliamentary Group on Hunger, 2014; Beatty, Eadson and Foden, 2015). Homelessness, debt, low income, domestic violence and health issues are also common among food bank users (Beatty, Eadson and Foden, 2015; Garthwaite *et al.*, 2015).

Research indicates that food banks play an important role in addressing immediate material need whilst also improving non-material aspects of poverty in relation to well-being. The overriding aim of food banks is the alleviation of immediate hunger, or the 'symptoms' of food poverty (Lambie-Mumford, 2013; Just Fair, 2014). An ethnographic study by Garthwaite *et al.* (2015) provides examples of positive effects: respondents described the food bank as a 'lifeline' and said that 'they wouldn't have known what I'd have done without it'. Other benefits reported included improved sense of well-being for individuals with mental health issues through enhanced social interaction. Some services offer practical advice around budgeting and household management which has the potential to enhance household incomes, although outcomes are not reported (Dowler and Lambie-Mumford, 2015).

At the same time, some studies in both the UK and Canada have highlighted the poor nutritional quality of some of the food offered (Hamelin *et al*., 2002; Williams *et al*., 2010, 2012; Lambie, 2011; Tsang *et al*., 2011; Loopstra and Tarasuk, 2012). More broadly, there is little evidence to show that food banks are making an impact on the *prospects* of households experiencing poverty in the long-term. Almost all discussion points out that food banks can only go as far as providing short-term, immediate responses to crisis situations that marginally alleviate material poverty (Beatty, Eadson and Foden, 2015). They are unable to address 'wider determinants of household food insecurity' such as homelessness, low income, indebtedness and problems with social security benefits (Just Fair, 2014), or longer-term changes needed in economic structures or food access (Dowler and Caraher, 2003). The amount of food provided is recognised as too small and piecemeal to meet need (Riches and Tarasuk, 2014). That said, the Food Bank Plus model may be able to change this. A recent audit since the recommendation of the Food Bank Plus model in 2014 notes that: 'the Food Bank Plus model […] is popular, spreading, and beginning to cut down the length of time for which individuals are hungry' (All-Party Parliamentary Group on Hunger, 2015: 25).

One innovative example of this food bank plus approach was provided to this review by the Cynon Taf Community Housing Group in Wales (Cynon Taf, 2015). It also illustrates how community-led collective purchasing – in this case food – can support poverty reduction outcomes by offsetting savings against tenants' arrears. Though not strictly a food bank, it offers a service where tenants can purchase food boxes for £10 that contain £20 worth of food at normal retail prices. The housing association sources the boxes for £5 each and the £5 surplus is used either to pay off tenants' arrears or put in a savings account with the credit union. This combined initiative to improve financial well-being is used by approximate 53 tenants. It has proved successful in terms of both increasing use of the credit union and the number of tenants paying off arrears. It illustrates how food initiatives can be used to support more sustainable material outcomes around *pockets* likely to benefit households experiencing poverty.

Drivers and barriers

Research shows that the successful expansion of the Trussell Trust network is attributable both to its social franchise model and its role as a faith-based voluntary action initiative (Lambie, 2011). The former is tied to the Trust's goal of establishing a food bank in every town in the country and promoting the ethos that initiatives are community-led and locally-driven. The latter role relates to the way that voluntary action is at the heart of Christianity, and volunteers frequently cited desire to 'live out their faith' as key motivators for involvement (Lambie, 2011). The expansion of the model also clearly highlights how it is transferable to different contexts across the UK.

At the same time, potential users can be inhibited from using food banks because of the perceived stigma attached to them, and the feeling of shame experienced by some users (Lambie, 2011; Lambie-Mumford, 2013; Beatty, Eadson and Foden, 2015). That said, one study found that accessing a food bank helped to alleviate feelings of stigma and shame, in that users met 'other people like me' (Garthwaite, *et al*., 2015). Ethically, it is also questionable that poorer community members are carrying out unpaid work which would otherwise be fulfilled by the state (Dowler and O'Connor, 2012). More critically, commentators have suggested that food banks and the organisations running them deflect attention from policymakers' responsibility to end food poverty through socially sustainable solutions located in wage levels and social security structures (De Schutter, 2013; Cavicchi and Caraher, 2014; Just Fair, 2014; Dowler and Lambie-Mumford, 2015).

These critical voices highlight the tensions in voluntary action that seeks to ameliorate immediate material needs without addressing the underlying causes of poverty. The growth of food banks is indicative of widespread material deprivation, often triggered by benefit sanctions or changes to entitlement. Food banks can play an important role in mitigating this need with some evidence to suggest they can also improve well-being through opportunities for social interaction. Yet, they remain a short-term, emergency response that, alone, is unlikely to reduce poverty at an individual or community level. The growth of the Food Plus model may provide a more sustainable platform for tackling the causes of poverty as the focus moves from *pockets* to *prospects*. There is some evidence to suggest that food banks are mobilising more fundamental criticism of welfare reforms by church leaders (Bunyan and Diamond, 2014). However, it remains to be seen whether food banks can develop into a more sustainable community-led approach capable of reducing rather than just ameliorating poverty.

3

Community organising and social action

This section looks at community organising and social action. Though treated as two separate community-led approaches in the typology, they often occur simultaneously in the same activities, as the example of the London Living Wage below shows. The lack of a substantial evidence base on either also meant it made sense to combine both in a single section.

3.1. Key findings

- Government funded programmes to support community organising tend to focus on measuring outputs and reflecting on success factors; there is little direct evidence of poverty-related benefits.
- Grassroots forms of community organising have notched up notable successes including changing the practices of payday lenders and ensuring low paid workers receive the Living Wage. Both outcomes may have immediate benefits on the *pockets* of low income households.
- Key drivers of effective community organising and social action include individuals with the right skills to lead campaigns, strong social networks, and appropriate levels of local voluntary and community sector (VCS) support infrastructure. One important implication is that community organising may work less well in low income communities with the least developed VCS infrastructure.
- Community organising and social action approaches have significant potential to scale up and achieve wider change where linked into city-wide and national campaigns.

3.2. Background

Community organising has its origins in the work of Saul Alinsky who pioneered the first broad-based community alliance in the Back of the Yards neighbourhood of Chicago in 1939. It is traditionally associated with social action as a form of politics that has its roots in a radical, left-wing tradition based on conflict models in which an analysis of, and struggle over power relations and structures, is central (De Filippis *et al*., 2010). Community organising is relatively new to the UK (Wills, 2012) and, here, a consensus-based model has dominated theory and practice. This brings together community groups and elite groups in partnership and collaboration rather than radically challenging power bases (Bunyan, 2010, De Filippis *et al*., 2010). It has taken deepest root in London, manifest in the broad-based alliance called London Citizens best known for pioneering a successful living wage campaign (Wills, 2009a, 2009b).

The fundamental characteristics of community organising are that it is founded on formal structures, is citizen-led and aimed at realising a general good. It seeks to do this by bringing individuals together who might otherwise hold disparate views on an issue of fundamental importance; and by organising around what they hold in common. For many, community organising must be an independent and grassroots movement that is not imposed by government or be an instrument of statutory agencies as it may demand changes that may not be in the interest of government (King *et al*., 2010; Newcastle CVS, 2011).

Despite this view, the UK government has promoted and provided financial support for community organising as part of their Big Society agenda (Alcock, 2012, Conservative Party, 2010; Taylor, 2011). The Social Action Team in Cabinet Office has invested over £110m in government funding in a suite of community action programmes including the Community Organisers programme that ran between 2010-15 and funded community organising and grassroots social action. Community organisers worked in low income communities that have lost services and income over recent years. More recently, approximately £500k has been provided to set up the Community Organisers Mobilisation Fund. This will fund Community Organisers to learn about, and promote the use of, the various rights introduced under the Localism Act.

Alongside government initiatives, Nesta and the Big Lottery Fund launched the Neighbourhood Challenge programme in 2010. It aimed to support community organisations across England to unlock hidden community potential and inspire people to effect change in their neighbourhoods with low levels of social capital.

The nature of these approaches can vary considerably. Box 3 below illustrates two different types of social action. The first shows how young people living in low income neighbourhoods in Newcastle and Gateshead have sought to raise awareness of issues facing households in poverty and to encourage service providers and volunteers to provide activities and food for young people during summer holidays. The second focuses on the campaign by the Focus E15 Mothers group to promote access to affordable social housing and resist gentrification. Both have some resonance to tackling material forms of poverty through promoting access to food and affordable housing. They have the potential to impact on *pockets* in the short-term if successful but also, in the case of the E15 group, to *prevent* poverty by promoting access to affordable housing for future generations of social renters.

Box 3: Tackling poverty through social action

Example 1: Poverty Ends Now (PEN) Children's Anti-Poverty Manifesto, Gateshead and Newcastle

In Newcastle and Gateshead 38 young people contributed to writing an anti-poverty manifesto, reflecting the work of 180 young people between 2012-2014. They called their project 'Poverty Ends Now' and ran a series of national and local events to raise awareness of their manifesto. In addition, each group localised the manifesto, and agreed to take a local action addressing one issue that was especially pertinent to their area.

This form of social action has also been used to raise awareness of one aspect of young people's lives in households experiencing poverty: Holiday Hunger. Young people were concerned about what happens to peers in receipt of free school meals during school holidays. To address this, they hosted activity days with food as a part of the day, to avoid any stigma in offering free food. Gateshead Youth Assembly have continued to take a lead in this area, repeating the food activities during all school holidays. The group were also asked to contribute to an All Party Parliamentary Group Holiday Hunger task group on producing a Holiday Hunger Pathway launched nationally in June 2015. PEN members also worked with Newcastle University on developing an infographic to encourage all providers to deliver food and activities during the summer holidays this year. Self-reported activities and outcomes included providing meals for their peers who would otherwise struggle during school holidays; and engaging in wider debates about poverty at local and national level with local decision makers, policy makers, community members and professionals.

Source: Poverty Ends Now (2015)

Example 2: Focus E15 Mothers

Focus E15 Mothers is a group of women in East London who began organising against Newham Council's cuts in August 2013. As part of its budget-cutting plans, Newham Council cut the Focus E15 Hostel in Stratford. All 29 mothers living at Focus E15 were served eviction notices and given few options for where they could live with their children. They tried to find housing themselves but were refused everywhere because of their financial situation. Newham Council said that if they wanted to keep their housing benefits, they would need to accept any housing offered to them within 24 hours of the offer. When offers were made, they were outside of the borough – in Manchester, Birmingham and Hastings. The group began by writing letters to the council. In January 2014 they organised an occupation of a showroom flat owned by the housing association and then at Newham Council's housing offices. They set up a market stall on Saturdays in Newham and wrote a petition for the mothers to be rehoused within the borough. The petition called for decent, reasonably-priced social housing for people on low incomes and benefits.

In September 2014 the women began a two-week occupation of Carpenters Estate – up to 600 homes that have been empty for up to eight years, awaiting demolition as the council attempts to sell the land to developers. In this way the women drew the links between the commercial development of homes for the private sector and the shortage of social housing. It shows how social action can begin as a personal response to austerity and evolve into a wider campaign against cuts in funding for social housing and dispersal of low income families from neighbourhoods through gentrification.

Source: Lyall and Bua (2015)

3.3. Impact on poverty

Formal evaluations of government programmes provide the most systematic evaluation of community organising although these focus on the process of organising and provide little evidence on poverty-related impacts. The interim evaluation of the Community Organisers (CO) programme suggested it was achieving its aims of training Trainee Community Organisers (TCOs), recruiting Voluntary Community Organisers (VCOs) and enabling TCOs to access progression funding. By August 2015, over 6,422 Community Organisers and volunteers had been mobilised in England, exceeding the original target of 5,000. The evaluators suggest that the most important enablers of success relate to TCOs' ability and skill, alongside factors in the local neighbourhood such as well-defined patches, access to shared space, people willing to act as leaders, existing skills of local people, and support from existing structures (Cameron *et al.*, 2015). Separately, research on the Neighbourhood Challenge programme identified a range of benefits in communities supported including new social enterprises; an increase in volunteering; new partnerships and resources; influence over local community plans; and additional community organisers (Nesta, 2012).

The focus of CO and Neighbourhood Challenge on low income neighbourhoods indicates that these benefits may have accrued to households in poverty, but it is difficult to unpick precisely what these might be. Some more direct examples of poverty-related outcomes can be derived from studies of grassroots activities beyond formal programmes. One such example is Thrive, a community-based initiative established by Church Action on Poverty to tackle poverty and exclusion in the borough of Stockton-On-Tees through community organising (Community Links, 2010) as detailed in Box 4 below. This shows how community-led social action to tackle high interest credit has the potential to drive change in practices that could *prevent* future households entering, or experiencing worsening, poverty.

Box 4: Social action to tackle high cost credit

The organisation is a coalition of individuals, community and faith groups in Stockton. In one example of its work, Thrive heard from customers about the excessive charges levied by a local hire purchase company. In response, they ran a YouTube, email and telephone campaign to challenge the company[1]. This resulted in significant changes, including reduced interest rates for customers and agreeing clearer statements about warranties. Thrive and the company subsequently worked with the Office of Fair Trading, data sharing agencies and several other key players in the rent-to-own and home credit market, to improve conditions for other low-income customers.

Source: Community Links (2010)

The role of community organising in alleviating poverty is most prominent in tackling in-work poverty through living wage campaigns. It shows how social action can impact positively on the *pockets* of current low wage workers. A living wage may not guarantee a household does not experience poverty but, at the very least, will reduce the severity of in-work poverty.

Living wage campaigns tend to emerge from existing organisations, of which the three most common are organised labour institutions, religious bodies or religious-based social justice organizations, and poverty or low-income community organising groups (Nissen, 2000) A number of authors (Lopas and Hall, 2010) have identified a

[1] The 'spoof' pay day lender video supporting the campaign can be seen here: http://www.thrive-teesside.org.uk/index.php/clips-by-thrive/audio-video/video/loadsa-debt

paradigm shift in organising models whereby there has been a move from models of organising centred on the workplace and the ongoing struggle of workers with managers, to one that centres on the community and the particular space or locale they occupy. These campaigns are far wider than any single neighbourhood, but have resonance for this review in the way they draw in grassroots, community-led organisations that are place-based into broader coalitions of interest with larger and more formal groups such as universities and trade unions (Wills, 2012).

The London Living Wage Campaign has proved one of the most effective in the UK. It was launched in 2001 (then organised by TELCO), with a figure for an hourly living wage based on the 'low cost but acceptable' income standard developed by the Family Budget Unit (Bennett and Lister, 2010). The campaign's own figures suggest that it has secured the living wage for 100,000 workers between 2005-13, equivalent to an estimated £235 million of additional cumulative income.[2] This is likely to include a significant number of households experiencing poverty who have moved closer to, or above, poverty thresholds as a result.

In a separate study, Lopas and Hall (2010, 2015) draw on their experience as participants in the campaign to implement the London living wage at the University of East London (UEL). They concluded that broad-based campaigns are particularly good at engaging migrant workers with high levels of social capital from membership of faith groups and that the campaign represented a good example of community organisations and trade unions working together effectively.

3.4. Drivers and barriers

Hothi's (2013) report on the Young Foundation's Building Local Activism programme, which sought to scale up community organising across the UK, offers a number of reflections on how to develop sustainable models of community organising. They observed it takes time to reap benefits with at least 18 months before outcomes materialise. They also suggest community organising can achieve a high degree of financial sustainability (up to two thirds) through charging 'dues', although this can be challenging to bring about. However, they also caution that community organising requires local civil society organisations able to both contribute costs and provide effective local leaders willing to put time and effort into making organising work. This means that community organising is not a model that will work well for all low income communities: 'communities in areas where civil society is weak are likely to be some of the most powerless and therefore in most need of community organising. However, they are also unlikely to be able to achieve results through organising and would almost certainly be totally reliant on grant funding' (Hothi, 2013: 18).

In terms of community organising around the living wage, campaigners have proved capable of mobilising groups that trade unions have found it difficult to organise, and calls for a 'living wage' seem to have power both to motivate low-paid workers and their allies in communities and to shame employers (Bennett, 2014; Bennett and Lister, 2010). According to Bennett and Lister (2010), the advantages of the living wage campaign include the simplicity of the argument (despite the complexity of the supporting calculations) and the difficulty of opposing it, as well as the style of campaigning it calls for, which makes demands of a range of different actors and therefore makes it easier to secure progress and visible victories.

Despite the success of living wage campaigns, Botham and Setkova (2004) also recognise the structural causes of poverty which means linking grassroots action

[2] http://www.geog.qmul.ac.uk/livingwage/numbersandmoney.html

with macro-level change is essential if cycles of poverty are to be broken and improvements sustained:

> *'Given their size and the scope of activities, community organisations are well placed to influence macro level change using their experience and their knowledge of local needs and potential solutions. In some cases macro level change can be achieved by community organisations working alone but is more likely to happen through alliances and national networks. For example, as part of their campaign to secure a 'London Living Wage.'*

The campaigning nature of living wage activities which combine community organising and social action approaches perhaps means it is better placed than other types of community-led approaches to effect wider change. Localised success can be replicated elsewhere and scaled up into broader city-wide or national campaigns.

4

Community economic development: developing social assets

This is the first of two sections which looks at community economic development. This section focuses on forms of community economic development based around developing social assets: neighbourhood enterprise (6.2), credit unions (6.3) and community currencies (6.4). Section 7 moves onto consider activities that centre on physical assets: community assets (7.2) and community led-housing (7.3).

4.1. Key findings

On neighbourhood enterprise:

- There is some evidence to show that neighbourhood based forms of enterprise can tackle material forms of poverty through creating jobs for local residents as well as generating income in the local economy. This may have immediate benefits for the *pockets* of those who secure jobs. Volunteering opportunities within neighbourhood enterprises may also improve the employment *prospects* of those outside the labour market.
- However, jobs created may not always be accessible to, or of sufficient quality to benefit, more marginal groups.
- Building individual and community capacity through neighbourhood enterprise can help to address non-material forms of poverty by reducing social isolation, increasing cohesion, and creating opportunities for residents to have a say in how their neighbourhoods are managed.
- There are limits to the capacity for neighbourhood-level enterprise to tackle poverty. But it is possible the scale of local economic development and poverty-related outcomes could be enhanced with more substantial, targeted and specialised support for the sector.

On credit unions:

- Community-based credit unions have been promoted for their potential to tackle financial exclusion in low income communities through access to low cost credit and other financial services.

- There is evidence to suggest credit unions can benefit *pockets* by providing access to low cost credit. Coupled with appropriate debt and welfare advice, credit unions also have the potential to play a *preventative* role in helping low income households avoid poverty associated with debt and use of high cost lenders.
- But it is doubtful that credit unions can make significant inroads into poverty at a neighbourhood level given limited penetration of, and awareness among, low income households coupled with continued high use of high cost credit.
- Modernisation and expansion may help to broaden membership and increase the capital base of credit unions to support lending to low income families.
- But expansion may require significant on-going subsidy as well as care to ensure there is no trade-off between achieving growth and maintaining social objectives.

On community currencies:

- There is strong evidence to suggest that both Local Exchange Trading Systems (LETS) and time banks have the potential to address material forms of poverty for participants, with impacts both on *pockets* through mutual provisioning of services but also *prospects* through enhanced employability.
- Both models have also been shown to address the non-material dimensions of poverty by providing opportunities for social participation that can enhance confidence as well as improve health and well-being.
- Adequate staff resource is vital for the success of time banks whilst sustaining member commitment may be an issue in both models.
- Community currency models do not tend to engage large numbers of marginalised individuals so are unlikely to impact significant on poverty at an area level; this should not detract, however, from the valuable benefits they deliver to individual beneficiaries.

4.2. Introduction

Recent years have seen growing in interest in the scope for localised forms of community economic development to support the regeneration of low income neighbourhoods (Evans, 2007; Lawless, 2001; Wallace, 2005). Community economic development encompasses a range of activities undertaken by 'community enterprises' that have been formally defined as 'organisations working for sustainable regeneration in their community through a mix of economic, environmental, cultural and social activities' (DTA, 2000, cited from Bailey, 2012). Community enterprise is effectively a type of social enterprise distinguished by its focus on reinvesting surpluses for social objectives within a *geographical* community (Bailey, 2012).

Renewed interested in community economic development is partly a response to the perceived failure of large, top-down area-based initiatives of the 1980s and 1990s to tackle poverty and related forms of disadvantage in target areas (Scofield, 2002). By contrast, community enterprises are seen as having a number of advantages that include generating income that is sustainable and circulated locally; providing local employment accessible to disadvantaged groups; stimulating localised and autonomous forms of enterprise; and delivering services to fill gaps left by private sector withdrawal (Evans, 2007; Haugh, 2007; Oxfam, 2013; Teasdale, 2009; Varady *et al*., 2015; Wallace, 2005). In the wake of the financial crisis of 2007-08 there has been renewed interest in how community enterprise can support regeneration in the context of 'Austerity' and cutbacks in public services and funding to local authorities (Varady *et al*., 2015).

Community enterprise can take on a number of different forms as outlined in Box 4 below. These have the potential to alleviate or reduce poverty in a number of ways. In material terms, for example, community economic development may raise household incomes through direct or indirect employment as result of higher levels of entrepreneurial activity; reduced living costs where activities provide access to lower cost goods or services such as affordable housing; and by tackling debt-related poverty by making lower cost credit and debt redemptions services available through credit unions. Such outcomes may have immediate impacts on the *pockets* of households experiencing poverty but also *prevent* households entering poverty by, for example, avoiding use of high interest lenders. Non-material poverty benefits of neighbourhood enterprise might include opportunities for social participation that reduce isolation of exclusion or an enhanced local environment where community enterprise pursues environmental objectives.

Box 5: Types of organisation defined as community and social enterprises

• Community enterprises	• Community energy schemes
• Community ownership company	• Community housing trust
• Community-based housing association	• Community development trust
• Community benefit corporation	• Community land trust
• Community business	• Local exchange trading scheme
• Community co-operative	• Neighbourhood enterprise
• Community credit union	• Community-owned village halls
• Community development corporation	• Time banks
• Community development finance initiative	

Adapted from Bailey (2012)

4.3. Neighbourhood enterprise

Background

Neighbourhood enterprise refers in this review to community-based forms of social enterprise that are not explicitly focussed around acquiring or managing assets. It covers a range of activities. There has been some formal government support for neighbourhood enterprise through programmes such as the Single Regeneration Budget, European Regional Development Fund programmes, Phoenix Development Fund and, more recently, the current Community Economic Development (CED) Programme. The latter will see 50 communities supported to develop their own community economic development plans around a range of community-led activities designed to boost the local economy. Neighbourhood enterprise has also been supported through grant awarding bodies. Power to Change, an independent charitable trust, was set up in January 2015 with a £150 million endowment from the Big Lottery Fund, to support, develop and grow community business across England. To date, there has been no evaluation of either the CED or Power to Change programme.

Neighbourhood enterprise is not just delivered through large-scale programmes, though, even though some initiatives like the first example in Box 6 below may 'spin out' of assets put in place through previous rounds of area-based regeneration. As the second and third examples show, neighbourhood enterprise can also emerge through grassroots community-led activity, including community-led wholesale purchasing of goods to reduce food costs in the case of the Homestyle Food Coop.

These initiatives deliver a range of activities that have the potential to mitigate or reduce poverty in a number of ways. Interventions could mitigate the immediate material impacts of poverty (*pockets*) through access to cheaper food or clothing; *prevent* poverty through providing debt and welfare advice and credit union services; and improving financial *prospects* in the longer-term through advice on enterprise and self-employment.

Box 6: Examples of neighbourhood enterprise

Example 1: Reviving the Heart of the West End, Newcastle.

Reviving the Heart of the West End Ltd (RHWE) is a company limited by guarantee and a charity. Emerging as an SRB-funded project, RHWE uses funds generated from rental of space within their asset - business premises at The John Buddle Work Village - to provide neighbourhood enterprise support to residents of the West End of Newcastle to help them escape poverty through self-employment. They also offer a popular school uniform grant scheme to families in need.

Source: Locality (unpublished) and RHWE website: http://www.rhwe.org/

Example 2: St Andrew's Community Network, Liverpool

The St Andrew's Community Network is a charity that emerged out of out of a desire by the St Andrew's Church to provide support for vulnerable local people in a low income neighbourhood in north Liverpool. They provide a food bank, debt and welfare advice, host a credit union, provide one-to-one support for those in distress or chronic pain, run The Hanger – a voucher-based clothing store - and provide business advice for community members interested in self-employment and enterprise. Much of this delivery is made possible by a large network of volunteers.

Source: Locality (unpublished) and St Andrew's Community Network
http://www.standrewslive.org.uk/community-network

Example 3: MeadowWell Connected, North Tyneside

MeadowWell Connected is a community hub with a focus on helping those furthest from the labour market; in dependent care situations; and young people experiencing difficulty in education and life in general, to be more independent. They serve the two highest areas of deprivation in North Tyneside and in the top five per cent in England (IMD), where 63 per cent of households experience deprivation.

One of the services it offers - Homestyle Food - is a resident-led food cooperative set up in response to food poverty in the area. Gaining 82 members in its first six months, Homestyle Foods has gone from strength to strength and today opens on a Tuesday and Thursday selling the food that the community says it needs.

Source: Locality (unpublished)

Impact on poverty

Neighbourhood enterprise has been promoted as a means of supporting area regeneration, particularly in economic terms. By extension, this could impact on poverty in a number of ways. Raising household incomes through access to additional jobs or income generated through community enterprise, for example, could reduce material poverty while providing goods or services that communities lack (North *et al*., 2003). In non-material terms it could, among other things, reduce the social isolation associated with poverty through providing opportunities for participation. It is perhaps important to bear in mind, though, that the focus on poverty-related impacts in this review does not cover all measures of success.

There is little evidence which directly considers the poverty-related outcomes of neighbourhood enterprise. And even the wider evidence base on the outcomes of neighbourhood enterprise remains 'thin' (Evans, 2007: 386) with a tendency to quantify outputs without identifying the impact of activities on individuals or communities (North *et al*., 2003; Roy *et al.*, 2015). There are also challenges in measuring the impact of neighbourhood enterprise because of the range of activities and potential outcomes involved as well as the different timescales over which benefits may materialise (Bailey, 2012).

There is also only limited evidence on the impact of small-scale, grassroots neighbourhood enterprise that has not been supported or delivered through large-scale regeneration programmes. With these caveats in mind, there is some research that reports that neighbourhood enterprise can create wealth and stimulate spending in the local economy of low income neighbourhoods. One study suggested that an initiative to help local people trade on Ebay in a low income neighbourhood in Sheffield contributed £50k to the local economy in 18 months (Arradon and Wyler, 2008). Whilst this scale of activity is unlikely to support additional job creation it could improve household incomes for those taking part in the scheme. The Heeley City Farm based in a low income area of Sheffield was also estimated to bring in around 100,000 visitors to the area annually with attendant local spending benefits (Church and Elster, 2002).

Neighbourhood enterprise can also be used as a mechanism for reducing living costs whilst supporting opportunities for employment and volunteering. Boyle *et al*. (2010) reports on one example of grassroots activity, the Scallywags Parent Run Nursery, in London which runs as childcare co-operative. Using a combination of employed staff and parent volunteers, the nursery offers childcare at substantially below market rates (£2.50/hour). This ensures childcare remains affordable to all families at a time when rising childcare costs can make employment prohibitive on low wages, whilst also providing local parents the opportunity to volunteer and gain new skills and confidence. There are challenges, however, in meeting the growing regulations around safeguarding. Nonetheless, it provides an example of how neighbourhood enterprise can simultaneously benefit *pockets* by reducing childcare costs whilst raising *prospects* through the skills or experience gained in volunteering that may help facilitate access to employment.

The most direct impact on material forms of poverty is likely to come, though, through new jobs secured by households in poverty. Church and Elster's (2002) study of a range of neighbourhood enterprise projects with a focus on environment sustainability also reported positive economic impacts including job creation and training opportunities in low income areas, albeit on a low scale. Whilst this shows a level of job creation, there is mixed evidence on whether employment is taken up by households in poverty and, where it is, of sufficient quality to support poverty reduction. Neighbourhood enterprises often perform better in providing employment for local people than for-profit organisations which recruit more widely (Armstrong et al., 2001). Some seek to lock in benefits for local residents in low income areas, as illustrated in the case study of a healthy living centre which had a target of ensuring that half the workforce lived on the social housing estate it served (Teasdale, 2009). This did not ensure that the best jobs were ring-fenced for local people, however, as most of those in higher paid managerial positions came from outside the area (Teasdale, 2009). Blackburn and Ram (2006) also contend that most of the jobs created by neighbourhood enterprises in deprived areas tend to be taken by those on the margins of exclusion rather than those in most need. However, conclusive research on the scale of employment of more marginalised groups within neighbourhood enterprises remains lacking (Teasdale, 2009).

Concern remains however that neighbourhood enterprise does not always generate good quality jobs. A study of community economic development organisations (CEDCs in French) in Montreal suggested they sometimes generate 'new poverty' where jobs created are low-waged and insecure (Schragge, 2003). The authors conclude that 'as a strategy of poverty reduction this approach has clear limits' (Schragge, 2003: 22). This is a critical issue given rising concerns about in-work poverty.

At the same time, it is important to recognise that the potential poverty-related benefits of neighbourhood enterprise extend beyond material outcomes. As noted early, poverty can impact negatively on levels of social participation. There is some evidence to suggest that community-based enterprises may mitigate this by reducing social isolation; increasing cohesion, confidence and assertiveness; and creating opportunities for residents to a have say in how their neighbourhoods are managed (Amin, 2002 cited from North *et al*., 2003; Bailey, 2012; Teasdale, 2009). These individual level benefits can scale up into enhanced social cohesion and social capital that, in turn, improves the capacity of neighbourhood enterprise to bring about positive change (Arradon and Wyler, 2008; Bailey, 2012).

Drivers and barriers

There are a number of factors that both constrain and enable neighbourhood enterprise. Effective neighbourhood enterprise often relies on developing the right infrastructure that can include both physical assets and appropriate enterprise support for community-based organisations (Evans, 2007; Lawless, 2001; Scofield, 2002). Establishing a community centre as part of a SRB-funded local enterprise was a prerequisite, for example, of developing new groups including a local food co-op providing cheap, good quality fruit and vegetables in an area of high poverty (Scofield, 2002). The right type of enterprise support is also crucial. Evans (2007) suggests that support to neighbourhood enterprises has often been delivered through organisations with a regional or sub-regional focus and traditional, reactive business support model that is not always appropriate for organisations requiring a more developmental approach. This highlights the need for a network of specialised support for neighbourhood enterprise that includes capacity to support larger, more highly skilled neighbourhood enterprises to avoid the 'economic cul-de-sac' (Scofield, 2002) of supporting peripheral, low-skilled community based activity.

A further issue that shapes effectiveness is access to finance. One of the principal attractions of neighbourhood enterprise for policymakers is its potential to achieve full sustainability through trading with minimal or no reliance on subsidy or grants. However, research highlights challenges in achieving full sustainability for neighbourhood-based enterprises serving low income communities (Lawless; 2001; Varady, 2015; Wallace, 2005). Wallace's (2005) study of community-based social entrepreneurs on an estate in East London noted, for example, that grant income was essential to ensure a childcare centre remained affordable for local residents. Charging market rates would have made it more viable but only if they targeted more affluent users outside the area. This highlights how the pursuit of sustainability can, potentially, compromise social objectives.

Financing neighbourhood enterprise can also be challenging as interest payments can be higher for start-ups or smaller neighbourhood enterprises (Wallace, 2005). One further issue with funding is that direct subsidy from government with targets attached can skew priorities. Government funded programmes have tended to focus on short-term outputs such as number of community groups engaged rather than the quality and sustainability of outcomes (Scofield, 2002).

Overall, there is some evidence to commend neighbourhood based forms of enterprise as part of an anti-poverty strategy. As Lawless (2001) suggests, neighbourhood enterprise initiatives can develop valuable cross-cutting policy innovations to tackle poverty and exclusion. There is also some limited research to show that neighbourhood enterprise provides employment for local residents and generates wealth in the local economy. Advocates further suggest that building individual and community capacity through neighbourhood enterprise are valuable outcomes (Arradon and Wyler, 2008).

That said, there are clear limits to the capacity for smaller, localised forms of enterprise to tackle concentrated and entrenched forms of poverty at the neighbourhood level. Economic outcomes of the 'poor trading with the poor' (Armstrong *et al*., 2001: 676) are, based on the limited data available, relatively marginal (Lawless, 2001; Schragge, 2003; Teasdale, 2009). Moreover, any employment created may not necessarily be accessible to, or of sufficient quality to benefit, more marginal groups.

It is possible that the scale of local economic development and poverty-related outcomes could be enhanced with sustained, substantial, targeted and specialised support for the sector. But neighbourhood enterprise is unlikely to play anything than small part in reducing localised concentrations of poverty and should not be a substitute for recognising, and advocating, for economic arrangements more favourable to households experiencing poverty (Shragge *et al.*, 2003). This is perhaps a question of realistic expectations. Neighbourhood enterprise can deliver valuable outcomes but cannot, and should not be seen on its own as 'a growth machine or an engine of job generation' (Amin *et al*., 2002: 125).

4.4. Credit unions

Background

There is a well-established link between poverty and financial exclusion. Low income households are more likely to rely on high cost credit, experience problem debt, lack access to basic financial facilities, and face a 'poverty premium' in using services such as cheque cashing and money transfer (DTI and DWP, 2004; DWP, 2012; Fuller and Mellor, 2008; Hartfree and Collard, 2015). Debt and financial difficulties have been driven by both long- and short-term changes including widening wage inequalities, rising living costs, recent welfare reforms, and cuts to both debt and advice services as well as crisis loan provision (Beatty and Fothergill, 2013; Hartfree and Collard, 2015; Lansley and Mack, 2015; O'Hara, 2015). Whilst there is no evidence to suggest problem debt is a direct *cause* of poverty, it can deepen the experience of poverty (Hartfree and Collard, 2015).

Successive governments have shown growing interest in the potential for credit unions as not-for-profit financial co-operatives to provide local forms of asset-based welfare that address financial exclusion (Alexander *et al.*, 2015; Brown, *et al*., 2003; Fuller and Mellor, 2008; Jones, 2008; Roy *et al.*, 2015). Credit unions can be community-led where they are established by residents in a particular locality, run by paid members or volunteers in the community, and based in community-run facilities. Credit unions have traditionally provided access to savings accounts and low cost credit but have also, in more recent years, offered additional services including debt redemption, bill payment accounts, debt and money advice, cheque cashing services, and access to cheaper bulk-purchased goods e.g. maternity items. Community-based credit unions tend to have relatively high levels of members on low incomes, with one survey finding 40 per cent of users had household incomes below £200/week (Collard and Smith, 2006). A significant proportion of these are likely to experience poverty.

This leaves credit unions well-placed, at least in theory, to tackle financial exclusion and, by extension, reduce material poverty by encouraging saving, providing access to low cost credit and reducing the use of high cost lenders. Other potential benefits that may impact on material poverty include increasing the employability of their volunteer workforce and raising household incomes for paid workers taken on (Brown *et al*., 2003). These outcomes have the potential to impact on *pockets* where credit unions reduce existing debt of households in poverty; *prevent* poverty where they help people avoid using high cost credit; and improve *prospects* through the impact of volunteering on employability.

Impact on poverty

There is little systematic evaluation of the outcomes or impact of credit union activities at the neighbourhood level. One exception is the evaluation of the DWP Growth Fund (Collard *et al.*, 2010) which provided £100m between 2005 and 2011 to support 150 credit unions and Community Development Finance Institutions (CDFIs). It sought to increase access to low cost credit for households in disadvantaged areas and discourage use of high cost lenders. It suggests there may be outcomes for credit union members which could mitigate or reduce material forms of poverty. Whilst it did not directly consider households in poverty, the evaluation (Collard *et al.*, 2010) provides an indirect assessment of outcomes for low income households as 79 per cent of Growth Fund borrowers were in the bottom 40 per cent households by income. It estimates that Growth Fund beneficiaries made total interest savings of between £377 and £425 per borrower over the lifetime of their current credit obligations based on analysis of Growth Fund borrowers and a matched comparison group living in disadvantaged non-Growth Fund areas. Borrowers also reported better money management skills (39 per cent), being more in control of their finances (41 per cent), and feeling more financially secure (39 per cent) and less worried about money generally (37 per cent). All these findings suggest credit unions in low income areas can deliver short-term financial benefits to the *pockets* of members.

Separate survey research on users of community-based credit unions found that 40 per cent of those previously accessing home credit had stopped doing so as a direct result of joining a credit union (Collard and Smith, 2006). This suggests credit unions can play an important role in *preventing* the use of high interest lenders that can lead to problem debt. However, this is not guaranteed. Small-scale qualitative research suggests that individuals may still resort to pay day lenders if low cost options, including credit unions, have been exhausted (Community Foundation for Northern Ireland, 2014).

There is also evidence to suggest that modernisation of credit unions in terms of providing additional services beyond savings and loans may enhance poverty-related impacts. Research on traditional lending based on loans linked to savings or debt redemption loans found levels of default that undermined the stability of the credit union and caused distress for the borrower (Jones, 2003). More positive outcomes are reported when these traditional services are coupled with additional support to vulnerable borrowers such as money and budgeting advice (Jones, 2008). This shows how credit unions can, potentially, play a *prevention* role in helping low income households avoid problem debt.

Credit unions may also impact on poverty by providing employment opportunities for local people that raise household incomes. However, there is no guarantee that credit unions provide sustainable employment to residents. Staff operating the Financial Inclusion Newcastle project in disadvantaged West End of the city tended to live outside the area whilst a volunteer appointed to the project moved to the other side of the city (Fuller and Mellor, 2008).

Whilst credit unions clearly have the potential to ameliorate poverty for *individual* members, there is little available evidence to suggest they can achieve more far-reaching change at the *neighbourhood* level. Credit unions do not exist in all neighbourhoods (Brown *et al*., 2003) and are, in any case, only used by only two per cent of low income households despite recent expansion of the sector through the Growth Fund (Ellison *et al.*, 2011). Awareness also remains low. One study found that 62 per cent of low-income people living in London that need a loan but are unable to get one from a bank have not even heard of credit unions (Community Investment Coalition, 2014).

Lending by credit unions also remains dwarfed by the high cost credit sector: estimates collated by Hartfree and Collard (2015) show lending by credit unions in 2013-14 (£687 million) was just over one tenth of the volume lent by high cost lenders (£5 billion). Separate estimates by the Financial Inclusion Commission (2015) suggest there is a low income credit 'gap' of £5bn between potential demand and actual lending by credit unions and CFDIs. Overall, credit unions have perhaps not fulfilled the hopes of policymakers that they can provide 'a potentially complete solution to credit exclusion and financial exclusion' (Ellison *et al*., 2011: 86). This may be explained by the challenges faced by the sector in supporting low cost lending, as outlined below.

Drivers and barriers

One attraction of community-based credit unions is that they are relatively straightforward to establish by neighbourhood-level organisations. However, they also face significant challenges in serving low income communities. These include the expense of administering small loans given fixed costs; the challenge in maintaining premises and collection points; the greater risk of default; the difficulties in funding activities such as debt advice which are not income generating; and the small capital base and caps on interest rates that limit riskier lending (Alexander *et al.*, 2015; Arradon and Wyler, 2008; Brown *et al.*, 2003; Hartfree and Collard, 2015; Fuller and Mellor, 2008).

These challenges have driven government intervention to support the growth and modernisation of the sector. Providing a fuller range of financial services is seen as a way of building membership, including more affluent members, in order to boost the capital base and sustain riskier lending to low income households (Brown, 2003; Community Investment Coalition, 2014). There is some evidence of the success of this approach. The Leeds City Credit Union, which serves some of the most disadvantaged areas in the city, saw 1,000 new accounts opened in the first few months of offering transactional banking services which included many new members on benefits (Jones, 2008).

Other factors identified with successful credit unions include strong leadership; committed volunteers; business acumen; high quality IT and management information systems; a strong sponsor body; and access to money advice (Brown *et al*., 2003; Jones, 2003). Start up and on-going subsidy for both capital and revenue costs is also seen as essential to enable credit unions to thrive (Brown, 2003; Fuller and Mellor, 2008; Community Investment Coalition, 2014). This has important implications for government or other sponsors looking to support the sector in areas with the highest levels of financial exclusion. One-off investment may not be sufficient to enable community-based credit unions to achieve scale.

At the same time, commentators suggest attempts to scale lending and professionalise operations have proceeded slowly despite more systematic investment in the sector by the government (Ellison, 2011). This is reflected in a growing recognition that, 'there are limits to the universe of borrowers to which social lenders can realistically be expected to lend, if they are to be viable and sustainable social businesses, particularly if those on low incomes are seen to be their sole market' (Ellison *et al*., 2011: 87; also). Such conclusions predate the Credit Union Expansion Project and regulatory reform but more recent research continues to offer a cautious assessment. Concerns remain that credit unions, especially those that are financially precarious, will continue to be unable or unwilling to lend to low income households with poor credit histories (Alexander *et al*., 2015; Hartfree and Collard, 2014; Sinclair, 2014).

For some observers, these challenges expose the limits of relying on mutualism and voluntary self-provision to tackle deep-rooted issues of financial exclusion which demand 'collective support and socialised welfare' (Sinclair, 2014:416). There can also be tensions between maintaining roots in the community and expanding to be better positioned to support low income households. Small-community based credit unions may suffer from issues of scale including the lack of capital that can be accessed within the 'community bond' area, the demands of supporting volunteers, and negative perceptions of being a 'poor person's bank' (Jones, 2008: 2145; also Brown, 2003; Fuller and Mellor, 2008). Some observers feel there does not have to be a trade-off between expansion that might include more affluent members and pursuing a core remit of supporting low income groups (Brown *et al*., 2003; Jones, 2008). But the authors of the study of FIN suggest it highlights an ideological tension in the credit union movement between achieving scale and adopting a more business-orientated approach or being 'small enough to care' (Fuller and Mellor, 2008: 1517) This tension is perhaps not irresolvable but highlights the challenges in building a sustainable network of credit unions serving low income communities.

4.5. Community currencies

Background

Community currencies are community-led parallel exchange mechanisms that have been described as grass-roots level responses to problems in deprived communities (Seyfang and Longhurst, 2013). Community currencies have increasingly attracted policy attention from governments keen to develop sustainable local economies and encourage community engagement, with the UK's Big Society agenda encouraging 'reciprocal exchange' and self-help (HM Government, 2011). Community currencies work to mobilize informal mutual support by allowing members to trade goods and services among themselves without using cash. They often combine a blend of social, community, economic and environmental objectives (Seyfang, 2003).

Community currencies are promoted as a way of ensuring that a bigger part of savings and local income circulate within the local community, providing liquidity in cash-poor areas to alleviate unemployment and enable people to meet their needs. Community currencies have the potential to impact on material poverty by reducing living costs via the provision of services through mutual exchange rather than cash payments. Alongside this impact on *pockets*, they may also improve *prospects* of households in poverty by increasing employability through volunteer-led activities or the running of schemes themselves. Finally, these activities may impact positively on wider non-material aspects of poverty by improving health and well-being as well as levels of social participation.

This section focuses attention on LETS (local exchange trading systems) and time banks as the most well-known and widespread community currency systems. LETS are community-led trading organisations which aim to develop and extend the exchange of goods and services within a self-regulated economic network. They operate through the creation of a local currency system i.e. a system of community credits that are earned by providing a service and then spent on what others offer through the scheme. This could include childcare, transport, food, home repairs or the hire of tools and equipment (LETSLINK UK website, 2015). LETS have been explicitly linked to poverty alleviation by supporting sustainable local economic development that address the spatial imbalances created by the market economy (Hepworth, 2003)

Time banking is a community-led innovation that uses time as currency (Bretherton and Pleace, 2014). Schemes reward the effort people make in their neighbourhoods to support others by allowing them to draw down informal support themselves. Each hour of community volunteering is rewarded with one credit of a time-based local currency. Everyone's time is equal, irrespective of what they choose to exchange (Burgess, 2014, Boyle, 2014; Seyfang, 2003). Although similar in many ways, there are important differences between LETS and time banks including:

- Time banks treat each hour of work as the same, while LETS can vary the value of an hour's labour (e.g. paying a difficult job more than a simpler one).
- LETS are usually set up by individuals and managed on a voluntary basis; whilst time banks in the UK are all set up by existing organisations, externally funded for staff and running costs, and employ staff to work as 'time brokers'. For this reason, LETS are perhaps closer to the focus of this review on community-led approaches to tackling poverty.

(McQuaid *et al.*, 2004, Seyfang, 2004a, b)

It is important to note that formally-designated LETS and time banks are not the only means of mutual exchange. Some organisations may establish more informal means of reciprocal support, as illustrated by the example in Box 7 below. The activities that Interfaith Action supports clearly have the potential to improve the *prospects* of households in poverty where, for example, they improve computer literacy skills and provide access to business support.

Box 7: Informal mutual exchange

Interfaith Action

Interfaith Action is a coalition of churches that addresses a range of community issues including local economic development. A few of these churches decided to carry out a 'Community Talent Inventory' by: i) sending church volunteers to complete an inventory with church members; ii) completing the inventory with small groups of local residents; iii) conducting interviews during Sunday morning services.

The churches spoke to more than 200 local residents and asked five basic questions about their skills, interests and experiences. As a result of this Talent Inventory, the community:

- Set up a computer literacy centre for skills development and skills exchange.
- Worked with others to establish a city-wide festival to promote local arts, crafts, food and music.
- Set up a small business training programme support local business start-ups.

Interfaith Action's inventory was simple, but is reported as helping them to understand the skills and capabilities possessed by local church members and residents, and the extent to which they were willing to use them to develop the local economy.

Source: Together Network (2013)

The impact of LETS on poverty

The first UK LETS was set up in Norwich in 1986 and there was a rapid expansion of schemes in the 1990s so that by 1995 there were 350 (Seyfang, 2002). However, the number of schemes has since declined (Seyfang and Longhurst, 2013). Although LETS are no longer widespread in the UK, evaluations have pointed to significant social and community benefits as well as the more limited economic outcomes they generate. As shown below, there are indications that LETS can improve employability, lead to direct employment and help provide a seedbed for developing self-employed business ventures. However, as Slay (2011) points out, the model has suffered from a paucity of comprehensive evaluation that would provide more robust and detailed indicators on outcomes.

Williams *et al's* (2001a, 2001b) national evaluations of LETs in 1999 suggest they are neither a direct job creator since they are mostly run by volunteers; and nor do they *directly* improve employability. However, they are effective at *indirectly* improving employability. In their study, 27 per cent of all respondents asserted that the LETS had boosted their self-confidence (33 per cent of the registered unemployed) and 15 per cent per cent that new skills had been acquired (24 per cent of the registered unemployed). Furthermore, 11 per cent of members (nearly all who defined themselves as self-employed) asserted that LETS had provided them with a useful seedbed for developing their self-employed business ventures.

There is evidence to show LETS can make a real difference to the material well-being of households on low incomes. In terms of economic benefits, Williams' (1996a) evaluation of the Totnes LETS found that members in households on less than £5,000 (before tax) earned an average of 177 in LETS units during the previous year. This represented between three and seven per cent of their household income, with nearly half (44 per cent) of respondents asserting that the LETS has helped to improve their material standard of living. In a case study of a rural LETS on Skye, Pacione (1997) also emphasised the tangible economic benefits which stemmed from the system 'making trading possible between people who have little or no disposable income'. Similarly, Seyfang's (2001) study of the Kings Lynn and West Norfolk LETS found it enabled participants to improve their quality of life and standard of living. This meant it delivered significant economic benefits to the groups facing the strongest social and financial exclusion. In conclusion, there is strong evidence to suggest that LETS can make a qualitative difference to the employability and material well-being of low income households, whilst also laying the foundations for developing self-employment. In other word, it can make a real and immediate difference to *pockets* whilst also increasing the *prospects* of households in poverty.

The impact of time banks on poverty

There is not a great deal of reliable literature on the impact of time banks with only a small number of studies in peer reviewed journals or methodological robust studies. Within this somewhat limited research, the evidence suggests that it can have beneficial impacts on low income households. Significantly, there is evidence to suggest time banks engage more marginalised groups, including those least likely to be involved in traditional volunteering (Seyfang, 2006). One study showed that 72 per cent of members were not in formal employment, 54 per cent were receiving income support, and 58 per cent lived in households with an income below £10,000 (Seyfang, 2002). Whilst the social composition of other time banks will undoubtedly vary, it illustrates the potential of time banks to engage households on low incomes.

The available evidence on individual impacts focuses on benefits around skills and employability more than financial well-being. Separate evaluations of time banks in Glasgow, London, and various studies of European countries reported that members acquired skills that enhanced their employment prospects and helped to secure access to formal training education or work-related activity such as volunteering or work placements (Boyle, 2014; Bretherton and Pleace, 2014; Seyfang, 2003, 2004a,b). Enhanced confidence and self-esteem alongside practical job search skills (CVs, references and interview preparation) also enhanced employability in one study of four newly established timebanking projects (Burgess, 2014).

Boyle's (2014) study of 10 European time banks found they were particularly effective in improving readiness to work among workless individuals with mental health issues. In some cases, this led directly to employment where individuals were later employed by community organisations using the time bank (Seyfang, 2004a). An assessment of the Broadway Skills Exchange Time Bank that supported homeless or formerly homeless individuals also reported that it helped 50 people secure employment and access to accredited education for a further 23 participants (Bretherton and Pleace, 2014). This highlights the potential for time banks to engage more marginal groups, including many who are likely to be experiencing poverty, and support them into employment or work-related activity. As with LETS, time banks appear to play an important role in improving the *prospects* of low income households.

Drivers and barriers

LETS and time banks are shaped by the nature of the local community in which they are embedded which means that success factors and challenges are often context specific. Research on time banks has however identified a number of generic enabling factors that facilitate effective delivery. This includes adapting the model to suit the local situation; creating a strong local presence; securing adequate funding for staff; being based in a local organisation; and recruiting local community groups (Seyfang and Smith, 2002 cf. Boyle, 2014).

At the same time, encouraging members to be active once they have joined a time bank can be challenging as can getting people to exchange: people often prefer to give, whilst others feel they have nothing to offer (Burgess, 2014). Setting up a time bank, recruiting new members and organising existing ones needs a lot of time and energy from coordinators (Boyle, 2014), in some cases this is more time than coordinators are funded for. One core lesson from the Broadway experience was the importance of having a staff team who could actively promote the time bank and recruit external people and organisations (Bretherton and Pleace, 2014).

While some of these enabling factors will also be applicable to LETS, a review of the factors influencing the success of LETS revealed the additional importance of having a critical mass of traders in order to provide the range of services required to meet with demand (McQuaid *et al*., 2004). LETS can stagnate, however, as members find it impossible to spend credits they have earned, so are reluctant to earn more (Seyfang, 2004a). McQuaid *et al.* (2004) cite evidence that LETS operate better in contexts where there were fewer opportunities for people to trade in the mainstream economy such as in relatively deprived areas or during an economic recession. In contrast, however, Aldridge and Patterson (2002) state that LETS seem to operate most effectively in small-scale, stable, middle-class areas, but perform less well in large, ethnically and class diverse urban areas with relatively transient populations. Evidently, there is no consensus on whether they can work as a community-led mechanism for tackling poverty in low income areas.

One drawback of LETs is that they rely on members contacting each other and negotiating a price for each transaction which requires confidence, social skills and motivation. Perhaps more significantly, it has been suggested that while LETS' potential for providing informal employment opportunities, building social networks and regenerating local economies is significant, it has failed to expand beyond its marginal status and attract larger numbers of the socially excluded groups (Seyfang, 2001; Williams *et al*., 2001a,b).

5

Community economic development: developing physical assets

This section focuses on the role played by physical assets in community economic development. It looks firstly at community assets other than housing (5.2) before moving on to consider community-led housing (5.3).

5.1. Key findings

Community assets

- Acquiring and managing community assets can improve outcomes related to material poverty by creating employment or supporting enterprise. This may have potential impacts on both *pockets* and *prospects* depending on when benefits materialise.
- Community assets can also enhance non-material experiences of poverty through better services, enhanced physical environment and improvements to community well-being.
- Case study evidence suggests community assets deliver a range of benefits in low income communities but quantitative data suggests overall take up may be higher in more affluent areas. More resources and greater targeting may help to unlock demand in areas with greater levels of need.

Community-led housing:

- Community-led housing accounts for less than one per cent of housing stock but can deliver important benefits to low income households that access it.
- Studies suggest community-led housing may have positive short-term impacts on *pockets* by providing affordable housing, lowering fuel costs and, in some cases, offering direct employment. In the longer-term, training and volunteering opportunities accessed through community-led housing projects may also improve *prospects* by providing skills and experience that help individuals move into paid work.
- Benefits of community-led housing that may impact on non-material forms of poverty associated with living in low income areas include higher satisfaction with area and housing, greater social cohesion, and empowerment through participation in projects.

- Success factors include sourcing appropriate upfront finance, an appropriately skilled board and effective partnership with local authorities and the third sector.
- There may be more opportunities to achieve scale but the benefits for households in poverty will depend on the extent to which initiatives target in households in need, which has not always been a priority of previous programmes.

5.2. Community assets

Background

Community organisations have a long history of owning or managing assets, including buildings and land. Supported by organisations such as Locality and the Scottish Development Trusts Association, community asset ownership is seen as a way of achieving long-term social, economic and environmental improvements. These include enabling community organisations to earn an income for reinvestment in the community; supporting the delivery of a range of local activities; and acting as catalysts for positive change. Potential poverty-related benefits of asset management include direct job creation and supporting enterprise as well as the wider social and environmental benefits that accrue to low income communities.

Box 8 below uses the example of Gellideg Foundation Group (GFG) to show how community ownership of assets can develop over time to provide a range of services and employment opportunities in low income neighbourhoods These all have the potential to improve non-material poverty outcomes for young people in terms of providing social activities. They could also enhance *prospects* through work experience that may, in the longer term, improve levels of material poverty through entry into training or employment.

A number of recent policy initiatives in England have encouraged community organisations to own or manage assets. In 2007 the Quirk Review recommended that the transfer of public assets to community-based organisations should become a mainstream, rather than an exceptional activity. The Coalition government later introduced the Right to Bid and provided further funding via the My Community Rights programme. These policy shifts represent indicate a growing interest in asset based community development (ABCD) that assumes low income communities have the potential to drive the process of development themselves by mobilising local assets (Mathie and Cunningham, 2003).

Different policy priorities have been emerging across the UK. In Scotland, the 2003 Land Reform Act gave communities the right to buy land and buildings in certain circumstances. The Welsh Assembly Government’s 2005 Social Enterprise Strategy set specific targets for contracts, asset transfer and asset refurbishment for social enterprises. In Northern Ireland, the 2007 Community Support programme was targeted at community centres and other facilities to underpin economic and social development.

Box 8: Growing community assets

Gellideg Foundation Group (GFG)

The Gellideg Foundation Group (GFG) is based on a social housing estate near Merthyr Tydfil in Wales. It was founded by six mothers who wanted a better life for their children. The first asset they acquired was a flat in one of two blocks on the estate which was used as office accommodation. As other flats emptied over the years, GFG gradually acquired both blocks, using them for office space, training workshops and, most recently, converting two flats into a gym after consulting with young people on the estate. Early in its life, it got a grant to buy a piece of land opposite the flats, which it converted into a kick-about area. It also acquired the neighbouring local church hall on leasehold, which it uses for social events. More recently, two shops have closed on the estate and the owners have sold them directly to GFG. Both are being developed as social enterprises: one as a hairdressers and therapy suite, the other as a community café. As GFG has gained in reputation, its work has spread to the wider locality, it has become a lead body for Communities First – the Welsh neighbourhood renewal programme – and it has acquired a building in a nearby neighbourhood as the base for its services there. It now has assets valued at £444,000 and employs 35 staff.

By the year 2009–10:

- A minimum of 200 children a week attended the youth club at the social hall.
- Twenty attended the youth club operating from separate premises in Twyncarmel.
- Twenty a week attended the drop-in centre at the youth flat, sixteen a week used the music studio.
- Ten young people were appointed as assistants for six months in different GFG projects as part of a work experience scheme.
- Twelve to fifteen young people were involved in planning community projects.

Source: Aiken et al. (2011)

Impact on poverty

Evidence from programmes which have transferred local assets highlights a range of benefits. JRF's programme on community assets, for instance, reports that community takeover of buildings, services or facilities previously run by their local council led to improved services, a greater sense of community identity, and increased income (Hector, 2012). A later study found it also generated increased opportunities for training, jobs and business development; a better physical environment; enhanced credibility with local authorities and outside agencies; and the 'social good' of local wellbeing (Aiken *et al.,* 2011). Similarly, the Local Government Association (LGA) (2012) identifies a range of benefits from transferring an asset to a local community organisation. Specifically, it can unlock community enterprise, encourage volunteer commitment, help utilise local intelligence, and allow organisations to attract the necessary capital investment to create a thriving community hub. Through Community Asset Transfer councils can enable a redundant public building to thrive again or turn a marginal public service into a viable community service.

These benefits may have impacts on material poverty where the management of assets creates jobs or supports enterprise that benefit households on low incomes. These might be realised in the short-term (*pockets*) or over a longer period (*prospects*) as the skills and experiences gained through managing assets increases employability. The provision of better services, enhanced physical environment and improvements to community well-being may also go some way to addressing non-material aspects of poverty that relate to the experience of living in low income communities. This latter point is well illustrated in the example of the Darnall Forum community-run post office. Case study evidence produced by Locality in 2015 (unpublished) shows that it provides a full range of services in a low income urban area of Sheffield when most other examples are in rural areas. Benefits identified by the Post Office Manager include supporting the 'most disadvantaged' who would be worst affected by the closure of the post office; providing opportunities to gain training or work; and opportunities for social interaction among older people.

However, the extent to which such benefits are realised elsewhere will depend on the extent to which community-owed assets are located in, and of benefit to, low income communities. There is some limited research to suggest take-up of community ownership may be lower in such areas. In Scotland, for instance, the vast majority of community-owed assets (90 per cent) are outside the 20 per cent most disadvantaged areas (Black, 2012). In addition, there has to date been little academic insight into who the beneficiaries of community assets are or the way in which they experience and engage with community assets (Moore and McKee, 2014).

In England, concerns have also been raised about take up of the community rights enshrined in the Localism Bill, particularly in terms of the way in which the Community Right to Bid is being used. Data collected by one of the key delivery organisations, Locality, as of 2015 indicates that 2,500 local assets have been successfully listed as Assets of Community Value (ACV) under 'Right to Bid', and at least 30 successful purchases of assets have subsequently been made following an ACV listing. However, reactive use of the right in an effort to block development is cited by some in the development sector as a growing problem (Geoghegan, 2013). Nevertheless, Dobson (2010, 2011) argues that these legislative mechanisms, as well as right to buy legislation in Scotland, have the *potential* to deliver change and give local residents a greater say in the design and running of new developments. Despite risks of risks of 'asset dumping' by the public sector and 'asset stripping' by private businesses (Dobson, 2011), increased specialist support could help catalyse the 'appetite' (Dobson, 2010) of communities to take control of assets.

Drivers and barriers

Evidence suggests that successful take up of community assets is driven by a number of factors which include specific support from local and national organisations tailored to the different stages in their development (Calderwood and Davies, 2013). However, Thorlby (2011) argues that whilst the supply of community assets is currently growing, public sector support to enable the acquisition and ongoing operation of these assets is diminishing. Increased finance is, therefore, required to enable more community asset transfers and the development of existing community assets. Bailey (2012) also highlights the importance of appropriate mechanisms to enable the acquisition of communities assets at below market values given difficulties in obtaining commercial loans to pay full market price (Bailey, 2012). Development trusts that have grown most rapidly and are now well established usually acquired assets, such as land, at below market value, and as a result have been able to use the enhanced value to cross-subsidise non-commercial activities whilst also covering core costs (Bailey, 2012).

Effective partnership is also a key driver. In a review of successful development trusts, the Development Trusts Association (DTA) (2008) highlights the importance of an ability to mobilise key stakeholders that included the community, local businesses, local government, and other voluntary and community organisations.

The argued that success for these Trusts had more to do with how they worked outside the boundaries of their organisations than with how they managed their own internal operations.

There are also a number of potential barriers to success. Some issues are related to the process of securing assets. For instance, the short six month deadlines involved in the Community Right to Bid puts low income communities at a particular disadvantage given the additional challenges they face in preparing business plans and raising funding (House of Commons Communities and Local Government Committee, 2015). Even if successful, there remain considerable challenges in managing assets. Bailey (2012) summarises these as managing risk, sourcing funding, generating enough income from assets to break even, acquiring appropriate expertise e.g. business planning and asset management, and securing the considerable time required from staff and volunteers to make projects viable (see also Cooke, 2010; Dobson, 2011). There may also be tensions between trying to generate income and meet the requirements of grant funding whilst fulfilling social objectives such as engaging minority or dissenting groups (Cooke, 2010; Golding, 2012).

These issues notwithstanding, owning assets provides opportunities to galvanise, and build support within, communities in a way that energises the recruitment of directors and volunteers once they see real benefits arising (Bailey, 2012). But it is clear that new community rights need to be more carefully targeted at low income communities with specialist support available to support groups to take up rights. As Moore and McKee (2014) observe, much of the rhetoric around new localism powers fails to either acknowledge the difficulties that cuts in public spending present to low income communities or engage critically with issues of power, justice and empowerment.

5.3. Community-led housing

Background

Community-led housing is an umbrella term which encompasses a wide range of provision. BSHF (2014) identify five main models: *cohousing* involves separate household units alongside elements of community activity; *community land trusts* are community organisations that develop housing, community facilities, or other assets that meet the needs of the community; *community self-build* involves members of local communities coming together to build their own homes; *housing co-operatives (and tenant controlled housing)* are housing organisations where members democratically control and manage their homes; and *self-help housing* brings empty properties back into use for the community (now supported by the Empty Homes Community Grant Programme (EHCGP)). There is increasing emphasis, however, on purpose rather than model. Thus, BSHF (2015) provides a revised definition of community-led housing as:

> *'where people and communities play a leading role in making their own housing solutions – creating sustainable, affordable and lasting homes, building resilient and confident local communities, helping people to develop skills they never knew they had' (BSHF, 2015: 1).*

This new definition opens up the sector to projects hitherto excluded simply by not fitting into one of the listed models.

Community-led housing has traditionally been low on the list of priorities for governments, who have tended to focus on initiatives to stimulate larger scale development (BSHF, 2014). However, a new wave of government interest in community-led housing has emerged in England in line with the growing focus on localism and the empowerment of civil society promoted in the Localism Act 2011 (Moore, 2015). By contrast, there is a longer tradition of community-led housing in Scotland with the emergence, and subsequent consolidation of, Community-Controlled Housing Associations (CCHAs) as the dominant model of community-led housing (McKee, 2010).

One of the main measures to support community-led housing recently is the Empty Homes Community Grant Programme (EHCGP). Between 2012 and 2015, it has provided nearly £50 million to support a range of groups to bring empty properties back into use including community land trusts, co-housing groups, co-operatives and community self-build groups. Other recent measures across the UK include:

- The 2011 Housing Strategy supports self-build housing.
- The Scottish Government's Housing Strategy includes references to supporting the growth of self-build housing.
- The Welsh Government working with partners to deliver more co-operative housing in Wales (BSHF, 2014).

Impact on poverty

Community-led housing has the potential to alleviate poverty in a number of ways. The provision of affordable housing may impact on material poverty by reducing housing-related costs which are a significant driver of poverty (Tunstall, *et al*., 2013). Housing improvements may generate cost savings for households through reduced heating and maintenance costs. All this may have positive impacts on *pockets*. An upgrade in housing conditions, either through new build or refurbishment, can also improve the non-material aspects of poverty through associated benefits such as improving health and well-being and satisfaction with area. Evidently, the scale of benefits will depend on the size on the sector. In this respect, it is important to note that less than one per cent of UK housing is provided by small community housing providers (Gulliver and Handy, 2014). The benefits identified below only will only accrue to a minority of households experiencing poverty. Nonetheless, this still represents a sizeable number of individuals and should not detract from the value of outcomes experienced by households living in community-led housing.

One of the core aims of community-led housing is to provide good quality and affordable housing for those who are priced out of the housing market. There is, in general, a paucity of evidence assessing the extent to which community housing projects achieve this aim, and the quantity and quality of evidence varies for each community housing model. Some research exists on the issue of affordability of Community Land Trusts (Moore and McKee, 2012; Moore, 2014; Jarvis, 2015). CLTs work by acquiring land, or an initial subsidy, which they then hold in a trust with the intention of developing affordable housing (Moore and McKee, 2012). Whilst there is no clear consensus of what constitutes 'affordable' housing, research on rural CLTs shows they offer housing at lower price levels than open market properties, and are also effective in providing security, stability, and affordability to tenants (Moore, 2014; Gooding and Johnston, 2015). That said, concerns remain that the allocation policy of English CLTs is based on local connection which could potentially exclude minority groups and non-indigenous people from rural areas (Sturzaker, 2011; Moore and McKee, 2012). This has the potential to moderate the poverty reduction impacts of providing affordable housing.

Other research has explored the affordability of different forms of provision. Chatterton (2013) examines the claims behind Lilac, a cohousing community in Leeds intended to provide affordable ecological housing through an affordability model called the 'Mutual Home Ownership Society' (MHOS). This model of cooperatively owned housing constitutes an equity-based leaseholder approach, whereby the land and building costs are divided into equity shares, which are allocated to households (Conaty *et al*., 2010). These shares are paid for through each member in that household being levied a monthly member charge equivalent to 35 per cent of their net income. Chatterton (2013) concludes that the MHOS model remains affordable by, among other things, reducing transaction costs on buying into and leaving the Society because homes are not bought and sold. However, the extent to which this model may support households experiencing poverty is likely to be limited due to current restrictions. Members cannot be benefit claimants, as they are prohibited from accruing equity under housing law; and members must still meet a minimum income threshold. Nonetheless, the project aims to be able to include those on lower incomes in the future, when enough financial reserves have been built up.

There is evidence to suggest elsewhere that community-led forms of housing do engage groups that are more likely to experience poverty. Drawing on statistics from the CORE database for England, Gulliver and Handy (2014) find housing co-operatives are more likely to be accessible to BME groups and those living in living in poor or overcrowded housing than smaller housing associations and housing associations as a whole. The potential of community-led housing to meet housing needs is reinforced by Bliss (2009), who cites the sector's ability to provide affordable housing for young people struggling to get a foot on the housing ladder; as well as housing and a mutually supportive environment for those on low-incomes or homeless.

There is case study evidence that community-led housing can play a valuable role in regenerating low income communities, albeit on a small scale. The Helmsdale and District Community Owned Housing Project illustrates how community-led housing can address a number of aspects of poverty. The Helmsdale and District Development Trust worked with the local community, key partners and a local Housing Association to support the building of four new energy efficient houses for affordable rent. The project was intended to address population decline and outward migration in an area of high deprivation on the East Coast of the Scottish Highlands. The project was identified as an exemplar of community-led regeneration by the Scottish Urban Regeneration Forum (SURF, 2015) because of the way it contributed to social, economic and environmental outcomes. Benefits identified included a renewed sense of community purpose, the attraction of young families, and a positive impact on fuel poverty. Equally significantly, the housing also generates a sustainable income from rentals and solar energy panels of more than £20k per annum, much of which is earmarked for investment in future community-driven projects. The project shows, therefore, how community-led housing can simultaneously deliver poverty-related benefits for households and wider residents in a low income community.

A range of case study evidence also highlights some non-housing benefits of community housing, including looking after local neighbourhoods, providing community facilities, and helping residents gain skills and employment (Rodgers, 2001; TSA, 2009). An evaluation of the Empty Homes Community Grants Programme (EHCGP) in the Midlands identified a wide range of additional social impacts and community benefits of self-help housing, including the creation of employment, training and volunteering opportunities; increased self-esteem for those involved in the refurbishment of the empty properties; and high street uplift by bringing long-term derelict buildings into use (Mullins and Sacranie, 2014).

These studies suggest, in combination, that community-led housing may have positive short-term impacts on *pockets* by providing affordable housing, lowering fuel costs and, in some cases, offering direct employment. In the longer-term, training and volunteering opportunities accessed through community-led housing projects may also improve *prospects* by providing skills and experience that help individuals move into paid work.

As the two case studies in Box 9 below further show, community-led housing can deliver a range of benefits that have the potential to impact on both material and non-material forms of poverty. Affordable housing can reduce housing costs and, therefore, impact positively on the *pockets* of low income households. Meanwhile, the example of Cordale Housing Association illustrates how community-led housing and other assets can generate income that can, in turn, be used to improve longer-term *prospects* of tenants and residents through funding education and business support.

Box 9: Community-led housing

Example 1: Cordale Housing Association (CHA), Glasgow

Cordale Housing Association (CHA) was set up in 1991 by local community activists to improve the physical, social and economic regeneration of the village of Renton, near Glasgow in Scotland. Setting up a community-based housing association gave them the power and control to achieve that. In preparation for the development of new housing, they first decided to employ a community development worker to build local skills, interest and capacity. CHA now owns and manages 385 houses and an extra care facility for older people. Through its trading subsidiary, Cordale Property Services, it also owns a medical centre, a pharmacy and several private rented properties in the village, as well as several properties in the neighbouring town of Alexandria. It also claims to have saved the post office and facilitated the introduction of a cash machine. In 1993, it built a supermarket and the sale of that asset in 1997 freed up capital for new investment opportunities. It aims to set up a £1 million development fund to meet local people’s needs (funding education for young people or starting up small businesses).

Source: Aiken et al. (2011)

Example 2: Witton Lodge Community Association

Witton Lodge Community Association (CA) was established against the backdrop of large scale clearance and demolition that risked fracturing the local community in Perry Common, north Birmingham. Back in 1989 local residents were informed – via a letter from Birmingham City Council - that their homes would be demolished due to their poor condition, a fact that was not in dispute. This was combined with the news there were insufficient funds to rebuild the homes. A core group of residents worked with the Council to launch a campaign to take control and Witton Lodge Community Association was born.

The Association has led to widespread estate regeneration; delivering (with others) environmental improvements, social activities and many physical changes including road lay outs, land use for recreation and design of new homes. Witton Lodge CA also piloted the city’s first asset transfer of the run-down but popular Perry Common Community Hall, which following investment and extensive refurbishment offers an extensive range of community activities. The Association is in the process of finalising the development of 20 new affordable homes, following a successful grant bid to the Homes and Communities Agency (HCA) in partnership with the Council. Over recent years the Association has transferred management and maintenance functions from the Council to an in-house team. This process is helping to consolidate housing capabilities and management practices that will provide valuable learning for others to replicate.

Source: Gooding and Johnston (2015)

Drivers and barriers

Raising finance is clearly a key factor in determining the viability of community-led housing schemes. There are diverse approaches to raising funding (Gooding and Johnston, 2015) but it is notable from the evidence that most projects rely on an initial philanthropic gesture to set things in motion. This includes offering land at reduced rates, gifts of property, land or property bequeathed, or asset transfer from public ownership via the local authority. Funding from the Empty Homes Programme has also acted as a significant catalyst for the growth of community-led housing projects (Gooding and Johnston, 2015; Mullins and Sacranie, 2014). Once established, however, many community-led housing projects may become self-sustaining financially.

To a large extent, the success of community-led housing is also dependent on the human capital behind it. Moore (2014) notes the significant amount of time, skill and knowledge required for CLTs to develop. Each rural case study was reliant upon a governing board composed of individuals from the local community with specific expertise and skills including project management, accountancy, legal skills, and prior experience of working in managerial roles. It proved difficult for the CLTs to recruit new community members to the governing board, and the concentration of knowledge within a few key individuals raises problems for the future of the CLTs when usual members step down. However, while the higher level ownership technicalities were addressed by the governing board, the day-to-day decision-making was largely made by local residents through other mechanisms of participation.

An additional opportunity and challenge for CLTs revolves around the question of partnerships. On the one hand partnerships can deliver important benefits. Evaluation of the EHCGP programme in the West Midlands showed partnership played an important role with local authorities helping to source empty properties, secure match funding, and recruit residents, volunteers and workforce; whilst third sector partners also provided complementary skills and resources from volunteers to technical knowledge (Mullins and Sacranie, 2014). Working with housing associations may also allow CLTs to access grants, expedite the development process, bring economies of scale and efficiencies, and reduce the commitment required by CLT board members Moore (2014). On the other hand, Moore (2014) suggests that CLTs need to ensure that the balance of power does not shift away from community activism and detract from the original ethos of the trust.

The evaluation of the EHCGP in the Midlands provides lessons around the role of self-help housing, and recommendations for developing a more thriving community-led housing sector. It shows the potential outputs that can achieved with relatively large sums of investment. Over the two rounds of EHCGP a total of £5.3m in grant was allocated to projects in the Midlands, enabling a total of 1,034 bedrooms to be brought into use in 404 properties (Mullins and Sacranie, 2014). In this respect, EHCGP made a key contribution to the need for capital investment to bring empty properties into use. Mullins and Sacranie (2014) conclude that being part of the wider EHCGP and having access to a large pot of funding, through the Empty Homes Programme, provided 'necessary but not sufficient conditions for community based groups to engage in the recycling of dormant assets' (Mullins and Sacranie, 2014: 64). Most of the participating projects were already well established and successful, though the funding allowed them to branch out to empty homes.

At the very least the example of ECHGP illustrates how community-led housing might, with appropriate investment and support from government, move beyond its current perceived status as a niche provider. The Localism Act may provide the legislative framework for further development of the sector but further expansion requires additional funding as well as investment in appropriate support mechanisms to enable community-led housing to thrive (Rowlands, 2009). DCLG and HCA policies on community-led housing, for instance, need to ensure that funding processes fit with smaller organisations (Mullins and Sacranie, 2014).

There is also more scope for local authorities and other public bodies owning assets to work collaboratively with communities to develop community-led housing as a valuable community asset and a means of supporting the wider regeneration of an area. Ultimately, more research is needed on who benefits the most from community-led housing – whether those in poverty or those on reasonable incomes who are struggling to get a foot on the housing ladder. It is, perhaps, only when the benefits of community-led housing are more widely understood and documented that it can gain the recognition and support required to enable it to thrive.

6

Conclusion and policy recommendations

This review of community-led approaches to tackling poverty highlights the breadth of activities this encompasses and the range of poverty-related benefits these activities deliver. There are four main conclusions that can be drawn from this work.

First, the nature of poverty-related outcomes will vary across and within approaches. Some activities impact on material forms of poverty by reducing costs such as housing or fuel, providing access to low cost credit, or providing direct employment opportunities. However, the respective timing and nature of impacts in terms of *pockets*, *prospects* and *prevention* will vary by activity. Food bank initiatives are an example of voluntary action that deliver immediate benefits in ameliorating food poverty with some small, but perhaps vital, impacts on *pockets* for households on very low incomes. Other approaches such as community organising may take far longer to reap the benefits but, when combined with social action around the living wage campaign, for example, provide longer-term benefits around reducing material forms of poverty. The effect on *pockets* may take longer to materialise, therefore, but ultimately prove more sustainable.

Some approaches also serve to raise *prospects* by providing access to volunteering, education or training opportunities that may, in the longer-term, enhance employability and enable individuals to move into (better) paid work. Community-led housing is a good example of how an intervention can both help *pockets* by providing affordable housing but also support longer-term *prospects* for individual who gain skills and experience in managing properties. Fewer approaches play a *prevention* role in tackling poverty although community credit unions may avoid households moving into poverty by reducing use of high interest lenders and providing debt and welfare advice.

In some cases, there may also be a wide range of non-material benefits, as reflected in the evidence base on community-led housing which, alongside positive outcomes around employability and work, can also improve quality of housing, condition of the physical environment, and levels of community participation. As the example of Murton's Mams also showed, improvements in non-material forms of poverty such as social isolation and confidence are also associated with material improvements through movement into work. In other words, a project does not necessarily have to directly target material poverty to generate positive outcomes around poverty given the relationship between well-being and work-readiness.

A second, and related, point is that there is no 'silver bullet' in terms of a single approach or activity that is best placed to tackle poverty. Different activities will deliver different outcomes over varying timescales. The mix of material and non-material benefits generated will also be shaped by a range of factors relating to the particular context of neighbourhoods such as the size and strength of local support infrastructure; the skills and capacity of residents; the availability of financial support or physical assets; and the possibilities for developing productive partnerships with public and third sector organisations. The most effective combination of activities to support anti-poverty work is, therefore, highly context dependent. Moreover, the organic, bottom up nature of much community-led activity does not lend itself to overarching place-based strategies. What matters is putting the frameworks in place to enable communities to mobilise local assets, be they social or physical, to bring about change.

Third, there a number of factors which consistently appear to have an important bearing on the effectiveness of interventions. Appropriate upfront financing and, in some case, on-going subsidy are often important requisites for success. And, on a note of caution, the expectation of policymakers that many community-led approaches can become fully financially sustainable seems unrealistic. There are often additional costs of delivering activities in low income communities with fewer opportunities to become self-financing. This has important implications for government investment in community-led approaches as explored in more detail below. The particular skills and leadership qualities of key individuals, as well as the existence of an active and supportive voluntary and community sector infrastructure, also emerge as important elements of success. One implication is that different approaches may have different levels of transferability. Whilst the food bank model may lend itself to 'social franchising', community organising may only take root effectively in neighbourhoods with appropriate institutional support from supportive organisations combined with highly effective leadership.

Of course, many of these issues around finance and capacity affect all forms of community-based activity, but these issues are likely to be particularly acute for genuinely community-led activity where resources and infrastructure are all the more stretched. At the same time, it illustrates that the impact of community-led activities will invariably be shaped by the context in which they are delivered. The extent to which they are embedded in wider networks of support and have access to external funding may have a critical effect on their ability to scale up.

Fourth, a number of challenges remain in delivering community-led activities. Scale is a perennial issue with many community-led activities achieving valuable outcomes but for relatively small numbers of people. As numerous studies conclude, community-led approaches are, alone, unable to address many of the wider determinants of poverty. The impact of the living wage is notable as an exception given its potential to scale up to citywide or even national level, with community-led organisations benefiting from involvement in broader coalitions. However, this does not invalidate community-led activity per se as it should not be measured solely on its quantitative impact on area-wide levels of poverty and related forms of disadvantage. The benefits to individuals clearly matter. Moreover, the *process* of engagement may be just as important in terms of developing social capital, community capacity, belonging and empowerment, even if this does not lead immediately to measurable area-wide outcomes around poverty reduction. Scaling up may be possible but this requires active support and substantial investment which is, arguably, lacking in current policy towards community-led approaches in low income neighbourhoods. It may also compromise social objectives unless carefully managed.

This final conclusion highlights a number of important implications about the current policy context. The Localism Act and associated initiatives presume that a vibrant and dynamic voluntary and community sector can fill the vacuum left behind by the withdrawal of state funding for neighbourhood-based ABIs. However, this neglects the important role that targeted area-based funding, alongside direct funding from local authorities, has played in sustaining community-led activity. Organisations such as Development Trusts were often created though large-scale investment in regeneration. And as the research on community-led housing shows, large scale-investment can play an important role in catalysing additional activity. Yet these lessons appear to have been lost as the scale of funding available to support communities to take up their various 'rights' and participate in new initiatives such as the Community Economic Development programme remains minimal compared to funding for regeneration prior to 2010.

This is not to suggest a return to top-down area regeneration programmes that were widely regarded as prescriptive in terms of both outcomes and the rules of engagement for communities, as well as something of a 'lottery' that saw funding allocated to some low income areas and not others. The current suite of initiatives in England provides a legislative framework to enable community-led activity. But without adequate investment this 'laissez-faire' approach to localism is likely to see higher levels of take up in more affluent areas, as some of the emerging evidence presented in this review already indicates. Substantially higher levels of resourcing are needed to provide funding and support the capacity building required to make localism work, especially in the wake of cuts that have reduced the ability of local authorities to do this this. New forms of debt financing such as social investment or crowdsourcing are unlikely to provide viable alternatives to direct, upfront investment. Alongside additional investment, existing provisions under the Localism Act need to be more clearly targeted at low income communities in line with the explicit prioritisation of tackling disadvantage within Scotland's Community Empowerment Act introduced in 2015.

It is important to remember that large sums of public money are still being been allocated through new devolved forms of governance such as Local Enterprise Partnerships (LEPs) and combined authorities to support sub-regional forms of economic development. Yet opportunities for community-based organisations to benefit from these have, to date, remained scant, with the partial exception of EU Structural Funds which continue to support neighbourhood-based activities. The emphasis on scale within contracting out of services has also not worked in their favour with its tendency to favour large private providers (Civil Exchange, 2015).

At the same time, growing interest in achieving 'inclusive growth' among local and combined authorities and, increasingly, LEPs may provide opportunities to develop strategies, and programmes that connect wider economic development and public service reform with neighbourhood-level activities to support anti-poverty objectives. Community-led approaches can never reach their full potential in isolation and need to be embedded within wider partnerships, strategies and funding opportunities. Moreover, switching even a small proportion of funding from sub-regional initiatives could have a transformative effective on the scale and outcomes of community-led activities. There are ample examples within this report of how community-led approaches can support wider agendas around skills, employment and housing that benefit households in poverty. This is not to imply that community organisations should become mere delivery partners for agendas determined elsewhere. Rather, it is to suggest that the clear potential for community-led approaches to support anti-poverty objectives shown in this report could be harnessed more effectively to deliver more far-reaching outcomes.

One final but important point to note is that there is a lack of rigorous, comprehensive evaluations of the outcomes around, and impact of, community-led approaches to tackling poverty. This partly reflects the disparate, small-scale of activities but also the well-recognised lack of commitment to substantive evaluation of programme activities under the Coalition and now Conservative government. There are plans within DCLG to undertake a relatively small evaluation of the Community Economic Development Programme but this is unlikely to compensate for a lack of formal evaluation across the full suite of community programmes they are funding. Pressure needs to be brought to bear to increase the UK government's willingness to fund evaluation. At the same time organisations working within the sector may need to think about how to maximise opportunities to work with research funders and academic partners to increase understanding of the impact of community-led activity. A more robust evidence base that can demonstrate effectiveness is likely to increase the force of claims for increased investment in the sector.

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