



Responses to austerity

How groups across the UK are adapting, challenging
and imagining alternatives



New Economics Foundation (NEF)

is an independent think-and-do tank that inspires and demonstrates real economic wellbeing.

We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. We work in partnership and put people and the planet first.

Contents

Summary	2
Introduction	5
Austerity policies	5
From survival to innovation	6
Research methods	6
What's in this report	6
Three kinds of response	8
Adapting: Making austerity more liveable or workable	8
Challenging: Speaking or acting against austerity	8
Imagining: Becoming advocates of alternatives and wider structural change	8
The landscape of responses	10
Adapting	11
Adapting to limited resources	11
Supporting people to get by	13
Challenging	17
Challenging the private sector	17
Challenging government	18
Challenging the narrative	22
Imagining alternatives	26
Local economic development	26
Collaborative exchange	27
Investment rather than cuts	29
Preventative service design and policy-making	30
Future possibilities	32
Conclusion	35
Endnotes	36

Summary

Austerity policies have put communities and organisations across the UK under intense pressure. While the negative social consequences are well documented, less attention has been paid to the range of creative responses to austerity measures from local authorities, housing associations, grant-makers and funders, charitable and voluntary sector, campaigners and activists.

In previous research, NEF has outlined the social impact of austerity policies, particularly in already vulnerable communities. This report builds on such work by mapping out the range of strategies that communities throughout the UK are utilising to maintain and promote social justice, despite swingeing cuts to public funds.

We show how different groups across the UK are seeking to adapt (by making austerity more liveable or workable), challenge (by speaking out against austerity) and imagine (by becoming advocates of alternatives and wider structural change).

The creative responses we identify are not simply aimed at organisations' survival, but at reconfiguring operations to maintain or even expand their impact.

Adapting

Adapting to austerity, innovative local authorities have taken creative approaches to public spending which foster local economies, and have tried to make the most of existing assets rather than selling them off. They have sought to identify and attract funding from new sources to replace reduced budgets. By integrating services and local assets, service delivery organisations can pool resources and mobilise community capacity to maintain, or expand, activities.

Charities, housing associations and community groups have supported local people as they adapt to benefit cuts by providing legal advice,

employment support and investing in projects which help reduce the cost of living for people on low incomes. Such initiatives seek to support people to meet their basic needs, such as nutrition and energy. Some local authorities have tried to improve circumstances for the worst off: by reallocating funding to invest in initiatives such as free school meals, educational maintenance allowance and the development of credit unions.

Challenging

Challenges to austerity have been made on several fronts by local authorities, charities, campaigners and activists. Some have used research and evidence to show the negative effects of austerity on people's lives and local labour markets. Others have challenged private businesses – from landlords to payday lenders that have taken advantage of the desperation of people living on low wages – by deploying both collaborative and adversarial approaches to change business practices. Direct challenges to government on austerity policy were initially rare but have recently become more common, as both the human cost of austerity and the failure to reduce the budget deficit became clear. Challenges are being made on the basis of moral, legal and practical arguments – contesting policies and budget decisions. Anti-austerity activism seeks to change or influence government policy and its impact by challenging it in the courts, or through campaigning and direct action.

A smaller group of charities, campaigners and academics are also challenging the narrative of austerity: working to undermine the justifications for austerity given by government on the necessity, efficacy and fairness of austerity. Much academic work challenges the argument that the crisis was caused by profligate public spending and 'living beyond our means', as well as the notion that austerity is the road to economic recovery. Charities are often involved in challenging anti-welfare rhetoric, by evidencing the social value of welfare; and in exposing the 'shared sacrifices' myth of austerity, by demonstrating that economic elites continue to prosper whilst the most disadvantaged suffer.

Imagining

Imagining has taken a handful of local authorities, charities, campaigners and grant-makers beyond the immediate term to think about ways of organising politics, the economy and public services beyond the current era of austerity. Imagining has involved coming up with alternative ideas and policies, while also implementing some of these approaches on a small scale in order to show that they are viable. People involved in imagining tend to accept that old systems had faults even before austerity and want to change more than just levels of government spending.

Proposals include concentrating activities on local economic development through local authorities; the creation of a more collaborative welfare state; making strategic social and economic investments in new

industries to meet new demand; and developing a system which prevents harm 'upstream' to promote wellbeing for all.

Future possibilities

There is evidence that the capacity for adaptation to austerity for many institutions is reaching its limits. In response to this impending tipping point, organisations can be expected to speak out against austerity in greater numbers, so that the challenge to austerity will become clearer, stronger and more widespread. We anticipate that this will lead to further work in the 'imagining' domain: continuing the work of alternative macroeconomic policies; imagining more preventative and democratic models of welfare and governance; and trying these out in practice on a local level.

Introduction

A growing body of evidence demonstrates that austerity policies in the form of cuts to welfare and services aggravate social inequalities, fail to reduce government debt and are unnecessary. Individuals and organisations have been deeply affected by public spending cuts and have reached the limits of survival strategies. In a difficult context, various groups are seeking new and creative ways to respond. Driven by the aims of promoting wellbeing and tackling inequality, they are taking action to mitigate the effects of austerity, to challenge it, and to imagine alternatives.

Austerity policies

UK austerity policies delivered by the coalition government since 2010 are characterised by cuts in public spending, applied especially to social security and local government budgets. Despite opposition to austerity policies, their negative social consequences,¹ their inefficacy in reducing public debt² and failure to develop a sustainable economy,³ austerity remains a top priority for the UK's political parties. All the major parties are committed to further cuts in some form, though the scale, pace and focus of these will vary.⁴

Individuals, groups and organisations have been deeply affected by austerity. Cuts have led to the closure of services and the demise of numerous charities, particularly those small organisations that relied on modest but stable government grants. There is far greater competition for funding – whether one considers service funding from local authorities, grants from charitable funders, or the discretionary amounts local authorities provide for residents facing specific challenges and crises. It is estimated that a total of 1.71m households (equivalent to 10% of all working-age households in the UK) are affected by one or more of the reforms to social security.⁵ 8.7 million working adults and 4.1 million children are now living below the poverty line.⁶ Local authorities are now warning that – having made £10 billion-worth of cuts in local government

– they are reaching a “tipping point” beyond which residents will notice a significant decline in public services.

These are difficult times, but groups across the UK are nonetheless finding ways to maintain and even expand their activities.⁷

From survival to innovation

In recent years, individuals, community groups and local authorities have responded to austerity in innovative ways that seek to change practices not only to cope with austerity, but also to proactively address its negative effects, challenge it and work towards the realisation of more socially just alternatives. We have called these ‘creative responses’ to austerity.

‘Creative responses’ are distinctive in that they seek not simply to ensure survival by, for example, reducing existing operations or delivering ‘the same with less’, but to reconfigure operations in order to maintain or even expand ambitions to ensure social justice and the wellbeing of UK citizens.

Responding to austerity creatively is not easy. It requires courage and vision. It is often a collective effort that requires mobilising the support of others. Therein lies the primary reason for carrying out this research – to draw together a set of existing examples, build a strong knowledge base to support new groups in their ambitions, and innovate and catalyse further pursuits that aim to achieve social justice.

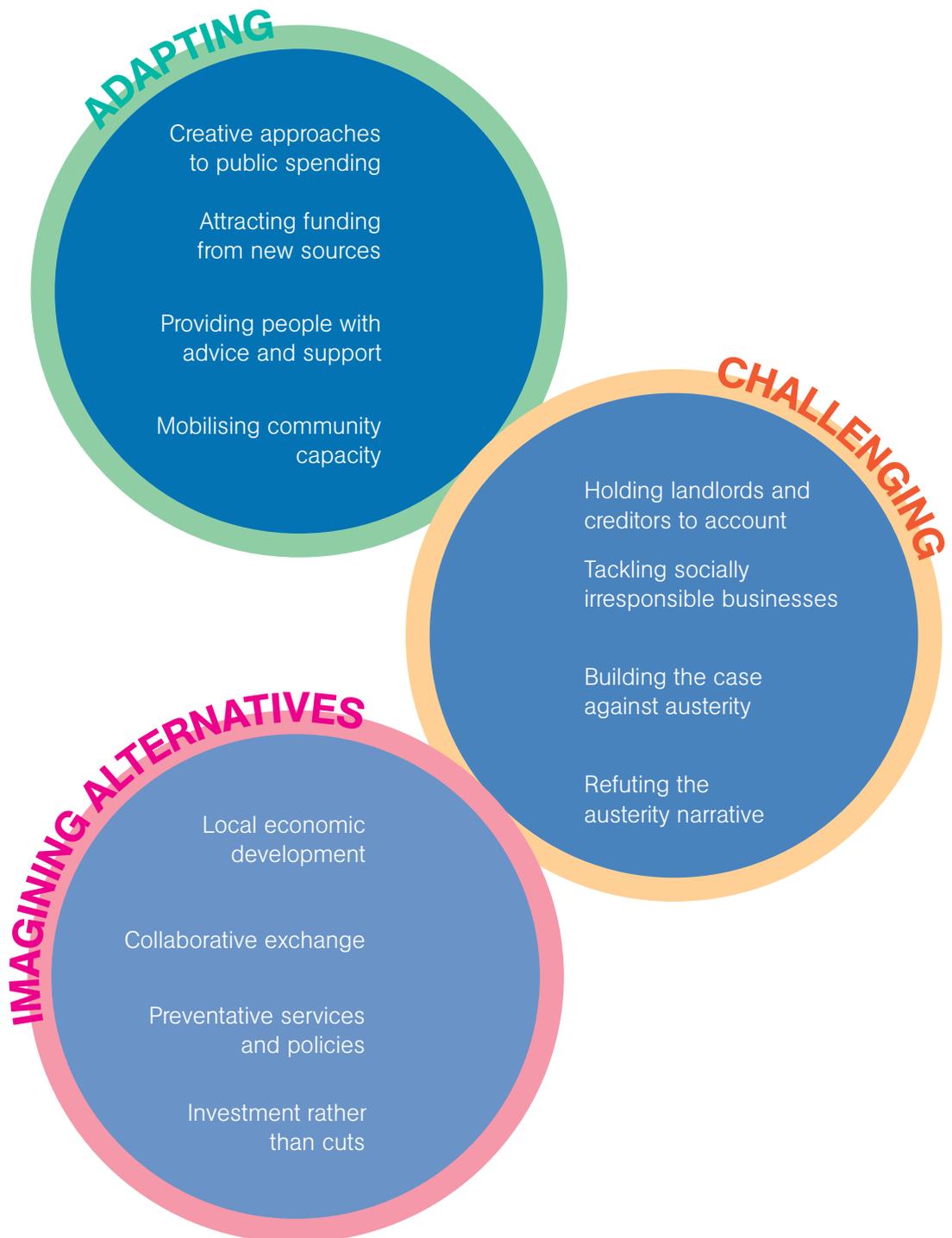
Research methods

To produce this report we carried out a review of responses made since 2010 by local authorities, housing associations, grant-makers and funders, the charitable and voluntary sector, campaigners and activists. We built up a set of examples and case studies using information available online as well as carrying out telephone interviews with people in relevant organisations. We mapped over 100 responses and conducted follow-up interviews with people from 20 organisations. In our sampling we focused on creative initiatives that seek to promote wellbeing and tackle inequality in the context of reduced public spending. We continued to seek out examples until we were able to generate a categorisation of creative responses. Interviews provided more in-depth information which we have written up as case studies.

What’s in this report

In the rest of this report we present the categories used to compare and contrast different kinds of responses, and discuss the creative responses being developed by groups in the UK – with examples and case studies from a variety of organisations under the three headings adapt, challenge and imagine. In the final section we discuss future possibilities for social justice innovators in the context of austerity.

Summary of the main creative responses to austerity



Three kinds of response

To compare and contrast different kinds of response we developed a typology with three kinds of creative response to austerity: adapting, challenging and imagining. Each kind of response has proven important in building a new approach to conditions of austerity, with people, groups, organisations and institutions at times making more than one type of response simultaneously.

Adapting: Making austerity more liveable or workable

In biology and anthropology adaptation consists of changing in order to fit with new environmental factors and local conditions.⁸ This can involve changing practices, approaches and organisational structures. The degree to which someone or something is willing and able to adapt is a good measure not only of their chances of survival, but of “the subjective quality of their existence”.⁹ In the context of austerity adapting means changing organisational practices in order to operate sustainably with less funding, making the most of all available resources (financial and non-financial).

Challenging: Speaking or acting against austerity

Challenging involves protest and struggle against the narrative, policies or practices of austerity. Previous analysis of approaches to addressing poverty in a climate of austerity found that local authorities and civil society organisations have preferred to collaborate and seek consensus within austerity, rather than challenge it.¹⁰ While this approach may have some benefits, Bunyan and Diamond argue that collaboration cannot achieve the scale of change needed in the UK if poverty and inequality are also to be addressed. They argue that change takes place through “adversarial” models in which people are willing to challenge structures and narratives.¹¹

Imagining: Becoming advocates of alternatives and wider structural change

Imagining involves looking beyond present circumstances to describe and implement alternative approaches and outcomes. This may be by proffering direct alternatives to the austerity course (such as policies of investment rather than cuts) or through the presentation of a long-term vision of the future after austerity (such as a society organised

around collective action). This type of response seeks to create opportunities for change by expanding people's understanding of what is possible.

Sociologists have identified a relationship between 'imagination' and social change. Writing about the ideas that have shaped the norms and practices of Western modernity, Charles Taylor developed the concept of the "social imaginary" which he defines as "that common understanding that makes possible common practices and widely shared sense of legitimacy".¹² By drawing the boundaries between what is seen as acceptable and unacceptable, possible and impossible, the social imaginary defines the range of "actions at the disposal of a given section of society". Shifts in the social imaginary can de-legitimise prevailing practices and open up opportunities for new ones, by changing what could be called 'imaginative horizons'.

Khasnabish and Haiven advance the complementary concept of "the radical imagination" which they define as "the ability to envision and work toward better futures".¹³ The radical imagination is essential for change, because "without the ability to project the world as it might otherwise be, we lack the inspiration that motivates resistance".¹⁴ As such, an important response to austerity is based on 'imagining' alternative possibilities. We also include implementing alternative practices within this category, since experimentation can demonstrate that other approaches are viable.

The landscape of responses

We analysed over 100 examples of creative responses to austerity which have taken place since 2010 in the UK. There are cases of adapting, challenging and imagining – with the involvement of local authorities, unions and national charities, along with campaigners, local activists, housing associations, grant-makers and some smaller charities. In the next three sections we describe the landscape of responses and provide illustrative examples.

Adapting

Adapting to austerity is the most common of creative responses. Local authorities and charities have adapted to limited financial resources by spending strategically, bringing in new resources and drawing more on local assets and community capacity. Various organisations – in particular charities, housing associations and community groups – have supported local people as they adapt to benefit cuts by providing legal advice and help to reduce the cost of living.

Adapting to limited resources

Funding cuts have had a profound impact on the activities that local authorities and organisations take part in. However there are some examples of creative adaptation to resource limitations that have been taken by community organisations and local authorities. These can be grouped in three subthemes: responses that involve strategic spending, innovative financing models, and those that seek to identify and integrate existing resources across organisations and communities.

Strategic public spending

Local authorities and organisations spend and access financial resources in a variety of ways. Creative approaches to public spending and fostering economic development are popular responses to austerity. Local authorities can still leverage substantial purchasing power and influence local economies in pursuit of improved social outcomes. This can be done directly, by hardwiring certain principles into contracts, or indirectly by generating incentives that are conducive to sustainable development and social justice.

A case of the former is **Birmingham City Council's** 'Buy Birmingham First' policy, which commits the authority to prioritising local employment at the living wage in its procurement, contracting and buying in of both goods and services. This strategic approach to spending has advantages over more short-sighted 'cost-saving' approaches.

“It’s too often simplistic – accountancy v economics, price v value. Procurement should not simply buy at the cheapest price. Public procurement should apply an economist’s brain and use purchasing power more carefully and evaluate the multiplier effect of using local suppliers even if they cost a bit more in the first instance. We need more public value and less ‘bargain basement shopping’. Local authorities should use procurement to drive economic social outcomes.”

– John Tizard

Local authorities have power to influence local markets and the direction of investments. **Blackburn with Darwen Council** for example, sought to tackle problems of high-street dereliction, by facilitating the creation of small new businesses through changes to tax. Once it is up and running, the ‘Business Rates Incentive Scheme’ will complement existing initiatives, such as discretionary rate relief, and offer exemption from business rates for 12 months for certain small enterprises opening on local high streets.

Bringing in new resources

Others have sought to bring in financial resources from new sources, recognising that government funding is being systematically curtailed. Both charities and local authorities are exploring social investment models.

For example, **Bristol City Council** is to partner with the Society of Merchant Venturers (effectively Bristol’s livery company) to develop and launch a new ‘community interest company’ (CIC). This new CIC will operate on commercial principles and involve a number of local authority, educational, and other key stakeholders from the west of England. In this social investment project, a policy board made up of representatives from commercial, charitable and public sectors will set the terms of a ‘Local Impact Fund’ and ‘Local Impact Bond’. The Impact Fund will use a model developed by the Cabinet Office to match EU money and private money to create a fund for making long-term local investments. The Local Impact Bond will be designed as a savings bond for local people to invest in social projects such as local housing. The top priorities for investment are currently green infrastructure, homes, public service delivery, culture and learning, and digital infrastructure.

Manchester City Council has already issued social impact bonds to invest in services, and improve outcomes, for ‘high need’ young people who are in residential care, in foster placements or are at risk of being so. When purchasing social impact bonds, investors provide up-front funding for charities delivering programmes of support, knowing that their returns will only be made if specific improved social outcomes are achieved.¹⁵ The programme began in February 2014 and is in its initial stages.

Social investment and social impact bonds are ideas still in development in the UK and must be viewed with some caution. Evaluations warn local authorities not to see social impact bonds as a catch-all solution, given that there are disadvantages such as the cost implications of setting up bonds.¹⁶ Most current social impact bond models work on the basis of achieving both social good and cost savings because investors are generally paid back out of those savings. There therefore needs to be potential for significant cost savings which is not always appropriate for social programmes.

Charities may also struggle to take on repayable finance and depending on their size may not have enough assets to secure loans.

“ Social investment can help charities adapt to the new commissioning agenda from local authorities. To have capacity to deliver on contracts, they might have to invest in staff, a new building, IT and bridging capital in the case of Payment by Results. We are keen to see more availability of capital for smaller organisations but as there’s not really a precedent for charities borrowing money, there’s a logical degree of risk aversion.”

– John Gillespie, ACEVO

Integration of services, civil society and local assets

Many local authorities have responded to austerity by mobilising community assets, integrating inter-departmental services, and tapping into the capacity of local community organisations. By pooling the resources of these different organisations, new possibilities for service design and economic development are created.

For example a pilot project run by **West Cheshire Council** with the **Public Service Transformation Network** involved the development of a common asset management strategy to reduce running costs and carbon emissions from West Cheshire’s 1,500 assets – including car parks, playgrounds, office blocks and hospitals. The approach involves increased sharing of buildings, particularly office space.¹⁷ They have also set up three inter-agency ‘Work Zones’ in the borough. In each zone, Jobcentre Plus, the National Careers Service, Citizens Advice Bureau, further education college, housing trust and council meet to co-ordinate their services and in some cases co-locate in the same buildings.¹⁸

Some local authorities are also promoting community ownership and management of resources previously held privately or by the council. **Rossendale Borough Council** transferred the local ski slope and museum to social enterprises which now have responsibility for running these assets. The ski slope is leased and run by a group of ski club members¹⁹ and the museum by an enterprise working jointly with the local Friends of the Museum society.²⁰ Both enterprises have been able to bring in new funds from Sport England and the Lottery Heritage Fund, and have saved the centres from closure. The downside to such asset transfers is that these local resources are no longer under democratic authority, so there is potentially less accountability to local people. This

may not be problematic with leisure services, but would be a concern with core services. Arguably the transferred assets are also more vulnerable to closure if new funding sources dry up.

Supporting people to get by

Given the personal impacts of austerity on people's incomes through benefit cuts and redundancies, and on their access to services due to changes in local budgets, many responses focus on supporting individuals to adapt to austere circumstances. Innovations are springing up on two fronts: in the provision of welfare and legal advice; and increasing access to and affordability of basic goods.

Advice provision

Many local authorities and community organisations have found that their advice-giving services – especially in areas such as employment, housing, welfare and debt – are under stress.

“We used to have an open door policy – certain days when anyone can turn up. But we can't cope with the numbers and the extent of desperation. Last week two people were fighting outside to get in. We are having to stop doing drop-ins in the traditional way and explore other ways to provide advice.”

– Martin Holcombe, Birmingham Settlement

In response to this increased pressure, advice-giving organisations have been looking for creative ways to meet demand. This often involves collaboration between councils and local charities, or coalitions of charitable funders. For example, the **Future Advice Programme** is led by the Baring Foundation, which set up a Provider Fund of £2m over three years in collaboration with Comic Relief, The Diana Princess of Wales Memorial Fund and Unbound Philanthropy. Grants have been made to help frontline advice providers to develop and implement ideas that will “put their organisations on a more sustainable footing” to provide ongoing advice. The funders involved recognise the value of “free, high-quality social welfare legal advice” as “an essential part of a good society”.²¹

People are not always aware of advice services, or may not have the time to seek advice. Thus, law centres and charities have increased their outreach activities to expand the catchment of their advice provision services. **Islington Law Centre** has worked with the **Cripplegate Foundation** to place specialist advisors in community centres, primary schools and children's centres across the Borough of Islington; hosting advice sessions on welfare, debt and housing; and helping connect more local people with advice services. They have also run 'advice first aid' classes for residents and frontline staff, to help them provide initial and basic advice on welfare rights and form-filling.

Case Study: The Zacchaeus 2000 Trust

London-based charity Z2K provides an example of the value and importance of advice-giving organisations. It was set up in the early 1990's to give advice and support to people who defaulted from paying the poll tax. Since then Z2K has grown to helping an estimated 1,350 clients a year on debt and benefit-related problems.

Much of Z2K's work in response to austerity has been on housing support, especially in the context of housing benefit cuts. They inform those affected about alternative sources of revenue that are not well publicised – such as discretionary housing payments. A large part of Z2K's casework is identifying and correcting mistakes. Z2K has identified an increase in erroneous decisions around the removal of housing benefits since 2010. Z2K helps those affected to use the complaints procedure and also campaigns for these processes to be improved.

Z2K helps people in their dealings with public authorities by providing advice on legal rights, aiding them in applications to the local authority and challenging local authorities when people are placed in inappropriate accommodation. For example, as Sam Ashton, campaigns officer at Z2K, explained, a recent successful case was that of a single parent of a child with a health condition who needed to travel daily to Great Ormond Street Hospital. The council placed the parent in accommodation near Heathrow, a three-hour round trip. Z2K successfully challenged the housing placement and the family was rehoused in more appropriate accommodation in Westminster.

Z2K's case work clearly falls into the 'adapt' category. It is intended to mitigate the consequences that austerity has on vulnerable people. However, Z2K also campaign on local and central government policy issues that affect their clients. For example they are currently engaged in campaigning against charging council tax to unemployed and disabled people that has been recently introduced by many local authorities. They have met with some success, for instance Brent Council has expanded their exemptions from the payment to include people on incapacity benefit.

Supporting people to meet living costs

Helping people keep above the breadline during austerity has been the focus of many projects sponsored by charities, local authorities and housing associations. Such projects often seek to deal with food and fuel poverty as well as housing issues.

Food-banks are a well-known response to austerity which provide emergency assistance in the form of food aid. Several organisations have been looking for more systemic options for helping people cope on low incomes. One approach is to invest in free school meals. Despite reduced funding, several local authorities have chosen to do this in recognition

of the improved long term outcomes and savings that free school meals generate. **Newham, Southwark, and Islington Councils** have all used discretionary budgets to provide every child in primary school with a free lunch, without means testing. This goes beyond national government provision of school meals to children in Reception, Year 1 and Year 2.

“Research has shown that free school meals for all improves children’s learning and productivity, and saves you money in tough times.”

–Islington Council²²

A lesser-known example of a nutrition initiative is that of **Kingdom Fruit** in Surrey. This is a small, local project which sells low-cost fruit to residents in deprived parts of Elmbridge Borough. It is designed as an alternative to food-banks, based on feedback that residents wanted to be able to access fresh produce and were happy to pay small amounts. As Kingdom Fruit operates as a charity, they provide the fruit at cost, not for profit, via local farmers. Although the service operates in deprived neighbourhoods, it is universal in the sense that anyone can use it without the need for vouchers or referrals.

Local authorities and community organisations have been very involved in helping people reduce energy bills and in generating more efficient energy consumption. For example, the **Big London Energy Switch** runs across 19 London boroughs. It is a collective bargaining scheme in which consumers input their energy spend information, and energy companies respond at a one-day auction whereby the energy company offering the lowest price is able to offer its services to participants. This kind of collective bargaining saved residents an average of £170 a year on gas and electricity bills last time it was run in June 2014.

Monkey is a Big Lottery Fund partnership project offering free support to social housing tenants across County Durham. Support focuses on helping people access affordable fuel, furniture and finance. The programme offers advice on a wide range of activities such as how to get the best energy deals; help to deal with debts; benefits checks; one-to-one advice and courses to help manage bills; help to open a bank account or credit union account; access to affordable; new and good-quality reused furniture; discounts on new carpets and low-cost home contents insurance. In order to provide this, 17 housing and voluntary sector organisations have formed a partnership and set up an independent board and steering group, with a 3-person Monkey staff team.

In Scotland a group of eight social landlords have set up **Our Power**, a not-for-profit company that will generate and sell power to tenants at low cost, with the aim of reducing fuel poverty. Our Power will initially buy energy wholesale and sell it to tenants, creating savings of up to £100 per year per household. Eventually the group plans to generate and sell power from renewable sources – investing in solar, hydro and wind at scale. Our Power company is in the latter stages of securing a license from Ofgem and plans to launch in Spring 2015.²³

Challenging

Challenges to austerity have been made on several fronts by local authorities, charities, campaigners and activists. Some challenge private businesses – from landlords to corporates and payday lenders – to change business practices. Direct challenges to government on austerity policy were initially rare but have recently become more common, with various groups using research to evidence the negative effects of austerity and becoming involved in anti-austerity activism.

Challenging the private sector

The financial crash created an economic recession with negative impacts for private enterprise in the UK. In these conditions businesses prioritise survival and, where possible, profits. This can be at the expense of corporate social responsibility policies that aim to reduce negative social and environmental externalities. At the same time, 8.7 million working adults and 4.1 million children are living below the poverty line.²⁴ The economic precariousness of UK households has generated new needs and demands leading to the development of markets and business practices that take advantage of people's desperation. These practices can result in long term individual and social harm. They include, for example:

- landlords who are unwilling to take tenants who are in receipt of benefits, or provide poor-quality accommodation at high rents
- lenders who use predatory advertising to offer high interest loans to credit poor individuals
- socially irresponsible corporations and private enterprise.

Charitable and statutory organisations have been involved in challenging behaviour in the private sector that carves out opportunities for profit from the difficult circumstances people find themselves in. Approaches can be roughly categorised in two groups: those that seek to 'do with' by

rewarding and incentivising moral business practices, and those that take a more adversarial approach.

In the case of local authorities this is often by using statutory powers to compel businesses to act in desirable ways. Non-statutory organisations, on the other hand, seek to gain influence through campaigning activities such as lobbying or direct action.

Collaborative 'do with' approaches

The **Centre for Responsible Credit** is a research centre dedicated to monitoring credit markets, promoting responsible lending and developing policies that protect the interests of households. In partnership with **Thrive, Church Action on Poverty, Durham University** and low-income residents of Stockton on Tees, they co-designed a set of key 'asks' to present to rent-to-buy lenders.²⁵ The three main lenders – Brighthouse, PerfectHome and Buy As You View – responded with seven customer commitments which they have now incorporated into their customer charters. The commitments include limiting default charges and putting in help for people in financial difficulty. Brighthouse and PerfectHome also committed to keeping existing agreements on original terms when customers take out credit for new products.

Despite some high ambitions, there remains a concern about the will of private sector enterprises to deliver on their commitments. None of the firms have yet agreed to alert customers who take out insurance with their agreements that a home contents insurance policy may be a cheaper option, even though this was a key 'ask' of the project.²⁶

More adversarial approaches

Where 'do with' approaches fail, statutory bodies can use more adversarial approaches. For example, **Enfield Council** produced an analysis of the 20 largest companies providing goods and services to Enfield residents. The list included Tesco, EDF Energy and Barclays. It is being used to put pressure on companies to undertake truly meaningful corporate social responsibility activities. For example, Enfield calculated that Tesco could generate up to £8.1m of pre-tax profits through their 11 Enfield stores. The only Tesco corporate responsibility activities that officers could find in the borough were a community toilet scheme, some charity fundraising stalls, and a schools and clubs scheme. By exposing Tesco, Enfield hopes to catalyse more substantive actions from them and other local providers.²⁷

In another example, **Blackpool Council** introduced compulsory landlord licensing within two areas of Blackpool that were suffering from deteriorating housing conditions and anti-social behaviour, particularly in poorly-managed houses in multiple occupation (HMOs). Landlords will require a licence for any properties they rent out within the designated areas. The licence is valid for up to five years and will contain conditions relating to the management of the property, fire safety and anti-social behaviour. Landlords are supported to carry out risk assessments of their properties and introduce anti-social behaviour plans where necessary. They can be fined for failing to comply.

Case Study: Fairness commissions

Between June 2010 and December 2014, 'fairness commissions' – or similar bodies focusing on issues of poverty and inequality – were established in 18 places, often led by local authorities with academic, voluntary and charitable sector partners. Each one set out to tackle poverty and inequality at a local level in the face of severe cuts. Some of these commissions are still in progress. Others have reported and set out concrete recommendations.

Changes catalysed by the fairness commissions include the creation of local living wages, introducing pay ratios and better job conditions which some local authorities are now specifying in their contracts with external providers. Such changes can help challenge economic inequality.

Local authorities that have had fairness commissions are also taking an active role in expanding the market in ethical and affordable credit by supporting credit unions. Some are negotiating social or 'living' rents with housing associations and strengthening tenants' rights to address concerns about private landlords.

The fairness commissions' work has involved a combination of adapting and challenging – with lots of work supporting people to get by under austerity, some work challenging landlords and local businesses; and some, probably the least, challenging central government because this is politically sensitive.

A number of fairness commissions sought out more sustainable approaches to helping people adapt to austerity than food-banks alone. In Liverpool, the council worked with Citizens Advice Bureau on a hubs scheme in the five most deprived wards. People can walk in to the hubs to receive on-the-spot advice on debt, food and benefits.

"We now have food-banks in the cities. But we've all said that we do not want to live in a city where there are food-banks. They are not a long-term substitute for anything."

– Councillor Frank Hont, Liverpool Fairness Commission

Liverpool Council has also challenged the Department for Work and Pensions (DWP) about changes to the benefits system. They meet once a month to discuss Jobcentre Plus and make the strategic managers of DWP in Merseyside aware of the effects of cuts on local people. The council has commissioned an ethnographic study of 30 low-paid working families in the area to further demonstrate the impact of welfare reform on local labour markets.

Islington Council held the first fairness commission and has been encouraging newer commissions to make direct challenge to government, as well as seeking to make a difference locally.

“ We were focused on demonstrating what can be done locally to have a real impact on people’s lives. I don’t regret that, but in retrospect we needn’t have let it prevent us from making recommendations for regional and national policy change as well. We may have missed a trick there.”

– Andy Hull, Islington Fairness Commission

Challenging government

Challenges to government on their austerity policies are often felt to carry a political risk. However some groups are taking this step – by presenting evidence, researching the case against austerity and seeking to influence policy through activism.

Building the case against austerity

Some organisations are tracking the impact of austerity and building an evidence base that makes the case for policy change. For example, **Hackney Citizen’s Advice Bureau** developed a ‘crowdmap’ of housing issues which aims to show how welfare reform is affecting local residents in terms of housing benefit shortfall, rent arrears, threatened evictions and homelessness (including hidden forms of homelessness such as ‘sofa-surfing’). The project encouraged local people to submit online reports which were fed into a map that shows the scale of the impact of the cuts in a geographical format. This is an example of crowd-sourced, grassroots evidence about austerity.

Psychologists Against Austerity is a group of community psychologists which is mobilising psychologists to speak out about the impact on mental health and services, using psychological and evidence-based research to let policy-makers know what impacts austerity is having and will have in the long run. They also draw on their own experience as psychologists who are seeing how service cuts are affecting their clients’ health. The group aims to get hundreds of psychologists writing letters to MPs in the lead up to the 2015 General Election.

Anti-austerity activism

Others look to influence government policy through different forms of activism, in the courts, through mail campaigns and on the streets. For example, the **Child Poverty Action Group** has conducted test cases in the courts against austerity. Most prominently the *Saving the safety net* case challenges the government’s decision to cease funding for ‘local welfare assistance schemes’ and is currently under review. They also launched a successful challenge to housing benefit cuts, and were able to establish that the size criteria used to determine housing benefit discriminates unlawfully against disabled children who cannot share a room because of their disability.

Case Study: Gingerbread

Gingerbread is the UK's single parent charity, providing advice, practical support and advocacy. One of their current projects, *Paying the price*, seeks to document how austerity policies are affecting single parents. With the coalition government's 2010 spending review, Gingerbread foresaw a suite of worrying consequences of cutbacks on service users and benefits claimants. They set out to document in detail how this would affect single parents.

Gingerbread complemented secondary data analysis with ethnographic research comprising case studies of the experience of 25 single parents. The ethnographies document the changed environments they are faced with and the new difficulties posed by reductions in spending. Parents who used to rely on support to live their daily lives have been deeply affected by austerity. By telling rich stories about the experience of a few parents using case studies, Gingerbread aims to challenge austerity policies as well as some of the narratives that underpin support for these.

Gingerbread's *Paying the price* research has fed into some of their advocacy work, using their case studies to highlight what "the return to economic growth" means on the ground in terms of the living standards of single parents.

Gingerbread's research is primarily about challenging austerity on the level of policy, particularly in redressing the impact of austerity policies on single parents. For example, they point out that changes to child benefit disproportionately affect single parents. Ultimately, Gingerbread advocates a more personalised approach to support that generates better longer-term outcomes. Gingerbread also touches on imagining, in presenting an alternative vision of social spending as investment in people and their futures.

Similarly, **Just Fair** make legal challenges to austerity through 'shadow reporting' of government failures to uphold the social and economic rights of citizens under the International Covenant on Economic, Social and Cultural Rights, ratified by the UK in 1974.²⁸ Social and economic rights are not part of domestic law, so cannot be enforced in the courts. However, human rights-based analyses of government policy can be submitted to the UN expert bodies that monitor the implementation of human rights treaties, in order to influence and inform their conclusions regarding UK compliance. This is 'shadow reporting'. Just Fair have shown how the UK is in breach of its international legal obligations in respect of the right to food given steep increases in levels of malnutrition, hunger and food-bank usage. They have also highlighted that its treatment of disabled people may breach the right to independent living enshrined in the UN disability convention which the UK ratified in 2009. The 'bedroom tax', the imminent closure of the Independent Living Fund, welfare-to-work policies and tightening eligibility criteria for social care, are all "sending disability rights into reverse".²⁹

“While governments have discretion about how they put socio-economic rights into practice, there are certain things they must and must not do... For example, governments must deploy ‘maximum available resources’ towards guaranteeing economic and social rights... Governments must also avoid deliberate steps backwards in human rights protection; a decline in living and housing conditions cannot be planned – or simply allowed to happen – without compelling justification.”

– Dr Alice Donald, Senior Research Fellow at Middlesex University and a Trustee of Just Fair³⁰

An example of lobbying methods can be found in the **End Hunger Fast** petition, launched in February 2014. The petition, which was signed by 27 of 59 Church of England Bishops, expressed opposition to destitution and poverty in Britain. They noted that half a million people have visited food-banks since last Easter, while 5,500 people were admitted to hospital in the UK for malnutrition in 2013. It complained at the desperate state of affairs that sees people “go hungry” in Britain – the world’s seventh largest economy. The letter’s main message, that the prime minister has an “acute moral imperative to act”, gained widespread media coverage throughout the country and raised the profile of the anti-austerity agenda.³¹

The **People’s Assembly Against Austerity** is a “broad, national, united campaign against austerity, cuts and privatisation in our workplaces, community and welfare services”.³² It is supported by major unions, as well as student, pensioner, unemployed, disabled people’s, women’s, black people’s, youth and LGBT campaigning organisations. The Assembly has organised street protests, local anti-austerity groups and large events with the help of anti-austerity economists, journalists and comedians. Events have succeeded in engaging a wider range of people than those who usually organise and campaign. They seek to undermine support for austerity and encourage “a wide debate on how to protect the welfare state and develop an alternative programme for economic and social recovery” by debating ideas in public forums.³³

Challenging the narrative

The austerity narrative has been described as “alchemy” in the way that it absorbs and alters other ideas and discourses to make them its own.³⁴ This can make it hard to challenge. Through the “alchemy of austerity”, a financial crisis was transformed into a fiscal crisis. The goal of reducing government debt evolved into dismantling the welfare state.³⁵ The major challenges to this narrative and its practical effects have focused on three themes:

- causes of the crisis and the efficacy of austerity
- anti-welfare rhetoric
- ‘shared sacrifices’ myth.

Case Study: 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. As one of the mothers describes, "I felt like I had nothing to lose because I was already being evicted. It was scary, but it was scarier to think that we would be a four-hour drive away from our family. We did this for our kids – we want our babies to know their grandparents."³⁶

Thousands of people signed the Focus E15 Mothers' petition, and spoke to them about their own housing troubles. In February 2014 they took the petition to City Hall, to be presented to Boris Johnson. The petition called for decent, reasonably-priced social housing for people on low incomes and benefits.³⁷

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. As Aditya Chakraborty, reporting for *The Guardian* on the occupation pointed out, "the ultimate answer is more public housing. Yet Newham Mayor Robin Wales wants instead to bring in 3,000 more private rental homes. Meanwhile, the Carpenters Estate lies practically empty, a ghost town where people should be living."³⁸

Focus E15 is an example of a strong and articulate challenge to austerity. They began by challenging the personal effects of austerity on a group of mothers and moved to challenging Newham Council on their budget decisions in removing funding from social housing and selling off land. They also challenge the injustice of policies which led to growing inequality and the side-lining of people on low incomes: "London is for the rich and we're all going to be pushed out to the outskirts of the country."³⁹ In the later stages of their campaign, Focus E15 Mothers moved to imagining a different sort of society, in which everyone is seen as having the right to affordable housing. Their message has become about decent homes for all, through protecting and investing in social housing.

Causes of the crisis and the efficacy of austerity

The narrative that presents the need for austerity on the basis of unsustainable levels of past public spending has been widely challenged by economists and political scientists. For example, political scientist **Mark Blyth** articulates a strong criticism of the “greatest bait and switch” in modern history.⁴⁰ That is, the success of the dominant narrative in promoting the false cause of debt as profligate public spending over the real cause of bank recapitalisation. His book *Austerity: the History of a Dangerous Idea* uses historical cases to evaluate the effectiveness of austerity policies in restoring economic growth. It demonstrates both the inefficacy of austerity policies and their perplexing persistence despite continuous failure, and, in doing so, provides an acerbic critique of austerity’s intellectual heartland in Austrian-School Economics.

The coalition government’s austerity policy has been based on the notion of “expansionary fiscal contraction”. This is an argument developed by Austrian-influenced economists which posits that reductions in public spending and in the size of the public sector generate opportunities for the private sector to expand. The Treasury has justified austerity on this basis, arguing that the slack generated by cuts in public spending would be picked up by a private sector once it is no longer “crowded out”. Mark Blyth’s review indicts this research that gave a veil of economic credibility to the coalition’s policy. He demonstrates that the expansionary fiscal contraction hypothesis was actually derived from cases that were poorly classified. Upon closer examination, especially when consulting country experts, one finds that expansion did not happen, or it happened in cases that had not fiscally contracted. Thus, the expansionary fiscal contraction thesis is an artefact of measurement error.

Further evidence against the efficacy of austerity was provided in an economic study by **Guajardo et al.** Using different metrics, their economic model showed that the effects of austerity on the economy are consistently contractionary rather than expansionary.⁴¹

It is therefore hardly surprising that after six years of austerity in the UK, evidence of expansion is scant. Blyth puts its tenacity down to ideological appeal.

“Austerity remains an ideology immune to facts and basic empirical refutation. This is why it remains, despite all and any evidence we can muster against it, a very dangerous idea.”⁴²

– **Mark Blyth, Brown University**

Challenging anti-welfare rhetoric

The presentation of the crisis as one of public spending has gone hand in hand with a political narrative that presents welfare as parasitical on economic development and benefit recipients as undeserving ‘free riders’. In opposition to this narrative organisations such as the charities involved in the **Who Benefits** campaign challenge attitudes towards welfare recipients as distorted through political rhetoric. The campaign seeks to document the experiences and circumstances of welfare recipients. In

doing so, they raise awareness and understanding of the realities of the lives of people on benefits, exposing the dominant narrative as an unfair caricature.

In policy terms, an alternative viewpoint is to see benefit provision and the welfare state as a social investment rather than purely as a cost. Experts have sought to reframe the debate in this vein and justify welfare spending on economic grounds. For example, the **Institute for Public Policy Research (IPPR)** conducted a cost-benefit analysis of universal child care programmes, and showed that such services generate wealth by enabling mothers to move into full-time work. They estimated that 25 hours a week of free childcare would generate a net saving of £4,860 per mother in paid employment over four years through increased tax income and benefit savings.⁴³

The **We Own It** campaign aims to shift perceptions about public services – pointing out their value to society, emphasising that public services are owned by the British public and under their democratic control, and raising awareness about the potential pitfalls of privatisation. They challenge the notion that the public sector is failing and that market-based or privatised services are more efficient than state-owned and administered ones.⁴⁴

Exposing the 'shared sacrifices' myth

Much of the government's case for austerity is couched in a narrative about the need for unity in withstanding the effects of cutbacks: for example, 'we are all in this together' and must make 'shared sacrifices'. Those challenging the austerity narrative point out that this does not reflect the way that austerity has been implemented. The government pays only lip service to the notion that 'those with the broadest shoulders' should take on more of the burden.

Researchers from the **London School of Economics** modelled the distributional effects of changes to the tax and benefit system found that poorer and more disadvantaged sectors of society are losing out economically whilst groups on higher incomes have received tax breaks.⁴⁵ The culture of financial services remains unchanged, bonuses have been restored and the city has gone back to business as usual. In fact, public spending cuts have served to deepen inequalities and consolidate the position of economic elites. It is the poorer and most disadvantaged sections of society who have taken on most of the austerity burden.

Research by the **Hardest Hit** campaign shows how disabled people have been disproportionately affected by cuts to benefits and services. The organisation therefore advocates for changes in government policy that rule out targeting disabled people for spending cuts.

Imagining alternatives

Several groups and organisations have responded to austerity with new visions of policy and practice. In these examples, people envisage ways of living, organising services, using budgets and arranging governance that take them beyond austerity. Some offer direct alternatives to the austerity course, through adopting and promoting certain principles and activities, while others present a long-term vision of the future after austerity.

Often these are linked: demonstrating new policies and practices can expand ‘imaginative horizons’ which can inform and inspire future planning. Instead of seeking to adapt in the short-term, or force a return to ‘business as usual’, they seek to change the whole way that ‘business’ is organised.

Local economic development

A group of academics who study former industrial parts of the UK argue that austerity has undermined regional redistribution and that local governments should take matters into their own hands, becoming the unlikely heroes of economic development. Academics from the **Centre for Research on Socio-Cultural Change (CRESC)** advocate “guerrilla local development” and “everyday local economic activity” as alternatives to austerity.⁴⁶

CRESC’s analysis implies that former industrial districts and regions will continue to lose out under existing policies, and hence central government has become “part of the problem” for these regions. In response, local authority members and officers need to develop and test approaches within “a new policy imaginary” which empowers local government to act as “local activists for economic development”.⁴⁷ This involves regionalising supply chains in food processing and distribution; running revenue-earning enterprises based on the utilities necessary to everyday life, such as gas, electricity and water; and backing regional infrastructure projects. This incorporates and extends “remunicipalisation” – a Europe-wide trend in which local governments bring services in-house to improve quality, make savings and increase democratic control

– against the dominant narrative coming from the UK government which implies that privatisation will be more cost effective.⁴⁸

Enfield Council is putting some of these local economic development principles into practice, working with CRESC. They propose to set up a consumer organisation that enables small and medium-sized enterprises (possibly including residents' associations) to join together to increase the size of their orders from external providers for things like energy or banking services. As bulk purchasers, Enfield buyers would have more bargaining power with external providers. In terms of supply chains, the council wants to analyse the links between Enfield-based companies and the components of products being sold in Enfield. They will then seek to require companies, "as far as this is feasible through the council procurement system", to allocate a percentage of the value of the products they sell in the area to Enfield-based components makers.⁴⁹ Enfield is using its own resources and influence to launch certain activities that the private sector is failing to undertake yet are in the interests of local people, such as building social housing and initiating local banking. They are reviving market gardening, and for the first time in 30 years, building council houses.⁵⁰ **Bristol** and **Birmingham Councils** are exploring similar options.

Preston City Council, working closely with the **Centre for Local Economic Strategies (CLES)**, is spearheading a new approach to community wealth building through employee ownership.⁵¹ They are drawing inspiration from the Evergreen Co-operative initiative in Cleveland Ohio, which successfully catalysed a network of green new businesses that are owned by their employees.⁵² The council has worked with a group of anchor institutions in Preston to develop a shared commitment to supporting local businesses when they purchase resources and services, and are also working to support the establishment of local co-ops to fill the remaining gaps in supply for the biggest contracts. A local 'Guild Co-operative Network' has been established to bring together members of existing and prospective co-operatives to provide mutual support and advice.⁵³

Collaborative exchange

Another approach to imagining the future has been to look at the role of mutual exchange, sharing and collaboration in developing an alternative way of organising society and economy. In the future, mutual exchange or "collaborative consumption" could become more important than individualised consumption, with more people connected into supportive, local and online networks.

Timebanks provide an infrastructure through which people can exchange their skills, experience and time without requiring money. If someone volunteers an hour at a timebank – perhaps teaching someone else a new skill or helping them with DIY – they earn a 'time credit' which becomes a tradeable currency through which everyone's time is valued

equally. Timebanking existed before the recent round of austerity cuts, but this move towards a new non-financial currency has been hastened by funding cuts.⁵⁴

Streetbank is another innovation which helps people lend and borrow little-used household items from people living nearby, through a website that helps build local connection. Just about anything that can be lent or given away, including gardening equipment, chairs, tables, filing cabinets, computer games, foreign language tutoring, computer help and bicycle repair. These innovations operate outside monetised markets in goods and services, and hence model the ambition, as Richard Wilkinson said, “that one day we will live in a society rather than an economy”.⁵⁵

Co-production, in which professionals work in equal partnership with people to design and deliver services, demonstrates how public spending and the professional expertise of public servants (including, for example, medics, teachers, local authority officers and youth workers) can be brought together with non-financial human assets (such as personal experience, local knowledge, wisdom and empathy) to achieve better results.⁵⁶ This models a future in which the full range of people’s diverse skills are cultivated, valued and put to good use. Several local authorities have made co-production part of their response to austerity, imagining and implementing a different way of running services, instead of offering the same service but on a reduced budget. Working with **Lambeth Council** and **Cornwall Council**, NEF has shown how youth services can be transformed by co-production, redirecting resources to where young people most value them, and ensuring services make the most of the skills, time and experiences of young people.⁵⁷

Skills Network is a women’s co-operative and charity based in south London.⁵⁸ They bring together women facing a range of challenging circumstances to learn, collaborate and work towards social change through various courses and projects. Together, they envision a society based on inclusivity, equality and interdependence. They model this culture in organisational structures and processes. In practice this means that from the start, course and project participants have group meetings and make decisions with facilitators about practicalities including timings and lunch arrangements. Members who stay involved with Skills Network in the long-term develop core co-operative skills through training and practice and gain full strategic decision making power. If someone has a particular skill, knowledge, interest, or their own project idea, they are supported to take the lead on this aspect of work. For example, some of the women in the group were working towards a Level 3 childcare qualification and have taken the lead on Skills Network’s crèche activities. Decisions about strategy and budget are made through participatory meetings in which everyone’s opinion is equally valued and this is actively upheld by whoever is facilitating the discussion.

Investment rather than cuts

Investment has been proposed as an alternative to austerity by academics, think-tanks and campaigners. The case for a State Investment Bank has been well made, and is increasingly popular.⁵⁹ It could support investment in infrastructure such as transport and social housing and “innovation to develop a low-carbon economy” through lending to small enterprises.⁶⁰ This could be achieved through reform of an existing institution like majority state-owned Royal Bank of Scotland.⁶¹

“End austerity and sustain demand. When no one else is spending, government has to. The government must act to create jobs, boost demand and redistribute wealth to the regions.”

– James Meadway, Senior Economist, NEF⁶²

There is also growing interest in what has become known as ‘green’ and ‘purple’ investment – for example, in renewable energy production and social care. Several economists support calls for universal public provisioning of care services for children, the elderly, the disabled and the sick.⁶³ This requires ‘purple’ investment in all social care sectors. It would have the benefit of creating jobs, and specifically jobs that can go to lower-skilled workers, with opportunities to improve their skills. Evidence suggests that investment in care can match investment in built infrastructure in terms of generating employment.⁶⁴ Some local authorities have invested in childcare provision on top of the government's standard offer to parents. **Camden Council** offers free 25-hour nursery places for 3 and 4 year olds in council-operated children's centres and primary schools. This is 10 hours on top of the government's 15-hour provision and is seen as an investment in child wellbeing and maternal employment.⁶⁵

Community Shares is a website which helps crowdsource investment in community projects, including renewables and local food initiatives.⁶⁶

Bath and West Community Energy raised £722,000 through a community share offer as well as raising £1m loan finance from Scottish and Southern Energy to fund 600kW of solar PV installations in the Bath area.⁶⁷

At the moment this investment is relatively small scale compared to the amount of investment required for projects such as retrofitting social housing with insulation or universalising childcare. Such strategic investments need input on a much larger scale, probably through government. Many of these ideas require a shift in mind-set – from approaches that seek high, short-term returns, to investment plans producing steady, long-term returns which also generate social and environmental value.⁶⁸

Preventative service design and policy-making

Another vision for public services and policy is that they become truly preventative – able to prevent problems before they occur, rather than curing them at a late stage.⁶⁹ Advocates of this approach recognise that services tend to react to complex problems such as crime, obesity, unemployment and mental illness at a late stage where action is most costly and arguably least effective. Acute services are a necessary part of the welfare state, but these should be complemented by measures that seek to prevent social problems from developing. This is an intuitive and common-sense argument in itself. Moreover, it is also appealing to proponents of austerity for its potential to save spending at the more expensive acute end of service provision.

The implementation of austerity has, nevertheless, obstructed the progress of the early action and prevention agenda. Those commissioning and delivering services are under pressure to demonstrate results and this incentivises spending on acute services that deliver short-term results that are also easier to measure. Further ‘upstream’ the causal pathways of social ills become more complex, and evaluating the impact of preventive measures must deal with counterfactuals. This problem underpins Justice Minister Lord McNally’s aversion to prevention. As he put it to the House of Lords, “...we will not devote limited public funds to less important cases on the basis that they *could* lead to more serious consequences”.⁷⁰

In response to this short-sighted position, organisations such as the **Early Action Task Force** have made the case for early action and developed a series of recommendations for hardwiring prevention into public budgets and services.⁷¹ NEF is now working with **Community Action Southwark** and **Southwark Borough Council**, as well as with **Lambeth Council**, to set up and run the Southwark and Lambeth Early Action Commission. This aims to draw on national and local expertise to develop practical recommendations for early action.⁷²

Case Study: Early Action Funders Alliance

The Early Action Funders Alliance (EAFA) is composed of a group of charitable funding organisations and is in the initial stages of developing its programme. Armed with a budget of around £5.5m, EAFA aims to fund a small number of pioneering projects over a period of five years. These will aim to align the strategies, systems, skills and cultures of statutory and voluntary sector organisations with the prevention agenda.

So far, the EAFA is in the process of providing small grants to voluntary organisations that are making the case, and designing strategies, for early action interventions in a range of areas.

EAFA's understanding of early action departs from one that simply sees early intervention as a cost-saving strategy. Although savings are a significant benefit of earlier action, the main purpose of EAFA is to encourage the provision of support for people to live better lives by acting early to prevent social and economic problems.

EAFA's work straddles all three categories: adapt, challenge and imagine. The efficiency savings that early action can lead to means that it aligns with an adapting approach – whereby austerity policies are kept in place, but service outcomes are improved through earlier intervention.

EAFA challenges the low proportion of national public spending assigned to early action – 6%. Since preventive measures are less visible than acute action, it is politically more expedient, but ultimately a false economy, to cut preventive services – keeping the more visible frontline staff that focus on fire-fighting and crisis management, rather than preventing. As such, there is an implicit challenge to austerity coming from EAFA.

Finally, in terms of imagining, EAFA are informed by an alternative understanding of effective public services – one that is not averse to thinking strategically and planning for the long term, knowing that short term difficulties in shifting models will be more than recompensed by future benefits.

Future possibilities

With a general election on the horizon there is a degree of uncertainty about the future of austerity, but more regarding the scale, pace and focus of cuts than their underlying logic. Most of the major political parties are committed to further cuts in some form⁷³ and rarely question the overall desirability of austerity. Groups and organisations throughout the UK will have to continue in developing creative responses to austerity. What responses can be expected in the near future?

The limits of adaptation

There is evidence that the capacity for adaptation for many institutions will be pushed to breaking point. In early 2014, Institute for Fiscal Studies director Paul Johnson cautioned that, “the longer you go on cutting, there is less chance of any fat left to cut and more chance you are getting into muscle and bone”.⁷⁴

Community Link’s longitudinal research with individuals and families warned that the financial and social costs of welfare reform are severe and are likely to worsen, unless cuts are reversed.⁷⁵

Most recently, local government leaders from 119 councils advised Chancellor Osborne that any further budget cuts – in addition to the 40% reduction in local authority funding since 2010 – would have a “detrimental impact on people’s quality of life” and risk “vital services being scaled back or lost altogether”.⁷⁶

Clearer challenges to austerity

With this trend, we anticipate the challenges to austerity will become clearer, stronger and more widespread. They are likely to take a number of forms: pointing out that austerity has not achieved promised outcomes in terms of deficit-reduction and a more stable economy; challenging the fairness of tax breaks at a time of spending cuts; and opposing anti-welfare rhetoric.

Local authorities will seek changes in their budget allocations and request new powers. Charities will call for changes to benefit policies and cuts. They will continue to challenge benefit sanctions, and the need for food-banks. Housing associations will point out the false economy of welfare cuts, in jeopardising their business model by undermining the ability of tenants to pay rent.⁷⁷

More imagination needed

We also anticipate that this will lead to further work in the ‘imagining’ domain. Groups are aware that challenges may be most effective when alternatives can be mooted, that sometimes ‘the best criticism of the bad is the practice of the better’.⁷⁸ Imagining will be needed at multiple levels. The development of alternative macroeconomic policies is continuing, as is innovation such as imagining more preventative and collaborative models of welfare and governance, and trying these out in practice on a local level. Such innovations could become models for prudent and effective collective activities that are worth funding through public spending. There may be potential in groups coming together to extend ‘imaginative horizons’ and develop a shared politics for the future.

Facilitating or undermining austerity?

It is worth pointing out a potential pitfall in the responses we have considered. That is, in a context of austerity, responses can become double edged-swords. They can help develop alternatives to austerity, but can also facilitate its implementation.

Groups and individuals responding to austerity and helping people adapt to welfare reform can be put in the awkward position of collaborating in perpetuating austerity, whether or not they agree with it.

“ You need to challenge austerity, but you also need to help people now. It’s difficult to get around the ‘collaborator’ argument. If you help people adapt, you are partly responsible for implementing austerity for central government.”

– Anonymous local authority member

Even an imaginative alternative such as local economic development could be complicit in perpetuating austerity and its harmful consequences. As discrete examples, local economic approaches have the potential to improve social justice and wellbeing in local areas. But there is the risk that local economic development will come at the expense of geographic equity between places. ‘Do It Yourself’ local economics, without a strategy for redistributing wealth across the country, would naturally favour wealthier areas, especially in the context of local authority budget cuts that have been greater in more deprived areas.⁷⁹

Similar issues apply to mobilising community assets to deliver public services. There is a clear danger that the mobilisation of charities and citizens in the delivery of services is used not as an *addition*, but as a

substitute for the provision of services by public sector professionals at a time of cuts. This is a risk that NEF has noted elsewhere.⁸⁰ In order to avoid this pitfall, the aim should be to build the capacity and resources of people and community assets alongside their mobilisation – especially in poorer areas. This may require investment, not just cuts.

Finally, take the example of shifting resources from spending on acute services upstream in order to facilitate the prevention of social problems. In the context of austerity the desirability of prevention is often based on its cost-saving potential. However, preventive approaches represent much more than this. Prevention can minimise the development of complex conditions, needs and problems.⁸¹ It is based on tackling the root causes of social ills. Prevention arguably requires an extension of universal and free public services and increased investment to generate benefits in the long run. The austerity agenda runs in the opposite direction, expecting the state to deliver ‘the same with less’, which often means cutting services that deliver in the long term to protect those that deliver in the short term. It is important therefore to consider how policy-makers can be motivated to think longer-term if the full potential of prevention is to be realised, not subsumed within another agenda.

A different path altogether

Without a shift away from austerity, many of the groups and organisations described in this report will be highly constrained in their future activities. A wider movement is needed to achieve this.

Developments in southern Europe provide some grounds for measured optimism. New parties in Greece and Spain are gaining traction, advocating policies such as a citizens’ audit of public debt and the adoption of state-led industrial development strategies. The success of such parties in Southern Europe – Podemos achieved 8% of the Spanish vote in just a few months after forming – might support the transfer of new ideas and policies to the UK.

NEF has set out several proposals for a radically different approach in the UK, including a new macro-economic strategy;⁸² a British business bank;⁸³ a good jobs plan;⁸⁴ policy priorities for tackling economic inequality⁸⁵ and a ‘Green New Deal’.⁸⁶ However, achieving a change in policy depends on the development of a wider political movement that can instigate a new economy.

Conclusion

This report has described a variety of ways in which groups in the UK have responded to austerity ‘creatively’ – by which we mean continued to advance the cause of social justice in spite of austerity. ‘Creative responses’ are categorised into three main groups: those that seek to adapt the pursuit of social justice to the conditions set by austerity; those that challenge austerity; and those that imagine alternatives. These responses bear testament to the continued strength of the commitment to social justice in the UK.

Some important future difficulties for those seeking to maintain and expand efforts to achieve social justice have been outlined. Acceptance of austerity at national level means that most creative responses are small-scale, local initiatives. Their transferability to other contexts and scalability remains largely untested.

Furthermore, the future viability of some of the responses we have considered hangs in the balance. Cuts in spending look set to deepen, and this will increase the difficulties faced by community organisations, charities and local authorities already struggling with a lack of resources.

Finally, there is the risk that responses we have considered, such as mobilising community assets and promoting local economic development, can be co-opted by the austerity agenda.

With the limits to adaptation on the horizon, further challenges to austerity from diverse groups and stronger networks will need to be developed to push for alternatives on a UK-wide scale.

Endnotes

- 1 Slay, J. & Penny, J. (2013). *Surviving austerity: Local voices and local action in England's poorest neighbourhoods*. Retrieved from <http://www.neweconomics.org/publications/entry/surviving-austerity>; Roberts, E. & Price, L. (2014). *Tipping the balance: A qualitative study on the cumulative impacts of welfare reform in the London Borough of Newham*. London: Community Links.
- 2 Office for Budget Responsibility. (2014). *Commentary on the Public Sector Finances release: October 2014*. Retrieved from <http://budgetresponsibility.org.uk/wordpress/docs/Nov-2014-commentary.pdf>; Meadway, J. (2014, 22 October). *Why the cuts aren't working [blog]*. Retrieved from <http://www.neweconomics.org/blog/entry/why-the-cuts-arent-working>
- 3 Meadway, J. (2014, 22 October). *Why the cuts aren't working [blog]*. Retrieved from <http://www.neweconomics.org/blog/entry/why-the-cuts-arent-working>
- 4 Chu, B. (2014, 22 December). *Labour's cuts really would be less deep [blog]*. Retrieved from <http://blogs.independent.co.uk/2014/12/22/labours-cuts-would-be-less-deep/>
- 5 Wilson, T., Morgan, G., Rahman, A. & Vaid, L. (2013). *The local impacts of welfare reform*. Local Government Association. Retrieved from http://www.local.gov.uk/publications/-/journal_content/56/10180/4098780/PUBLICATION; Roberts, E. & Price, L. (2014) *Tipping the balance: A qualitative study on the cumulative impacts of welfare reform in the London Borough of Newham*. London: Community Links.
- 6 After housing costs are factored in. Carr, J., Councell, R., Higgs, M. & Singh, N. (eds) (2014). *Households Below Average Income: An analysis of the income distribution 1994/95 – 2012/13*. London: DWP.
- 7 Local Government Association. (2014, 12 May). *Councils reaching "end of road" for managing cuts through efficiency savings*. Retrieved from http://www.local.gov.uk/media-releases/-/journal_content/56/10180/6172733/NEWS
- 8 Adaptation. (2015). In *Encyclopædia Britannica*. Retrieved from <http://www.britannica.com/EBchecked/topic/5263/adaptation>
- 9 Rettew, J. (2009). Adaptability. In: Lopez, S. (ed), *The Encyclopedia of positive psychology*. Oxford: Blackwell.
- 10 Bunyan, P. & Diamond, J. (2014). *Approaches to reducing poverty and inequality in the UK: A study of civil society initiatives and Fairness Commissions*. Ormskirk: Edge Hill University.
- 11 *Ibid.*
- 12 Taylor, C. Modern Social Imaginaries. *Public Culture*, 14(1), p. 106.
- 13 Khasnabish, A. & Haiven, M. (2012). Convoking the radical imagination: Social movement research, dialogic methodologies, and scholarly vocations. *Cultural studies – Critical Methodologies*, 12(5), pp. 408-421.
- 14 *Ibid.*
- 15 Manchester City Council. (2014, 5 June). *New foster programme to help Manchester children in care*. Retrieved from http://www.manchester.gov.uk/news/article/6884/new_foster_programme_to_help_manchester_children_in_care
- 16 Griffiths, A. & Meinicke, C. (2014). *Introduction to social impact bonds and early intervention*. London: Early Intervention Foundation.
- 17 Altogether Better West Cheshire (n.d). *Integrated assets [web page]*. Retrieved from http://www.altogetherbetterwestcheshire.org.uk/?page_id=2184 [accessed 15 December 2014].
- 18 Altogether Better West Cheshire (n.d). *Work ready individuals. [web page]*. Retrieved from http://www.altogetherbetterwestcheshire.org.uk/?page_id=2180 [accessed 15 December 2014].
- 19 Ski Rossendale Social Enterprise (n.d). *Ski Rossendale Social Enterprise – That's us! [web page]*. Retrieved from <http://www.skirossendale.co.uk/about-ski-rossendale.html> [accessed 15 December 2014].
- 20 Rossendale Borough Council (n.d). *New partners for Rossendale Museum*. Retrieved from http://www.rossendale.gov.uk/info/200096/tourism_and_travel/440/new_partners_for_rossendale_museum [accessed 15 December 2014].
- 21 Smerdon, M. & Randall, J. (2013). *Future Advice: Strengthening the voluntary sector grants programme 2012-2015*. The Baring Foundation.
- 22 Islington Council. (n.d). *Free school meals and uniform grant*. Retrieved from <http://www.islington.gov.uk/services/schools-learning/Pages/free-school-meals.aspx> [accessed 1 December 2014].

-
- 23 Apps, P. (2014, 7 November). Social landlords plan groundbreaking energy company. *Inside Housing*.
- 24 After housing costs are factored in. Carr, J., Councell, R., Higgs, M. & Singh, N. (eds). (2014). *Households Below Average Income: An analysis of the income distribution 1994/95 – 2012/13*. London: DWP.
- 25 Gibbons, D. (2012). *Improving practice in the rent to own market*. London: Centre for Responsible Credit.
- 26 *Ibid.*
- 27 Sitkin, A. (2012). Tales from the frontline of regeneration. *Soundings*, 52, pp. 147-160.
- 28 Donald, A. (2014, 10 July 2014). *Fighting austerity: Why we need to talk about human rights* [blog]. Retrieved from <http://www.classonline.org.uk/blog/item/fighting-austerity-why-we-need-to-talk-about-human-rights>
- 29 *Ibid.*
- 30 *Ibid.*
- 31 End Hunger Fast. (2014, 4 May). *That's it from the End Hunger Fast Campaign* [blog]. Retrieved from <http://www.endhungerfast.co.uk/thats-end-hunger-fast-campaign>
- 32 The People's Assembly Against Austerity. (n.d.). *What we stand for* [webpage]. Retrieved from http://www.thepeoplesassembly.org.uk/what_we_stand_for [accessed on 1 December 2014].
- 33 *Ibid.*
- 34 Clarke, J. & Newman, J. (2012). The alchemy of austerity. *Critical Social Policy*, 32, pp. 299-319.
- 35 *Ibid.*
- 36 Lupton, V. (2014, 10 October). *Power and solidarity at the grassroots* [blog]. Retrieved from <http://www.opendemocracy.net/5050/victoria-lupton/power-and-solidarity-at-grassroots>
- 37 Belgrave, K. (2014, 21 February). *Focus E15: The young mothers' struggle for universal housing* [blog]. Retrieved from <http://www.opendemocracy.net/opensecurity/kate-belgrave/focus-e15-young-mothers-struggle-for-universal-housing>
- 38 Chakraborty, A. (2014, 23 September). For real politics, don't look to parliament but to an empty London housing estate. *Guardian: Comment is free*.
- 39 Lupton, V. (2014, 10 October). *Power and solidarity at the grassroots* [blog]. Retrieved from <http://www.opendemocracy.net/5050/victoria-lupton/power-and-solidarity-at-grassroots>
- 40 Blyth, M. (2013). *Austerity, the History of a Dangerous Idea*. Oxford: Oxford University Press.
- 41 Guajardo, J., Leigh D. & Pescatori, A. (2011). *Expansionary austerity: New international evidence*. IMF Working Papers. International Monetary Fund.
- 42 Blyth, M. (2013). *Austerity: The history of a dangerous idea*. Oxford: Oxford University Press. p 226.
- 43 Ben Galim, D. (2011). *Making the Case for Universal Child Care*. Retrieved from <http://www.ippr.org/publications/making-the-case-for-universal-childcare>
- 44 We Own It. (n.d.). *Five reasons why public ownership is better for you*. Retrieved from <http://weownit.org.uk/public-ownership> [accessed on 1 December 2014].
- 45 Agostini, P. Hills, J. & Sutherland, H. (2014). *Were we really all in it together? The distributional effects of the UK coalition government's tax-benefit policy changes*. Working Paper: Centre for the Analysis of Social Exclusion, London School of Economics and Political Science.
- 46 Froud, J., Johan, S., Moran, M. & Williams, K. (2012). Must the ex-industrial regions fail? *Soundings*, 52, pp. 133-146.
- 47 *Ibid.*
- 48 Hall, P., Lobina, E. & Terhorst, P. (2012). *Remunicipalisation in Europe*. London: Public Services International Research Unit.
- 49 Sitkin, A. (2012). Tales from the frontline of regeneration. *Soundings*, 52, pp. 147-160.
- 50 *Ibid.*
- 51 Preston City Council. (n.d). *Community Wealth Creation*. Retrieved from: <http://www.preston.gov.uk/businesses/co-operatives/preston-co-operative-initiative/> [accessed 2 December 2014].
- 52 Slay, J. & Penny, J. (2013). 'Box 12: Evergreen Co-operatives, Cleveland, Ohio, USA' in *Surviving austerity: Local voices and local action in England's poorest neighbourhoods*. Retrieved from <http://www.neweconomics.org/publications/entry/surviving-austerity> p. 55.
- 53 *Ibid.*

-
- 54 Gregory, L. (2010). *Time in service delivery: Exploring the use of time credits to deliver social policies*. Cardiff School of Social Sciences Working Paper Series. Retrieved from <http://www.cardiff.ac.uk/socsi/resources/wp132.pdf>
- 55 Wilkinson, R. (2014, 27 June). One day we will live in a society... not an economy. Speech to NEF Fairness Convention, reported in the *Islington Tribune*.
- 56 Harris, M. and Boyle, D. (2009). *The Challenge of Co-production*. Retrieved from <http://www.neweconomics.org/publications/entry/the-challenge-of-co-production>
- 57 Slay, J. (2014). *Transforming youth services: Unlocking value through co-production*. Retrieved from <http://www.neweconomics.org/publications/entry/transforming-youth-services>
- 58 Skills Network. (n.d.) *Skills Network: Collective learning, collective action [homepage]*. Retrieved from www.theskillsnetwork.org [accessed 17 January 2015].
- 59 Dolphin, T. & Nash, D. (2012). *Why we need a British Investment Bank*. London: IPPR; Marshall, A. (2012). *The case for a British Business Bank*. London: British Chambers of Commerce.
- 60 Tott, N. (2013). *The Case for a British Investment Bank: A Report for Labour's Policy Review*. Newcastle: Your Britain (Labour's online policy hub).
- 61 Meadway, J. (2013). *Why we need a new macroeconomic strategy*. Retrieved from <http://www.neweconomics.org/publications/entry/why-we-need-a-new-macroeconomic-strategy>
- 62 *Ibid.*
- 63 Ilkcaracan, I. (2013). The purple economy: A call for a new economic order beyond the green economy. *Sustainable economy and green growth: Who cares? Berlin: Genanet*, pp. 32-37.
- 64 *Ibid.*
- 65 Camden Council (n.d.). 'Childcare'. Retrieved from <http://www.camden.gov.uk/ccm/navigation/education/childcare> [accessed 1 December 2014].
- 66 Community Shares. (n.d.) *Homepage*. Retrieved from <http://communityshares.org.uk/> [accessed 17 January 2015].
- 67 Community Shares (n.d.). Bath and West Community Energy [webpage]. Retrieved from <http://communityshares.org.uk/case-studies/bath-and-west-community-energy> [accessed 1 December 2014].
- 68 Meadway, J. (2013). *Why we need a new macroeconomic strategy*. Retrieved from <http://www.neweconomics.org/publications/entry/why-we-need-a-new-macroeconomic-strategy>
- 69 Coote, A. (2012). *The Wisdom of Prevention*. Retrieved from <http://www.neweconomics.org/publications/entry/the-wisdom-of-prevention>
- 70 Lord McNally, as quoted in The Early Action Taskforce, *The Deciding Time: Prevent today, or Pay Tomorrow*, London: Community Links.
- 71 Early Action Task Force. (2013). *The Deciding Time: Prevent today or Pay Tomorrow*. Retrieved from <http://www.community-links.org/earlyaction/the-deciding-time/>
- 72 Coote, A. (2014, 13 November). *Groundbreaking Early Action Commission launched [blog]*. Retrieved from www.neweconomics.org/blog/entry/groundbreaking-early-action-commission-launched
- 73 Chu, B. (2014, 22 December). Labour's cuts really would be less deep [blog]. Retrieved from <http://blogs.independent.co.uk/2014/12/22/labours-cuts-would-be-less-deep/>
- 74 As quoted in Cecil, N. (2014, 21 February). George Osborne cuts will see another £50bn slashed. *London Evening Standard*. Retrieved from <http://www.standard.co.uk/news/politics/george-osborne-cuts-will-see-another-50bn-slashed-9109125.html>
- 75 Roberts, E. & Price, L. (2014). *Tipping the balance: A qualitative study on the cumulative impacts of welfare reform in the London Borough of Newham*. London: Community Links.
- 76 Sparks, D *et al.* (2014, 30 November). Council leaders of all parties plead for no more cuts. *The Observer*. Retrieved from <http://www.theguardian.com/theobserver/2014/nov/30/letters-council-leaders-across-spectrum-plead-no-more-cuts> ; Bridge, T. (2014, 1 December). Leaders of 119 councils demand devolution and end to austerity. *LocalGov*. Retrieved from <http://www.localgov.co.uk/Leaders-of-119-councils-demand-devolution-and-end-to-austerity/37715>
- 77 Ratcliffe, R. (2014, 1 October). Benefit cut could force social landlords to turn tenants away. *Guardian Professional*. Retrieved from <http://www.theguardian.com/big-ideas/2014/oct/01/benefit-cut-forces-social-landlords-turn-tenants-away> ; HALLO, LSE Housing and Communities, & CASE. (2014). *Work and welfare reform: Impacts in the South West*. Retrieved from <http://sticerd.lse.ac.uk/dps/case/cr/casereport81.pdf>
- 78 This is a core principle of the Center for Action and Contemplation.

- 79 Hastings, A. *et al.* (2013) *Coping with the cuts? Local government and poorer communities*. York: JRF. "Cuts in spending power and budgeted spend are systematically greater in more deprived local authorities than in more affluent ones, with a difference of around £100 per head in both England and Scotland; cuts are also generally greater in the North and Midlands than in the south of England, and in the west rather than the east of Scotland."
- 80 Coote, A. (2010) *Cutting It: The 'Big Society' and the new austerity*. Retrieved from <http://www.neweconomics.org/publications/entry/cutting-it>
- 81 Coote, A. (2012) *The Wisdom of Prevention*. Retrieved from <http://www.neweconomics.org/publications/entry/the-wisdom-of-prevention>
- 82 Meadway, J. (2013). *Why we need a new macroeconomic strategy*. Retrieved from <http://www.neweconomics.org/publications/entry/why-we-need-a-new-macroeconomic-strategy>
- 83 Seaford, C., Prieg, L., Greenham, T. & Shah, S. (2013). *The British Business Bank: Creating good sustainable jobs*. Retrieved from <http://www.neweconomics.org/publications/entry/the-british-business-bank>
- 84 Meadway, J., Seaford, C., Greenham, T., Wallis, S. & Johnson, V. (2011). *The Good Jobs Plan: A new approach to industrial strategy*. Retrieved from <http://www.neweconomics.org/publications/entry/the-good-jobs-plan>
- 85 Shaheen, F. & Kersley, H. (2014). *Addressing economic inequality at root*. Retrieved from <http://www.neweconomics.org/publications/entry/addressing-economic-inequality-at-root>
- 86 Green New Deal Group. (2008). *A Green New Deal: Joined-up policies to solve the triple crunch of the credit crisis, climate change and high oil prices*. Retrieved from <http://www.neweconomics.org/publications/entry/a-green-new-deal>

Written by: Sarah Lyall and Adrian Bua

With thanks to: Anna Coote and Joe Penny for their help in drafting this report, and to the individuals, groups and organisations that took part in the research.

Designed by: the Argument by Design – www.tabd.co.uk

Cover image: MOD via flickr.

Made possible by generous support from: The Barrow Cadbury Trust and City Bridge Trust



New Economics Foundation

www.neweconomics.org
info@neweconomics.org
+44 (0)20 7820 6300
@NEF



Registered charity number 1055254
© February 2015 New Economics Foundation
ISBN 978-1-90850-74-0