

community links

# CREATE:

## A Community Allowance

Proposals from the CREATE Consortium



**Jess Steele and Aaron Barbour**

The CREATE consortium includes BURA, the National Community Forum, Community Links, Slivers-of-Time, and the Development Trust Association

**CREATE:**  
**A Community  
Allowance**

*“If local people aren’t doing the job...  
the job isn’t being done”*

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## About the CREATE Consortium

A range of organisations have come together to form the CREATE Consortium in order to make the Community Allowance a reality. Its members include:

### British Urban Regeneration Association (BURA)



Promoting best practice in regeneration, BURA is the leading independent organisation for urban regeneration in the UK. It was formed in 1990 to provide a forum for the exchange of ideas, experience and information for the emerging regeneration sector. BURA is the leading independent organisation in the field of regeneration.

Visit: [www.bura.org.uk](http://www.bura.org.uk)

### Community Links



Community Links is an innovative inner city charity running community-based projects in east London. Founded in 1977, we now help over 50,000 vulnerable children, young people and adults every year, with most of our work delivered in Newham, one of the poorest boroughs in Europe. Our successes influence both community-based organisations nationwide and government policy.

Visit: [www.community-links.org](http://www.community-links.org)

### Development Trusts Association



The aim of the Development Trusts Association is a successful development trust in every community that wants one. There are over 400 development trusts across the UK, all community owned and led. They cultivate enterprise and build assets; and secure community prosperity - creating wealth in communities and keeping it there. Visit: [www.dta.org.uk](http://www.dta.org.uk)

### National Community Forum



NCF comprises 24 community activists who work on neighbourhood renewal issues in deprived neighbourhoods. They act as a sounding board to the Department for Communities and Local Government's civil servants and ministers, by providing a communities perspective on government programmes for 'disadvantaged' people and communities.

Visit: <http://www.neighbourhood.gov.uk/page.asp?id=521>

### Slivers-of-Time



Millions of hours go unsold in the British economy every day. The individuals who have that unused time badly want to sell. They want the extra cash, skills and self-esteem. Employers want to buy. Supply and demand is so complex that the market for irregular hour-by-hour working barely exists. "Slivers-of-Time" provides an online marketplace of local people selling their "Slivers-of-Time" and local employers buying top-up workers as required.

Visit: [www.sliversoftime.com](http://www.sliversoftime.com)

## **CREATE Consortium**

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## Summary

**CREATE aims** to improve neighbourhoods and change lives by enabling local people on benefits to take up paid short-term and sessional work in regeneration, without losing their benefits status.

### **The Community Allowance is**

- A simple and dynamic support package enabling local people to do valuable and preventative work in their local communities through local organisations.
- A package of training, work and personal support delivered very locally by trusted community groups and public interest organisations.

### **It's all about**

- Allowing people on benefits to do the jobs that currently aren't being done to improve and regenerate their areas.
- Putting people back into work gaining experience and employability in a supportive environment.
- Refocusing the time wasted by vulnerable people on active compliance with the rules to get them actively engaged in local work.
- Using the benefits spend as a stepping stone that invests in the individual, the neighbourhood and in society.

### **The rationale**

- The money is already committed, the people are already in place, the local organisations are already active, the need for the work is already proven...
- ...but the benefit system prohibits, traps and actively discourages people from doing these jobs.

### **What needs to happen?**

- We need to convince the Secretary of State to issue regulations within the Welfare Reform Act 2007 laying out the circumstances in which claimants can undertake work through the Community Allowance while their benefits status is protected.
- We need to build the CREATE network of partners who support the proposals and would like to use the Community Allowance to achieve regeneration and address worklessness in their own areas.

## Overview

The Community Allowance outlined in this report comes from the first hand experience of grassroots community organisations. It has been developed over more than five years by the National Community Forum (NCF) through ongoing discussions with a wide range of community-focused partners at national and local level throughout England, and was the focus of the '*Unlocking Poor Neighbourhoods*' conference organised by BURA in March 2006.

The NCF has presented the Community Allowance to ministers and senior civil servants of the Department for Communities and Local Government (DCLG) and the Department for Work & Pensions (DWP), and has achieved recognition from both departments that welfare benefits are a regeneration issue.

CREATE: the Community Allowance aims to make a productive link between the most substantial public spend in poor neighbourhoods and the abilities of those neighbourhoods to liberate themselves from poverty and poor services.

In 2005-06, as a society, we spent £79bn per annum on non-pensionable welfare benefit payments. Welfare has become a defining part of many individual's lives. 5.4 million working-age Britons rely on state aid. 71% of these remain on benefits for longer than one year (Boys Smith, 2006). However, this money does not currently serve any purpose beyond keeping claimants 'out of the gutter'. Meanwhile, the jobs that need doing in those areas – mostly part-time, short-term, sessional and unpredictable – simply do not get done because the people best placed to do them are excluded by the bureaucratic weight and inflexibility of the benefits system.

By releasing the potential of individuals through community action at neighbourhood level, this 'phantom economy' could contribute to a raft of aspirations - the 80% employment rate, lifting children out of poverty, engaging civil society in a joint effort with government to achieve social change.

Until local social, physical and economic regeneration programmes can recruit, support, employ and pay local residents to do the work required in neighbourhoods they will be continually underdeveloped. Local people need to be active in a wide range of visible roles in neighbourhoods. Decision-making and place-shaping are important, but the *caring, sharing, supportive, cleaning, greening, keeping-safe, checking-over, sorting-out, neighbourhood managing, wardens, lollipop ladies, befriending, youth-work, sports and social, healthy living, conflict-resolving, care-taking roles* are of fundamental value in making and sustaining communities. These are the roles that can prevent many of the problems that government programmes seek to address from arising in the first place.

Without local people endlessly building the community economy and stitching the social fabric in these ways, the world of regeneration remains a long way from ground level, and incapable of fulfilling its good intentions.

## What is the problem?

*'The mothers of the kids I look after are my friends. This is an arrangement between me and them. If I registered I would have to declare my earnings, pay taxes and lose benefits. I don't want to do that until I am in a secure job. Plus, I am helping others to go to work by looking after the children; so it's not bad.'*

*Keeza, aged 29, 2006*

*'I feel I pay back my social security benefits by helping others. I do a lot of voluntary work. People that work nine to five cannot do voluntary work, so it falls onto someone like myself. If you put together the efforts of those who volunteer, the work they do pays for their benefits.'*

*Laura, aged 24, 2006*

In 2005-06, £79 billion was spent on non-pensionable benefits. This acts as a safety net (often not a very secure one), rather than a ladder; it counts as revenue expenditure not an investment in human capital, so trapping many people in a no-win situation of poverty that keeps them doing 'nothing' because doing 'anything' is too risky.

Total government spend is around £400 billion. So nearly one fifth of our taxes are being spent on keeping people in poverty, compared with £96bn spent on health, £73bn spent on education and £32bn spent on law and order (DWP, 2006-07; HMT, 2006).

In poor neighbourhoods, the benefits spend is the single largest element of public spending. This concentration of poverty has a serious impact on local neighbourhoods. Let us 'bend the spend' and make this major investment work. Why not spend this money better and enable people to build their own ladders out of poverty rather than keep them in a state of limbo? If those neighbourhoods improve, we will all benefit.

There is an acknowledged lack of support for the transition process for 'those left behind' by welfare to work. Research (SEU, 2004; No10 Strategy Unit, 2005) shows that those left behind will not be best served by more of the same because they face multiple disadvantages and higher barriers.

The benefits system is very old-fashioned in its understanding and thinking, mirroring a working world focused on the 35-hour week. The world of work has moved on. These days, particularly in neighbourhood regeneration, the jobs are not like that. They are short-term, part-time, sessional, irregular and unpredictable. The current system actively discourages this more flexible and widespread way of working.

*"There are thousands of people in Newham with commitments like caring for children, and other dependents, studying or medical constraints that make it impossible for them to enter the conventional labour market."*

*Sir Robin Wales, Mayor of Newham, 2006*

Complying with the complicated rules is a serious burden for individual claimants, for their advisers and for other Jobcentre Plus staff. There are 51 separate benefits compared with 27 in 1979, and only 7 in 1948 (Boys Smith, 2006). The best way to simplify the system for the most vulnerable is to take people outside of the standardised regime and channel their energy into active engagement with trusted local organisations.

Since the current benefits system cannot respond to contemporary work patterns, it is not surprising that people on benefits will not take the risk of coming off benefits to take short-term, part-time work because of the delays, uncertainties and disincentives which arise as a result of entering such work. People would be jeopardising their own security, and that of their family, potentially unable to pay for food, rent, other bills and basics - a risk too great for any rational being. Many are 'trapped'. Risk, uncertainty and delay are unacceptable for people already living on the edge.

The biggest fear is of losing benefit status and access to 'passport benefits' like free prescriptions, free school meals, and help with school uniforms. Rules have been changed over the years but these changes have been piecemeal, obscure and variably administered. Ask in your local JobCentre Plus about the Linking Rules, the Roll-on provisions, In-work Credits, Earnings Disregards, and Permitted Work – you will be confused within minutes. Now try it from a position of relative and absolute poverty. Uncertainty runs particularly deep in the system at the interface between income benefits and housing benefit – an uncomfortable place where the worst scenario is eviction and homelessness. Replacing housing benefit remains the largest barrier for many people when trying to come off benefits. The benefits trap is very real and alive today.

*'Government should allow claimants to keep some of the key benefits such as Housing Benefit when people get into low-paid work, rather than severing them off straight away and throwing people in at the deep end. When people get a job, you would want them to keep it, but if they face extreme difficulties including homelessness because they can't afford to rent, they may not keep the job, and sooner than later they will be on welfare again.'*

*Advice worker from Newham, 2006*

Interestingly, large numbers of people on benefits have been a target over the past decade not just of welfare to work policies but of government programmes around health, education, skills training, neighbourhood renewal and the rest. In theory these are exactly the people that social justice would prioritise for engagement. In practice it is often too difficult. The CREATE Consortium would like to ask the government: 'what is the current benefits trap policy?'

*'The government says they encourage user involvement and participation, but rules are very restrictive on how to remunerate service users who are actually skilled and well versed with the kind of work we do. If we involve them more and pay them more than the expense limit, then we and the volunteers are obliged to declare. Service users do not want to declare bits of short work for fear of losing benefits. Even if we paid them a little more, they would still not be earning enough or getting the equivalent of their benefit level. We end up not being able to engage them constructively, which would be beneficial to them and to the organisation.'*

*Service user involvement officer, 2006*

The alternative for many people in poverty, living on benefits, is to turn to informal paid work. Research by Community Links over the last seven years suggests that it is an integral part of the socio-economic fabric of some communities in deprived areas. There is a paradox to informal paid work. On one hand it takes people out of absolute poverty - as they can now pay for some basics like heating and paying-off debts - but at the same time it traps people in relative poverty because they are now working outside the mainstream, so they cannot access those mechanisms designed to support them out of poverty such as tax

credits, national minimum wage and a pension. People can become trapped in informal low-paid, low-skilled work, with little future.

Despite limited research (Williams, 2004), it appears that formalisation, or even some tolerance towards informal economic activity in deprived neighbourhoods, is hampered by the only measures available to statutory authorities, which are draconian; and by the content and tone of recent media campaigns (Katungi et al, 2006). While there are indications that statutory agencies wish to respond to varying local contexts, the out-dated benefits system cannot respond to today's patterns of work.

Recent research (NHPS 2003; Cattell & Evans, 1998) indicates that the defining factor which takes people out of poverty is work. Community Links research also shows that (informal) paid work can have a positive role in people's lives, keeping them from poverty, developing confidence and skills, and building social capital (Travers, 2001). The Community Allowance draws on this evidence. It will enable people to build their own ladders out of poverty, by working, and as they do so they will be serving and regenerating their local communities.

We believe there are hundreds, possibly thousands, of community organisations, charities, development trusts, settlements, regeneration agencies, and public sector teams that would like to pay local residents to undertake work in and around their projects or services. This work would benefit local neighbourhoods, preventing more intransigent problems from arising later, whilst increasing local people's skills and confidence. At present these agencies are hamstrung by the system and most of the work simply does not get done.

## Key features of the Community Allowance

*“If local people aren’t doing the job...the job isn’t being done”*

*CREATE: the Community Allowance*

### **Recognising small steps**

The Community Allowance will establish ‘a ladder of small steps’, engaging people to begin the journey from dependency to employability, through paid, local community activity, averaging less than 16 hours per week, while guaranteeing protection of their benefit status for a period of up to 52 weeks, within a framework clearly focused on individual progression towards greater independence.

### **Broadening involvement**

The Community Allowance aims to broaden the range of public interest organisations involved in employability support to help achieve the national 80% employment target by 2010, and reflect the re-structuring of DWP services begun by the Gershon review and re-envisaged by the Freud review. It enables the ‘tiny, trusted groups’ of civil society and the non-employment focused departments of public-interest organisations to play their full role in reaching the most vulnerable (‘those left behind’). It broadens the range of organisations that can support them in their journey to overcome obstacles and build new lives that include independent work, while achieving social and community regeneration in poor neighbourhoods.

### **A simple system**

The Community Allowance is an extremely simple system with minimal wastage on compliance activities and maximum investment in support and development work. Building on permitted work precedents, the Community Allowance would enable a CREATE partner—local public interest organisations (charities, development trusts, councils and so on) – to recruit, employ (pay) and support a cohort of local residents on benefits to undertake identified community mini-jobs (part-time, short-term or sessional). The CREATE partner organisation would act as a Neighbourhood Action ILM (intermediate labour market), registering the participants for the Community Allowance by issuing an exemption certificate to JobCentre Plus.

Participation in the Community Allowance effectively replaces the need for active engagement with the existing *bureaucratic regime and shifts the burden of compliance from the individual onto the CREATE partner which is much better equipped to deal with it*. The change of circumstances is declared just once by submission of the CREATE exemption certificate to Jobcentre Plus. This triggers a simple change to an ‘inactive’ claim, whereby benefits continue to be paid as before for a period of up to 52 weeks or until the relevant CREATE partner submits the demobilisation certificate to indicate that the individual has moved on from the Community Allowance (either into work or by returning to the mainstream regime). After the initial submission of the Exemption Certificate, the CREATE partner would meet regularly with the JobCentre Plus personal adviser/s to discuss their participants’ progress and to build longer-term working relationships.

### **Framed nationally, delivered locally**

In line with current thinking about the relationship between central government and local delivery, the Community Allowance would be framed and supported at a national level but developed and delivered locally with leadership and priority-setting by City Strategy Consortia and deep engagement by neighbourhood partners.

### **Pooled costs**

The proposed plans indicate a very small central spend to support the national consortium and meet the costs of independent evaluation. This could be provided through a combination of government and independent grant support. The CREATE partners or Neighbourhood Action Intermediate Labour Markets would be provided with core support through their City Strategy Consortia (from pooled budgets – see page 19). The sessional wage costs come from local renewal programmes and mainstream public/voluntary funding already available in most neighbourhoods.

### **Who are the participants?**

Viewed at ground-level, the diverse barriers faced by people far from the labour market do not neatly match their specific benefits status. For example, young people leaving care or people leaving prison tend to be on Jobseekers Allowance (JSA) but their barriers to work are formidable. On the other hand, there are people who have been on Incapacity Benefit (IB) for years but are engaged, skilled and articulate. Lone parents are a key target group for the Community Allowance due to the impact on child poverty and the motivation that children bring to parental involvement in local community improvement work. Meanwhile, the system is changing with the introduction of the Employment & Support Allowance (ESA) and the longer-term implications of the Freud review and report into the future of the welfare system.

We recognise that in the immediate policy context, the only benefit group with a clear capacity for 'permitted work' are IB claimants who are allowed to earn up to £85.60 per week for up to 52 weeks (though any earnings are counted as income so reducing their housing benefit entitlement – the 'Catch 22' of these policies shows that one does not work with the other). We are willing to concentrate on this group initially, in order to demonstrate the potential of the Community Allowance, but will continue to request extensions to include lone parents and longer-term JSA claimants (i.e. those on New Deal).

### **What are the precedents?**

A distinguishing aspect of the Community Allowance is the extent to which benefit status is protected while the Jobcentre Plus (JCP) regime 'hands over control of the customer', to a trusted partner, based in the community – a local organisation that is able to reach out and win the trust of people who are seriously alienated from officialdom, or who have only had negative experience of dealing with bureaucracy or are actually trapped by the rules as they stand. It is our argument that the way JCP 'claws-in control' is a key contributing factor to the alienation of this client group from statutory agencies. Suspending the conditionality of benefit status, however temporarily, involves a measure of trust between JCP (government) and the CREATE partner (community sector). This mutual trust will need to be earned but it fits with the broader direction of policy (i.e. developing local partnerships with the voluntary and community sector), including that outlined in the recent Freud review.

There are precedents for JCP relinquishing control in this way. For example, the Lone Parent Innovation Fund included a number of schemes where claimants were transferred from the JCP regime to a particular contractor for the whole 52 weeks. Employment Zones offer another precedent for this approach. It also has similarities with an employment option within New Deal.

**In conclusion**

Doing nothing is not an option. We need to be bold, respond to the times, and try out new and innovative ways of getting more local people into work, actively involved in regenerating their own communities, and out of the benefit trap. Jim Murphy, Minister for Employment, agrees that we must move beyond the old-fashioned view focused on 'full employment for able-bodied men'. If an 80% employment rate and the halving of child poverty by 2010 are to be achieved, then both systemic and individual change is needed. The Community Allowance provides one of the answers to help to achieve this.

## Barriers to the Community Allowance

The National Community Forum was invited on 2<sup>nd</sup> May 2006 by the Rt Hon Margaret Hodge, then Minister for Welfare to Work, to submit a proposal about CREATE: a Community Allowance in the expectation that the current welfare system was flexible enough to accommodate its key features within existing programmes and with no need for new legislation.

However, a critical barrier is the impact of permitted work on Housing Benefit/Council Tax Benefit, including for Incapacity Benefit claimants who access their right to a higher earnings disregard (this option is taken up by 2% of the current 'stock' of IB claimants). People need to feel that their basic needs are protected and they will not be jeopardising their homes, and therefore their families.

Ministers and senior civil servants have assured the CREATE Consortium that there is little or no impact on Housing Benefit. Sadly, this turns out to mean that housing benefit rules take no account of the 'permission to work' and therefore count all but £20 of the earnings in re-calculating Housing Benefit entitlement. Not only does this involve an 85% claw-back of housing benefit (surely among the highest taxation that anyone has ever paid in this country), but it illustrates how ill-equipped the benefit system is to deal with sessional, seasonal or short-term working patterns. Re-calculating the benefit level is a burden for the bureaucracy and an intolerable stress-load for the claimant.

Until this hidden trip-wire can be resolved, it would be irresponsible of independent advocates of community regeneration to encourage local people on Incapacity Benefit to take-up the opportunities to do community work in their local neighbourhood.

At least the barrier is now clear and in full focus. In our reading of the Welfare Reform Act 2007 and its explanatory notes, it is in the power of the Secretary of State to make Regulations that could deal with this problem, either in general (by protecting Housing Benefit / Council Tax Benefit for claimants undertaking permitted work in general) or through a focused approach relating directly to the Community Allowance.

Of course there is risk involved whenever a new programme is in development, however the CREATE Consortium are mitigating this by undertaking a feasibility study and cost-benefit analysis, and conducting a number of practical pilots to test the Community Allowance in operation. The Consortium is made up of members with many years experience of designing, delivering and evaluating frontline services. We aim to build a robust evidence base, develop a strong network among potential local delivery partners, and show how the Community Allowance can be rolled out across the UK.

The Community Allowance is a bold proposal to achieve considerable regenerative change in our local communities. It already has the backing of a number of organisations and individuals across the country, but it needs the political will of government departments and ministers needs to ensure its success. We look forward to working with all of our partners to realise the Community Allowance.

## The Benefits of the Community Allowance

There is a huge pool of people who could potentially get involved with the Community Allowance. If people like Keeza and Laura, quoted above, were allowed to make a contribution through paid work, it will start to develop a virtuous cycle in many communities, lowering the bottom rung of the employment ladder, and bringing it closer to the actual starting point of people furthest from the labour market.

*“The trouble with so many top-down approaches is that the bottom rung is never close enough to the ground.”*

*Hugh Rolo, Enterprise & Investment Manager, Development Trusts Association, 2007*

Enabling local organisations to employ local people to undertake local neighbourhood work will provide benefits to individuals, families, local communities, the third sector, local authorities, central government, taxpayers, MPs and their voting public, and society at large.

We need to put people at the heart of change in their own communities. For too long local people have not taken an active role in determining and shaping the regeneration of their local areas, even though much of the basic work that needs doing is obvious to them. We need to work with local people and approach these entrenched issues in innovative and different ways.

### Individual

The Community Allowance will enable local individuals to start doing valuable work which needs to be done in their own community. They will be carrying out preventative work now rather than doing symptomatic work in the future that ‘picks up the pieces’. Individuals will be contributing, developing existing talents, as well as learning new skills, gaining experience, increasing their income, and developing a sense of individual pride and achievement. All of this will increase their confidence and self-esteem, give them a range of tools (CV, experience, reference) and help them take steps up the ladder and out of poverty.

### Family

When one life changes positively the ripples run outwards. For people living in families the benefits trap contaminates all aspects of their lives. Work that is flexible, supportive and very local can more easily be fitted around a wide range of caring responsibilities so that people do not have to feel guilty and scared on behalf of their children or other dependants. The wages arriving in these households through the Community Allowance are small but they will have been earned and they will make a real difference, not least through the role model impact on their children.

### Neighbours, the neighbourhood and local community

Local people know best about their own neighbourhood. It has long been known that there are some very basic services that help make good neighbourhoods – children’s play areas; activities for young people; safe, clean parks and public spaces. As the ‘phantom economy’ – all the work that needs doing but is currently left undone – starts to become real, neighbourhoods will gain enormously, both from enhanced services and from the circulation of local wages into the local economy. Communities will also start to reap the social benefits

of community pride, working together, social cohesion and integration of local residents and communities.

### **Voluntary and Community Organisations / Third Sector**

The work that many voluntary and community organisations (VCOs) are doing to regenerate an area and the creation of local wealth by community enterprises can be ramped-up through the Community Allowance. Work can be carried out more quickly, and on a wider scale. The Community Allowance will be universally available but we expect that take-up will be mainly in poorer areas, where public and charitable funding already exists to enable change. What people currently want is a local solution, with support by a local group. VCO groups will need to demonstrate how they will reach out, recruit, employ, train and support cohorts of CREATE participants. They will take on an important role in ensuring participants are supported to develop and in gathering information and reporting on this progress.

### **Local authorities and other statutory agencies**

Local government's place-shaping and community-building role is increasingly in the spotlight, as is the need for the 'co-production' of local personalised and community services between the individual and the state. However, in order for local service providers to engage directly with residents as potential co-producers rather than just consumers of health, social, cultural and other services, they need to be able to share the service workload appropriately and equitably. Local service providers are fully aware of the difficulties of recruiting for part-time and sessional jobs that make so much difference – lollipop ladies and out-of-school drivers being obvious examples.

### **Central government**

Central government is rightly focused on achieving an 80% employment rate and on finding ways to pull the levers that will enable this boost to the national economy. It has also shown a strong and sustained interest in regeneration and renewal, community engagement, and improving public services. We believe that the Community Allowance will facilitate each of these aspirations and will transform the benefits system from a drain on the public purse, to a worthwhile investment in helping people generate local individual and collective wealth, which is 'above-board' rather than hidden in the informal economy.

### **Taxpayers**

Every pound of public spending needs to be raised from somewhere. In the end, however it is generated (as income tax, VAT, charges or penalty fines), it comes from taxpayers. And we expect a lot for it – protection, education, health, social justice, regeneration and much more. One-fifth of public spend is currently used in the benefits system. The Community Allowance offers the potential for a long-term reduction in this spending through investment in human capital while also boosting the efficacy of public services and the liveability of local neighbourhoods.

### **MPs and their voting public**

In the end we all want to live in better neighbourhoods with good services and well cared for environments. We also personally benefit if other people live in such neighbourhoods rather than shoring up concentrations of poverty and deprivation that can be breeding grounds for alienation, discontent, anti-social and criminal behaviour that spills over into all our lives. We trust our MPs to help make decisions in parliament on a wide range of mutually interdependent issues that address our needs, aspirations and fears. They need the tools to do so and the Community Allowance is one piece of the jigsaw.

### **Society at large**

At £79 billion a year, the welfare system is our biggest investment in social justice – let's make it work harder for all of us. The most recent evaluation of the New Deal for Communities programme demonstrates the interconnectedness of regeneration and the way place-based interventions in the physical environment correlate positively with people-based outcomes such as reducing worklessness.

### **It all adds up**

The Community Allowance is an investment to improve local areas. Instead of pouring money into poor neighbourhoods but not letting people actively use it, the Community Allowance offers an alternative approach that multiplies value through being enterprising with the resources we have available – the people and the money. The Community Allowance is not about spending more money but allowing people to do the work in their neighbourhood that needs doing and be paid through budgets that are already available. It allows people to access and make full use of existing money and resources to benefit and improve their own local areas.

The Community Allowance calls for active engagement rather than active compliance. It will provide dynamic and tailored support from trusted local organisations rather than the 'mistrusted' arm of the state. It focuses on the immediate – what needs doing in local neighbourhoods right now – to avoid the enormous cost of picking up the pieces later.

The CREATE Consortium is keen to explore the quantifiable financial and social cost-benefits of these claims and will shortly be commissioning detailed econometric analysis of the proposal.

## How would the Community Allowance work?

*“The only way to improve an area is through long-term investment over generations.”*

*Sonia, aged 46, 2006*

The national parameters of the Community Allowance need to be established. It can then be delivered with a great deal of local flexibility. This will require:

1. A **national** framework, agreed with DWP, and supported by a small national team
2. A strategic **district-level** approach led by the City Strategy consortia to agree and support the Neighbourhood Action Intermediate Labour Markets
3. An extensive network of **neighbourhood-level** CREATE partners who would recruit, support, train and employ cohorts of CREATE participants.

### NATIONAL

#### 1. The CREATE Consortium

Current members include BURA, Community Links, the Development Trusts Association, Slivers-of Time, and the National Community Forum. The consortium’s membership may broaden further during the development phase.

#### The role

- set the national parameters for the Community Allowance scheme
- act as a broker between the centre-city-neighbourhood
- provide support and guidance for city and neighbourhood consortia
- gather and promote learning and disseminate best practice
- scrutinise, monitor and evaluate partners and report to government
- provide networking opportunities

#### The offer

- A national Community Allowance / Neighbourhood Action unit providing guidance, advice, networking, brokerage, evaluation and learning
- A framework for the CREATE exemption agreed with JobCentre Plus at national level and disseminated to district managers
- Definitions and tools to help measure ‘distance travelled’, probably using the employability map developed by Off the Streets & Into Work.

### CITY/DISTRICT

#### 2. City Strategy consortia

Pooling of budgets by key Local Strategic Partnership-level partners (JCP, local authority, Learning and Skills Council, colleges, employment projects, etc). There are fourteen City Strategy consortia currently at Delivery Planning stage.

**The role**

- Agree CREATE priorities within the local authority area through a combination of strategic overview and review of local submissions by prospective neighbourhood level partners.
- Provide a package of funds (from pooled budgets) to underpin neighbourhood consortia and make available adequate resources for personal advice, pastoral care and barrier funds for participants.
- monitor movement of participants away from benefit dependency, calculating and claiming the resultant savings for local re-investment
- Steer and evaluate the impact of the community-focused activity undertaken by CREATE participants within agreed Neighbourhood Renewal strategies.

**The offer**

- An approved strategic local body acting as a conduit for the scheme between national and neighbourhood levels, generating contestability and linking employability support with wider neighbourhood renewal ambitions.

## NEIGHBOURHOOD

**3. Neighbourhood Action Intermediate Labour Markets (NAILs)**

Neighbourhood-level partnerships will be developed to reflect local need, priorities and capacity.

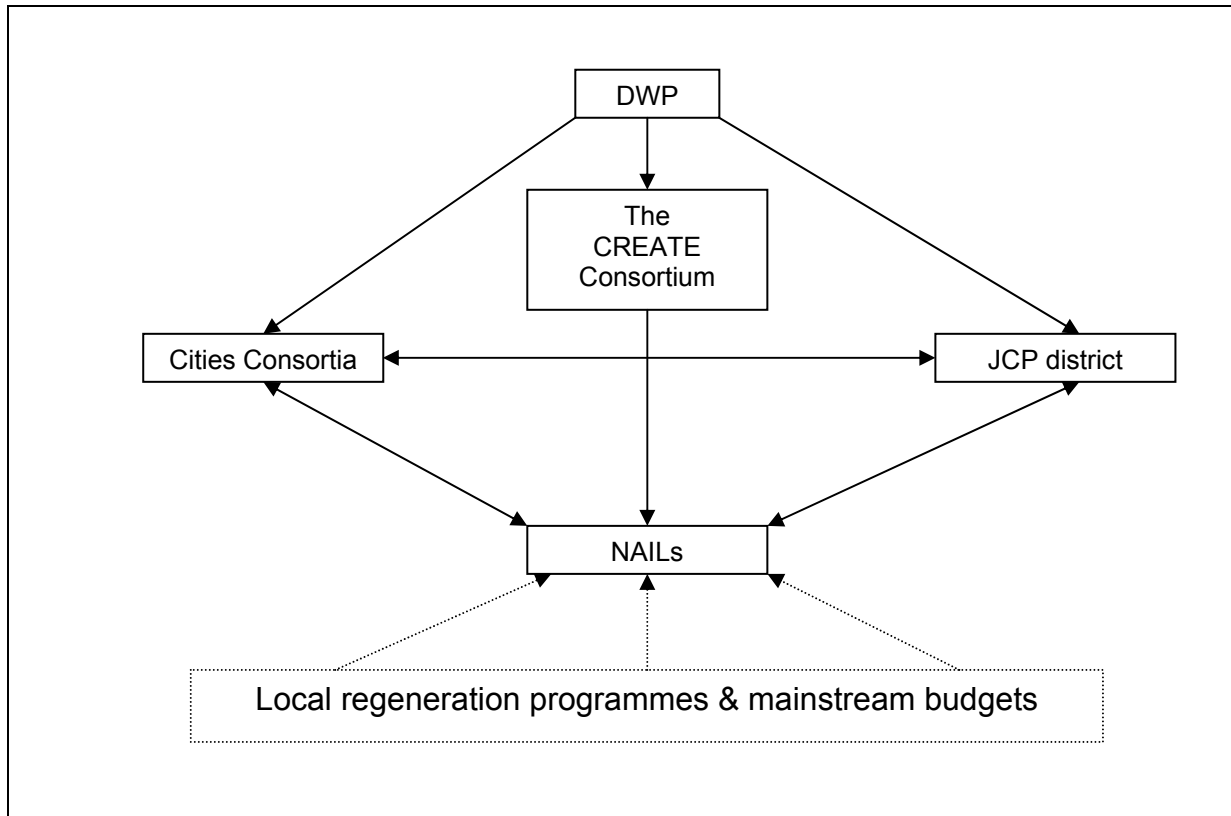
**The role**

- Recruit, support, train and employ cohorts of at least eight participants for a minimum of 100 hours of sessional work of public benefit (max 16 hrs/wk).
- Develop strategies to reach deep into the most disadvantaged local groups and find the most isolated and excluded individuals.
- Provide one-to-one support and development for participants, addressing barriers, being on-side and available to help people build new lives by dealing directly and systematically with each barrier.
- Employ participants within the partnership as sessional workers undertaking work in the public interest at a fair wage.
- Establish baseline positions for each participant and monitor the 'distance travelled' away from crisis or dependency and towards independent employability.

**The offer**

- A community-rooted, well-trusted organisation or partnership that can reach deep into local communities and offer sustained support to individuals.
- Minimum 100 hours of community renewal work paid at least minimum wage, with no impact on benefits or benefit status.
- Training and personal development planning, as well as support to deal with barriers/life issues that impact on employability including working with other agencies and undertaking advocacy where necessary. Personal reference for participants on completion.

**Diagram 1: The Community Allowance in operation**



## What has the CREATE Consortium done so far?

The CREATE Consortium members have:

- Worked to put benefits on the agenda of the Department for Communities and Local Government (previously the Office of the Deputy Prime Minister), and achieved highest-level agreement that benefits are a regeneration issue (ministers include: Gordon Brown, John Prescott, and John Hutton).
- Developed a shared understanding of the ‘ideological baggage’ weighing down the current benefits system, welfare to work programmes and welfare reform.
- Shown, through research and case studies, that there are very real barriers which exist and stop local people from taking up local community work opportunities.
- Proved that engagement with the informal economy in deprived neighbourhoods is a matter of ‘need not greed’.
- Piloted and established the ‘Slivers of Time’ brokerage service to facilitate a market for sessional and irregular working hours as a direct challenge to the system’s focus on the 35-hour week.
- Come together in an open CREATE Consortium, at national level, to highlight the core issues raised, notably:
  - National Community Forum to provide the grassroots examples throughout the country and the inside track to ministers and civil servants
  - BURA on the role of benefits in the wider regeneration context
  - Development Trusts Association to show the extent of local organisations that want to employ local people
  - Community Links on the earnings disregard and the informal economy
  - Slivers of Time on the sessional work market

## Next steps: What's the plan?

The CREATE Consortium is being supported by the Hadley Trust to take these proposals to the next phase. This means influencing policy, developing the infrastructure and establishing the CREATE network for delivery. The task is neither simple nor easy but the potential rewards are enormous.

The next tasks are to:

### **Develop the CREATE Consortium**

- Update the examples of prospective CREATE partners through research involving telephone interviews and visits. The consortium partners have a contact database of over 9,000 community organisations.

### **Work closely with national government**

- Continue to liaise with central government on policy implications of the Community Allowance proposal.
- Work with DWP to achieve Secretary of State Regulations to deal with the Housing Benefit contradiction in 'permitted work'.
- Continue the discussion and put pressure on the Secretary of State to agree regulations that enable the Community Allowance.
- Continue the discussion and put pressure on the Secretary of State to agree regulations that raise the earnings disregards and permitted hours.

### **Work in partnership with local and regional government**

- Liaise with local authorities as potential partners, particularly in areas with a City Strategy Consortium, with local government bodies such as the LGA and IDeA, and other key agencies including English Partnerships and the National Housing Federation.

### **Raise the profile of the Community Allowance**

- Work with other agencies to raise the profile of the issues, build support and encourage debate.
- Raise the profile and increase understanding of the issues by communicating findings and policy proposals through the national and trade press.

### **Conduct virtual and actual pilots**

- 'Virtual pilot' – interrogate existing schemes and use econometric modelling to explore in detail the implications of Community Allowance.
- Preparatory work at centre-city-neighbourhood levels to enable a full CREATE pilot scheme (either 'partial' by making up the claw-back or 'full' by achieving Secretary of State's regulations to allow exemption certificate).

## How can you get involved?

A Community Allowance could transform the way community regeneration is delivered and sustained. It is the missing first rung in the ladder of small steps towards independence for individuals and neighbourhoods.

Achieving this change will require the Secretary of State to issue regulations within the framework of the Welfare Reform Act to lay out the circumstances under which a person's benefit (including Housing Benefit) may be protected while they are undertaking some paid work for an accredited CREATE partner. Alongside this policy shift, we need to establish / consolidate the infrastructure as laid out in diagram 1 above.

This will only be achieved with the enthusiasm and support of local, regional and national partners. At present we are focusing on the following organisations:

- City Strategy Consortia facing challenging targets to get people off benefits.
- LEGI programmes aiming for innovative approaches to enterprise in poor neighbourhoods.
- Local Authority departments with mainstream services that are hard to recruit (the classic example is school crossing patrols) or projects that should be delivered by local residents (such as neighbourhood management).
- Neighbourhood-based groups with funded projects that would like to employ local residents on a sessional basis.
- National, regional and sub-regional umbrella organisations serving the third sector.

### **Get involved / open a door**

Are you one of these organisations above? Would you like to get involved? Or do you know of one of these organisations and can open a door to one of them? Please contact Jess Steele.

### **Join the wider CREATE Network**

You can express your support for the idea by joining the CREATE Network now. We will enter your details into our CREATE Directory and keep you informed of progress in achieving the Community Allowance.

You could also support us by lobbying government; raising the profile through your own organisation and networks, and through the media and press; linking to our website <http://create.onestopcms.co.uk/>; opening doors to the idea at a local / national level.

### **Become a CREATE Pilot Partner**

We need to conduct a 'virtual pilot' – interrogating existing schemes and using econometric modelling to explore in detail the implications of Community Allowance. Could you help?

We need to undertake preparatory work at central, city, and neighbourhood levels to enable a full CREATE pilot scheme (either 'partial' by making up the claw-back or 'full' by achieving Secretary of State's regulations to allow exemption certificate).

Interested? Contact Jess Steele

T: 020 7539 4030 e: [j.steele@dta.org.uk](mailto:j.steele@dta.org.uk)

Development Trusts Association <http://create.onestopcms.co.uk/>

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## Appendix: Springing the Benefits Trap

by Jess Steele

First published as 'Springing the benefits trap' in **Benefits: The Journal of Poverty and Social Justice** in June 2007 (see [www.policypress.org.uk](http://www.policypress.org.uk) for details).

*Neighbourhood renewal aims to close the gap between the poorest neighbourhoods and the average so that no-one should be disadvantaged by where they live. One of the biggest barriers in the way of this, and many of the Government's other laudable targets, is the way the benefit system undermines local resident participation in the solutions.*

### Your Neighbourhood Needs You

Neighbourhood renewal has opened up a world of comparative statistics that is both obvious and shocking. If you live in Manchester you are twice as likely to die of heart disease and half as likely to meet the Key Stage 3 education targets than the average for England. Nottingham residents suffer ten times the burglary rates of England's best neighbourhoods. Employment rates in East London are a full 20 percentage points lower than the England average. In Lambeth nearly one in 10 girls become pregnant before their 18<sup>th</sup> birthday. Children in the poor neighbourhoods of South East England are twice as likely to be killed on the roads as in the region's affluent places. These and many more statistics – readily available on the internet ([www.neighbourhoodrenewal.gov.uk](http://www.neighbourhoodrenewal.gov.uk)) – have democratised information about 'the gap'. The challenge, heralded by the National Strategy for Neighbourhood Renewal of 2001, is to close it.

Along with many of the Labour Government's initiatives, and some which preceded it, neighbourhood renewal depends a great deal on the engagement of local residents in local regeneration activities. Establishing a set of 'floor targets' below which no neighbourhood should fall (though many do), the policy requires a complex mix of improved services and improved behaviour, breaking vicious circles and promoting virtuous ones. While burglary levels may be reduced through better community policing and 'liveability' will improve through better waste management services, teenage pregnancy, educational outcomes, life expectancy and many other relevant gaps are not so clearly susceptible to service improvements. They require more holistic, cross-sectoral and community-rooted approaches. They need local people – many of them on living on benefits in poor neighbourhoods – to 'co-produce' change, to be part of it. Despite a tremendous effort by the Neighbourhood Renewal Unit over five years, this can't happen while we live with a benefit system strangled by antiquated values.

### Telling it like it is

The National Community Forum (NCF) is a grassroots advisory body, a 'sounding board' for ministers and civil servants which was established in the National Strategy for Neighbourhood Renewal as part of changing culture and reducing bureaucracy. The Forum "is a bold experiment in trying to get the voices of local people heard in the corridors of power"<sup>1</sup>. Launched in January 2002, it consists of 24 local activists and community workers from a diverse range of backgrounds with direct experience of neighbourhood renewal issues in deprived neighbourhoods.

From its very first meeting, the Forum identified the crucial importance of the benefit system to neighbourhood renewal, and it has worked tirelessly ever since to explain the negative impact of the system on regeneration and the positive potential of new solutions which could transform the way neighbourhoods address their own problems.

I served on the Forum and chaired its Benefits Working Group for five years. The moment when my own experience with Magpie, a pioneering active citizenship charity in South East London, converged with that of 23 other local activists from across England was a revelation. Suddenly I knew for sure that my frustrated fury with the system was not a singular obsession but a common concern about a crucial fault-line.

Since then, on behalf of the Forum, I have presented the case outlined below to ten different ministers<sup>2</sup>. It was the subject of a letter from Deputy Prime Minister John Prescott to Gordon Brown, Chancellor of the Exchequer and, in March 2006, we achieved a shared platform for ministers from the former Office of the Deputy Prime Minister and the Department for Work and Pensions (DWP) on the links between 'social security' and regeneration.

### **From public spending to investment in people**

Neighbourhood Renewal was all about 'bending the mainstream'<sup>3</sup> – making better use of existing public expenditure to tackle social exclusion and using regeneration 'funny money' as a catalyst for change rather than relying on it to make the difference. The annual benefits bill is the most substantial of all domestic expenditure, representing a quarter of total public spending. Yet this was the one element that no-one seemed willing to 'bend'. Instead of an investment to address the perennial problems of poor neighbourhoods, it was a safety net, keeping people just above the gutter in a position of dependence and compliance. We concluded that neither civil nor neighbourhood renewal is ultimately possible without making stepping stones out of the benefits trap. So we set out to create a win-win solution that would build social capital, ease people towards sustainable employment and increase the quality, availability and appropriateness of local services.

Regeneration and renewal programmes generate a great deal of work, both unpaid voluntary work and opportunities for paid employment. If the people who live in poor neighbourhoods are not doing these jobs, then the job of renewal is not getting done. But much of the paid work available – from research, outreach and advice, to childcare, youth work, park-keeping, befriending and so on – is short-term, part-time, sessional or seasonal, and uncertain. This makes it an extremely risky prospect for people who are already among the most vulnerable.

In each year since 1997 this Government has introduced new programmes and initiatives to address disadvantage and deprivation – from the New Deals to Sure Start, the Neighbourhood Renewal Fund to Health Action Zones. These programmes all try to reach people and the majority depend on local people for their core delivery as well as their governance. Yet, as these chances come and go, the rigidity of the benefits system remains a brick wall, preventing the very people who need to benefit from the programme from doing so, while skewing mainstream spend *away from* poor areas by paying external suppliers or leaving the job undone, instead of harnessing the talent of local people.

### **The 1-16 hour Workforce**

The rules on benefits, permitted earnings and tax credits are notoriously complex. Like a religious text, the 12-volume Decision-Maker's Handbook splinters under interpretation. Many of the well-intentioned recent rule-changes – the Linking Rules, Run-on, Rapid Reclaim –

have made little impact on the ground. One group of people is particularly badly hit – those who work or would work between 1 and 16 hours a week, especially where that work varies from week to week. The disregard rules for small earnings are outdated and confused. Only people on Incapacity Benefit can work a reasonable amount – £81/week – but their housing benefit will be reduced accordingly because of a lack of coherence between two of the major sources of poor people’s income. With tax credits only available for parents working more than 16 hours a week (or non-parents 30 hours a week), those who could do the jobs that need doing in communities are, at best, unsupported and, at worst, hounded out of any such useful behaviour.

### **CREATE – the Community Allowance**

Our solution, unashamedly focused at the overlap between welfare and neighbourhood renewal, is very simple. In the Benefit Simplification Unit some of the best minds in welfare reform are busy tweaking sub-clauses or details in the claim forms. In reality the only genuine ‘benefit simplification’ is to take large numbers of people outside the existing system and offer them something better to do.

The CREATE scheme – hatched during my time at Magpie, nurtured and grown by the Forum – has been systematically developed over the past two years with the support of BURA (the British Urban Regeneration Association), Community Links, Slivers-of-Time, and most recently the Development Trusts Association.

CREATE would engage people to begin the journey from dependence to employability, through paid local community activity of less than 16 hours per week, while guaranteeing protection of their benefit status for a period of up to 52 weeks, within a framework clearly focused on individual progress towards greater independence.

CREATE would broaden the range of public interest organisations involved in employability support, drawing in the thousands of community organisations that do not focus on employment but are “tiny, trusted and in touch” (CREATE, 2006). It would help achieve the Government’s national 80 percent employment target and assist in re-structuring DWP services, allowing civil society a full role in reaching the most vulnerable and supporting them to overcome obstacles and build new lives that include independent work.

The Community Allowance, delivered by local CREATE partners, sets up a 180 degree turn, transferring people from active compliance with the benefits rules to active engagement in local work. The change of circumstances is declared just once by submission of the CREATE exemption certificate to JobCentre Plus. This triggers a simple change to an ‘inactive’ claim, whereby benefits continue to be paid as before for a period of up to 52 weeks or until the relevant CREATE partner submits the demobilisation certificate to indicate that the individual has moved on from the Community Allowance (either into work or by returning to the mainstream benefits regime). After the initial submission of the Exemption Certificate, the CREATE partner would meet regularly with the Job Centre Plus personal adviser/s to discuss participants’ progress and to build longer-term working relationships.

### **Making the case for change**

The Community Allowance proposal has emerged from a big conversation over a sustained period. The National Community Forum approach to policy change is based on real-life stories drawn from local people and community groups who know the exact shape and texture of the benefits brick wall from first-hand experience. What is necessary now, we believe, is secondary legislation (i.e. Regulations) provided for within the current Welfare Reform Bill, to

set out circumstances in which people's benefit status would not be altered by earnings within a capped limit. We hope that these Regulations will establish an enabling framework so that the Community Allowance can then be delivered through existing organisations and emerging consortia throughout the country.

Those earnings would come from mainstream budgets within local authorities and Local Area Agreements and from the remnants of the regeneration 'funny money', from the Lottery and other independent sources of funds. This money is still too often used up on consultancies and academics, full-time posts for people who can write reports but aren't out in the cold talking to the people they're writing about. Slivers-of-Time have shown that there are 13 million people who have some extra time to sell and they have stated explicitly that their innovative approach will "blow holes in the benefit system".<sup>4</sup>

It has been a common refrain that the earnings disregard will never be changed 'because it would be too expensive'. According to the DWP, their paymasters at the Treasury are wary because this approach questions a longstanding accounting mechanism. They say that anyone we could manage to get working through the Community Allowance should have their benefits removed otherwise these appear on the accounts as 'savings foregone' and therefore a net cost to the public purse. However, experts agree that 'those left behind' by the seriously successful Welfare to Work policies of the last decade will not be served by more of the same. The CREATE Consortium is commissioning econometrics advice to demonstrate that the majority of CREATE participants would not be working otherwise, to quantify the social cost of their current inactivity, and to expose the 'savings foregone' argument as a technocratic folly in the path of genuine social change.

With help from the Hadley Trust, the CREATE Consortium is beginning to mobilise the energies of regeneration interests, community-based organisations, politicians, benefit advisers and claimants themselves, to encourage the Secretary of State to utilise his powers to make regulations for the Community Allowance. In the context of the City Strategy and the Local Enterprise Growth Initiative, the time is right now.

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### Explanatory notes

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- <sup>1</sup> The National Community Forum ([www.neighbourhood.gov.uk/page.asp?id+521](http://www.neighbourhood.gov.uk/page.asp?id+521)) is a rolling membership of grassroots activists and community workers. While some members are also, or become, 'professionals', they are recruited for their direct experience of community activity in deprived neighbourhoods.
  - <sup>2</sup> Charlie Falconer, Tony McNulty, Barbara Roche, Yvette Cooper, Phil Woolas, Lord Rooker, David Miliband, Jane Kennedy, Baroness Kay Andrews, Margaret Hodge
  - <sup>3</sup> 'Bending the mainstream' is a policy approach outlined through the Neighbourhood Renewal Unit's documentation and used widely within the regeneration sector.
  - <sup>4</sup> Wingham Rowan of Slivers-of-Time. Presentation at the 'Unlocking Poor Neighbourhoods' conference 21 March 2006. See <http://www.sliversoftime.com/> for more information.

## **'If local people aren't doing the job... the job isn't being done'.**

**The CREATE Consortium is working for a change in the welfare system that could transform the way poor areas are regenerated. We aim to improve neighbourhoods and change lives by enabling local people on benefits to take up paid short-term and sessional work in regeneration, without losing their benefits status.**

**This report details our proposal for a new Community Allowance: a simple and dynamic support package enabling local people to do valuable and preventative work in their local communities in partnership with community groups and public interest organisations who will provide training, work and personal support delivered very locally by trusted local organisations**

**The money is already committed, the people are already in place, the local organisations are already active, the need for the work is already proven...but the benefit system prohibits, traps and actively discourages people from doing these jobs.**

**The CREATE Consortium includes: BURA, the National Community Forum, Community Links, Slivers-of-Time, and the Development Trusts Association**

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