
Quid pro quo, not status quo.

Why we need a
welfare state that
builds resilience.



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Foreword

Newham has a vision – to become a place where people choose to live, work and stay. For us the key word here is choose. People need both the personal and financial capacity to exercise choice. This vision is based on our fundamental values of fairness, reciprocity, trust, solidarity and localism. We have measured what we do against contribution to our vision and have not shied away from being bold or controversial. We will continue that commitment as we deliver the plan laid out in this paper.

We live in an exciting, dynamic young borough where the Council has developed a good reputation locally for delivering the things local people value. That's reflected in residents' views expressed through surveys and the ballot box. But, poverty persists; a century ago the East End was an area blighted by poor living conditions, poverty, and desperation. Today many of the problems remain. More of the same cannot be an option.

The welfare state has made a real difference to people's lives but we have come to recognise that while many of our services are well-intentioned, they manage rather than challenge poverty. Benefit



dependency is a real problem and if we do not demand more from people we condemn many to unfulfilled and stunted lives. Of course, we need to provide a safety net for people who have hit bad times. But we can't allow them to become entangled in it.

We must do more to support not just the neediest but the squeezed middle. The people who aren't at the very bottom of the pile but who are struggling and with a little bit of help could achieve more for themselves. Hard working families on low incomes deserve our support.

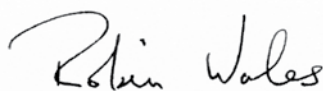
In this paper we express our vision for a welfare state that builds resilience – personal, community and economic. We believe a lack of resilience keeps our residents poor. We focus on what resilience means for some aspects of welfare policy but this is just one part of what we believe constitutes a comprehensive approach to tackling many social issues facing us today. Whether it's the importance of investing properly in early years, the ability to understand the impact of immigration or the need for genuine localism, led by democratically elected local councillors, we believe our vision is a blueprint for progressive local

government. We will explore this further as we go forward, including the things central government must do differently.

Even at a time when we are under assault from savage cuts with £1 in every £4 being lost from our budget we must challenge ourselves to generate the resources necessary to invest in areas that will develop resilience in our area.

It is time to care enough about the people whose lives we have damaged over the last few decades to challenge the policies that might make the professionals feel virtuous but ultimately hold our people and our community back.

The residents of areas like Newham deserve the opportunity to flourish and we will not shrink from changing what we do and the way we do it to support them to achieve that.



Sir Robin Wales
Mayor of Newham



Newham at a glance

Newham, in the heart of East London, will be home to the majority of the London 2012 Olympic and Paralympic Games. The energy and opportunities created will produce a lasting legacy for the borough's landscape as well as for its people. We have the most diverse community in the UK and the youngest population in the country, providing us with a willing and ambitious workforce. Alongside this, Newham has a great future with 55,000 new homes being built by 2025 and 50,000 new jobs being created, truly making the borough a place where people want to live, work and stay.

Why Newham is unique:

- > **Newham is the most ethnically diverse place in England and Wales**
- > **Over 200 languages and dialects are spoken in the borough**
- > **Newham has the highest proportion of young people in the country**
- > **86% of residents say this is a place where people from different backgrounds get on well with each other**
- > **75% of residents are satisfied with their local area**
- > **Over 200,000 people enjoy free Newham events**
- > **Up to 450,000 people will visit Newham each day during the 2012 Olympic Games**

The challenges for Newham:

- > **Newham is the 2nd most deprived council area in England**
- > **25% of households live in poverty**
- > **Over 50% of children are living in poverty, 10% are living in intense poverty**
- > **Our employment rate is 55.3%, the lowest in the country**
- > **Childhood obesity is the 2nd highest in the country**
- > **Life expectancy is around 2 years lower for men and women in Newham than the national average.**
- > **Newham is facing £84m worth of cuts to government grant over 4 years**

Despite the challenges Newham is an amazing and unique place to live.

Introduction

The future of the Welfare State is being debated, with David Cameron pointing to “a welfare state that rewards idleness” as a cause of this summer’s riots and leading Labour party thinker Maurice Glasman proclaiming that we need a “statecraft, that requires the state standing back and trusting people to sort out their problems together.” With historic cuts in public sector budgets and public concerns about the fairness and effectiveness of welfare on the rise it is time for progressives to think again about the role and purpose of the welfare state and the values it should embody. As a provider of services from cradle to grave, and the democratic voice at community level, local government has a key part to play in that debate.

Although debates about welfare often hone in on issues about out-of-work benefits and income transfers it is important to consider these issues in the much broader context of welfare as the collective provision of public goods and services.

Whilst welfare and the respective roles of the state and citizen are areas heated of debate at the moment, this is an area where we at the London Borough of Newham have been developing our ideas and thinking for some time. The characteristics of the borough and its residents mean we are well placed to identify both successes and challenges for the welfare state. Since its post war creation, the welfare state has provided a vital baseline for people and helped many to change their lives for the better. Whether that’s through the National Health Service or grants for working class children to attend university; there is a great deal to celebrate. Nevertheless, these efforts have not



succeeded in transforming the profile and entrenched disadvantage faced by the people of Newham and places like it. In fact, maps showing deprivation in London are largely unchanged since this exercise was first carried out by Charles Booth over 100 years ago. The poor areas of the late 19th century remain the poor areas of today. In the last decade tax credits and other income transfers made a real difference to people's quality of life but the conditions and pressures experienced by people living in poverty have meant that some continued to miss out on the opportunities to develop vital skills, or gain access to the broader resources that enable wealthier people to progress in life. It is the interplay and coexistence of these different resources and external factors – economic, personal, social that enable people to thrive and live the life they choose. We call that capacity “resilience.”

What's more, the transactional way councils and other parts of the public sector deliver services and welfare has at times actually lessened some people's ability to overcome poverty. Though most people get on with their lives successfully, some have had their personal capacity undermined by the well-intentioned structure of the welfare state. We must no longer be in the business of managing poverty. Instead we must challenge and support people to change their lives and make sure we are really doing our bit to put the conditions and opportunities in place that will make this possible.

That applies to all people, not just those at the bottom. The welfare state has always been about

pooling and insuring against risk, but it should also be something more: a means by which we collectively support each other to achieve our potential in a way that we could not do alone. A good society and one that fairly reflects the contribution of all must also offer support to people higher up the income spectrum. Those who whilst not in crisis, nevertheless need a leg up. Put simply the state should be there for people at times of success as well as need.

Income matters and is at the root of many of the challenges our residents and people across the UK face, particularly now as slow wage growth and inflation put ever more pressure on family budgets. But once the damage of living in poverty is done, it takes more than money to cultivate social mobility. We believe a lack of resilience and its key components - being able to bounce back from adversity, but also to access and use resources to help you succeed - keeps our residents and communities disadvantaged. It is important to be clear that resilience is not just about individual characteristics; it is also about whether our community and our economy make people stronger. A new welfare state must embody our collective values of fairness and reciprocity but also build that resilience and genuinely seek to overcome disadvantage, not just to ameliorate it.

There are many challenges for the welfare state. It should be more localised so that it is more accountable and responsive to local needs. Service boundaries must be broken down so that across the public sector we work together to deliver shared goals. However, in this paper we focus on the need

for a more reciprocal welfare deal. We believe greater emphasis on reciprocity and reward for contribution will make the welfare state fairer and more effective in supporting and encouraging individuals and communities to build their resilience and capacity to succeed independently.

In Newham we have been working to develop our understanding of resilience and how we can change our services to help support it. At the same time we are dealing with deep cuts to the grant we receive from Government and making difficult choices about the support we can offer. In May we launched a consultation on resilience – our conception of it and how we can build it. We received responses from a wide range of partners - from multinational firms and national think tanks to local voluntary groups and members of our staff.

This document sets out further detail on how we are taking forward our approach to resilience, the policy changes that we are committed to and the contribution that we believe they make to the wider debate about the delivery of public services.

What's wrong with the welfare state?

For all its successes the modern welfare state faces challenges on three counts: fairness, legitimacy and effectiveness. Both the outcomes we have sought to achieve and the way we have tried to do it have at times worsened the problems that people face. What is more, public concern about that effectiveness and fairness now risk undermining willingness to contribute to collective provision.

Fairness:

Research consistently shows members of the public place great emphasis on the importance of public services being “fair”¹ and are concerned that welfare fails to reflect the values of reciprocity and fair reward for contribution.² But the trend towards targeting support to those at the very bottom through mechanisms such as tax credits or means tested housing benefit has left too little support for those just above the bottom, those who may often fall just outside the income threshold for eligibility but who nevertheless struggle to get by. From free school meals to social care, too many people are unable to benefit from the system their hard earned wages have paid for. Welfare has too often failed to reflect the norms of reciprocity and fair reward for contribution that people hold so dear.

Legitimacy:

Those sources of unfairness have had a real impact on support for much of the welfare state and its public legitimacy. People believe that too much support goes to those they believe to be the “undeserving”



¹For example What do people, want need and expect from public services? Ipsos Mori, 2010, p13

²For example The Solidarity Society, Tim Horton and James Gregory, Fabian Society, 2010 and Of Mutual Benefit: Personalised welfare for the many , Max Wind- Cowie

poor but that there is no back up for them when they fall on hard times. Over half of people believe they receive less support than the value they pay in,³ but most people underestimate the value they receive from goods such as education or the NHS, and of course the value we receive varies across our lives. Perhaps it is unsurprising then that recent years have seen decreased willingness to pay for welfare support – In the late 1980s and early 1990s the percentage of people supporting more government spending on welfare benefits for the poor, even if it meant higher taxes was in the high fifties, today it is only around a third.⁴ And we have seen intensified negative attitudes to those in receipt of income benefits: in recent years the numbers of people in the British Social Attitudes Survey who attribute poverty to laziness has overtaken the number attributing it to injustice for the first time.

Effectiveness:

At the same time, many of the elements of the welfare state that have created concerns about fairness have had real impacts on its effectiveness too. The wrong incentives have meant that often it does not make sense for people to improve their situation and risk losing support that they rely on. For instance, faced with the scarcity of social housing many local authorities, for well motivated reasons, and in line with national legislation, prioritised the neediest. But that created a race to the bottom, with people forced to present themselves as more needy to stand a chance of getting a social home. Too often those just a little better off were left out in the cold. Targeting has

³The Curious Popularity of the State, Tim Horton, Fabian Review, Summer 2011, p6

⁴British Social Attitudes Survey

disincentivised people making the right choices and it has rewarded failure. The result has been an increasing concentration of worklessness in social housing.

The stigma that results from a system that is perceived to help only the neediest has also created negative self perceptions for many of those who do claim support and prevented people from claiming help they are entitled to.⁵ Citizens Advice Bureau has calculated that there are over £16 billion of unclaimed benefits each year⁶ – that is vital money that could help families improve their circumstances.

In addition to violating people's sense of fairness, often the structure of the welfare state has itself limited its effectiveness. It is often too procedural, making people a passive part of a process. It de-skills people and makes them dependent on continued support rather than enabling them. Our staff are passionate and committed to what they do, but large bureaucracies have a habit of delivering the thing they have always done – rather than what is really needed. Often managers and those on the frontline have felt boxed into a process and lacked the authority to do the thing that they believe will really make a difference to residents. For instance, in the past elderly residents experiencing a stroke or a fall might quickly have been moved into a care home when, with the right investment in a re-ablement programme and modest amendments to their home, they could continue to live an independent life in the community. Similarly some services have failed to get to the root

⁵For attitudes of low income people in employment towards benefits eligibility see Katherine Ashby, *At Work and On a Low Income: A qualitative study of employee' experiences*, Work Foundation, February 2011, p25

⁶http://www.citizensadvice.org.uk/press_office201022

of the problem, or the real drivers of inequality. There is a growing understanding of the importance of social capital, connectivity and social and emotional intelligence for overcoming adversity and improving life chances. But the welfare state continues to treat people in isolation and to tackle the surface problem. People present with debt problems and we help them to restructure their loans but don't go further to work out with them why they are struggling. And beyond that – what positive capabilities and aspirations do they have and what would they like to achieve? Are they in work? If not, can we support them to find employment? We have tried to tackle inequalities in education through the university admissions process but evidence makes clear that even more important is the home learning environment in the early years.⁷

The welfare state must be designed around overcoming the causes of poverty and disadvantage, not mitigating the consequences and maintaining the status quo.

⁷F Field, *Foundation Years*, Cabinet Office, 2010

Why this matters for Newham

As one of the most deprived parts of the UK, our residents need a welfare state that works; both to give them the chances they deserve and which others take for granted and because they cannot afford to fund a failing system or to subsidise poverty.

There's a great deal that is fantastic about Newham. We have a vibrant and diverse community and dynamic and talented residents; recent years have seen significant improvements in educational attainment and thousands of people working for our community as volunteers. We are one of the most diverse places in the UK and yet 86% of people say this is a place where those from different backgrounds get on well, a higher proportion than report this nationally. This is a place where people are active and involved in their community – we had one of the highest numbers of street parties in London this summer organised by residents celebrating the royal wedding. With the recent opening of Westfield, Europe's largest shopping centre, and the Olympics coming next year, there are real opportunities for our borough.

And yet for too many of our residents life remains a struggle. Unemployment is stubbornly high at just over 13% and a quarter of our residents live in poverty. Newham residents earn less, die younger and have lower educational attainment than their London and UK peers.



There is no doubt that welfare and state provision such as investment in training, schools and social housing has alleviated many of the symptoms of this disadvantage. But despite massive investment the overall profile of our borough has not shifted over time. We have 18,000 people who have never worked at all and a high number of people on long term incapacity benefit. However, just as significant is the continued struggle for those not at the very bottom, for the low and middle income groups for whom the welfare state has simply not been there to help them build the life they choose, to buy a house, to ensure their children are able to go to the best universities, to give them the quality of life they deserve.

Our solution

This critique of the UK's welfare system can lead us in different directions. Some conclude that welfare per se does not work. That state provision necessarily creates dependence and undermines social and familial bonds. By rolling back the state we will see a resurgence in personal responsibility and community action; the Big Society.

In Newham we reject that simplistic conclusion. From the minimum wage to quality affordable childcare we've seen the real difference that an effective welfare state can make and how it can change lives. Equally, we know that in disadvantaged areas like Newham, community action requires support and investment and that the skills and capacity that make it a success are often in short supply. Instead we argue that we must reform the welfare state so that it works for all citizens, reflecting the principles of fairness and reciprocity and getting to the real causes of disadvantage, not just for those at the very bottom but for those right across the income spectrum. We need a welfare state that helps grow personal and community and economic resilience so that people are able to overcome life's challenges and participate in the good life.



What are those causes?

Recent debates about the causes of disadvantage have broadened our understanding of the importance of a whole range of factors in life chances and wellbeing. The work of epidemiologists such as Sir Michael Marmot, Richard Wilkinson and Kate Pickett makes clear the importance of a whole range of factors from housing to income and social status for our outcomes. It is clear that who we know and the behaviour we see around us have a significant impact as emphasised by the work of sociologists such as Robert Putnam and Nicholas Christakis. Recently Graham Allen and Frank Field have also raised awareness of the importance of the early years and even the pre-birth period for a whole range of outcomes in later life.

These insights move forward our understanding of social disadvantage and the ingredients of success – but little has been done by policymakers to embed them in the welfare state or to reflect on the ways in which these factors interact with each other and are interdependent.

In fact it is the interplay and coexistence of these different resources and external factors – economic, personal, social that enables people to thrive and live the life they choose. We call that capacity “resilience.”

A welfare state that truly builds resilience will meet the fairness test and be more effective in creating the social change we need.



What is Resilience?

Resilience is much more than an ability to bounce back from a single damaging event. It is about possessing a set of skills and having access to the resources that allow us to negotiate the challenges that we all experience but also that allow people to overcome the more difficult circumstances many of Newham and other boroughs' residents experience and to take up opportunities that come our way.⁸

This approach builds on concepts such as capabilities, empowerment and research on social mobility. In contrast to current government rhetoric on poverty and social mobility it recognises the importance of external factors in shaping our lives. Our personal skills, experiences and upbringing are essential to our resilience but these are intertwined with the resilience of the communities we live in and the economic circumstances we face. On the flip side, it is vital also to recognise the importance of character and personal responsibility and to ask more of people as citizens. There must be give and take, or a quid pro quo, for a fuller offer of support from the welfare state. By understanding resilience as consisting of three key elements we can give due regard to both character and the external forces that help to shape our lives and get to the real causes of social disadvantage rather than simply reacting to the problems that emerge from it.

The three elements of resilience interact and reinforce each other in a virtuous circle to give people better life chances. A fair and more effective welfare state must be built around them.



⁸"In the context of exposure to significant adversity, resilience is both the capacity of individuals to navigate their way to the psychological, social, cultural, and physical resources that sustain their well-being and their capacity individually and collectively to negotiate for these resources to be provided in culturally meaningful ways." Dr Michael Ungar, Resilience Research centre, Dalhousie University, Canada

Personal resilience

Low social mobility is often attributed to a “poverty of ambition.” In fact we know that young people in Newham are highly ambitious, but that as they get older their ambitions diminish. Of course, this is likely to be in part a rational reaction to the narrower range of opportunities available than they had envisaged as children. But some young people continue to aim high, they commit themselves to achieving at school, to attending a great university, to getting the job of their dreams and they succeed. Despite the evidence that the odds may be stacked against them they show the persistence and determination that enables them to succeed, where others in similarly tough circumstances do not make it. Like all of us, these young people are of course helped along the way by people around them or opportunities that arise but there is something about them that means they are able to make the most of those resources.

Personal resilience is about those key qualities that make someone better able to navigate relationships, the education system and find and succeed at work. But beyond describing this as “grit” or “character “ there is a strong body of research about the skills and qualities that really make a difference and the powerful impact they have on life chances. In particular, self-awareness, social awareness, self management, problem solving, a positive outlook, goals and aspirations, assertiveness, relationship skills and responsible decision making are all vital.¹⁰ For instance, Leon Feinstein has concluded that dedication and concentration at age 10 has a bigger impact on earnings at 30 than ability in maths and that a sense of personal agency is more important to life chances than reading skills.¹¹



⁹Cath Jones, Peter Davies, Nick Warren, Mick Fletcher and Andrew Morris, Newham’s educational and training 16-19: understanding Newham’s vocational needs, ORC International 2010 and Newham Household Panel Survey, 2011

¹⁰See for example , A Multidimensional model of resilience, Resilience Research Centre http://www.resilienceproject.org/#What_is_Resilience

¹¹Leon Feinstein, Institute of Education, referenced in Whatever it Takes, Paul Tough

Every child a musician (ECaM)

Widening access to music and breaking down barriers to participation has the potential to make a real difference to the personal resilience of our young people, building confidence, motivation and demonstrating the rewards of dedication. We offer the use of a free musical instrument and lessons for all year five pupils for two years, with the chance to own a musical instrument at the end of the lessons. Take up is over 90%.

As well as building the capabilities of our young people, it's also about harnessing the talents of local residents and making connections in our community. We have started a programme to train local people with musical talent to deliver tuition. 16 people have completed the training so far and many have gone on to jobs as ECaM tutors and also to other jobs in school and further training.

We see ECaM as an excellent way of building networks between residents. The programme opens the way for parents to become more involved in the life of the school, for local residents to build relationships with families and for our young people to show off their talents to the borough.

ECaM is currently the biggest free musical tuition programme of its kind in the country. By September 2011, we expect that we will have 7000 children learning an instrument.

Possession of these skills has a cumulative effect, they enable us to learn and adapt – as Heckman argues “Skills beget skill; motivations beget motivation. Early failure begets early failure.”¹² From the very beginning too many of our children are not equipped with the foundational skills that will enable them to learn and to handle the challenges and setbacks of education; only 45% of Newham’s children arrive at school at the expected standard of behaviour and understanding.¹³

Character is important, but this does not simply mean if people tried harder, applied themselves more or had a better attitude they could overcome their circumstances. Whilst personal responsibility is vital, as Frank Field’s “Foundation Years” report makes clear, parenting style, the home learning environment and early material circumstances have a significant impact on the development of these key skills.¹⁴

However, much of the recent political rhetoric and debate about the importance of parenting has failed to recognise the interrelation between material poverty and parental stress or ability to devote time to parenting. Overworked low income parents have less time to spend on direct contact with their children. They are, for instance, more likely to have to work early mornings, nights and weekends.¹⁵ They are more likely to suffer from stress and adults in the poorest fifth of the population are twice as likely to develop a mental illness as those on average incomes.¹⁶ These and other challenges for those on low incomes can make it harder for them to engage positively with their children¹⁷ or be as actively involved as they

¹²J Heckman, Investing in disadvantaged young children is an economically efficient policy” presented to the Forum on Building the Economic Case for Investment in Preschool. New York 2006. ¹³Marmot Review, Health Inequalities, A Challenge to Local Authorities, 2011. ¹⁴See for example F. Field, Foundation Years, Cabinet Office 2010. ¹⁵David Piachaud, Time and Money in Why Money Matters, Ed Jason Strelitz and Ruth Lister, Save the Children, 2008, p98. ¹⁶G Palmer, T MaxInnes and P Kenway, Monitoring Poverty and Social Exclusion 2006, Joseph Rowntree Foundation, York 2006. ¹⁷Experiments have shown that low income parents are more likely to use words of “discouragement” when speaking to their children than their better off counterparts. (Hart and Riley, Meaningful Differences in the Everyday Experiences of Young American Children, Baltimore: P.H. Brookes, 1995 as described in Paul Tough, Whatever it Takes, Mariner, 2009, p42)

might wish. Deprivation and high risk environments encourage and reward a different set of skills that are good for survival but not always good for success in the wider world.

That is why any understanding of poverty and disadvantage must take into account the interdependence of personal skills and development with community and economic resilience.

Whilst the early years are highly influential it is never too late and a great deal can be done with adults and young people to better equip them with the personal resources for success. The way in which we interact with residents, the behaviour public sector staff model and the type of support we give them can build resilience or, equally, can create further dependence.

Alongside those personality traits it is clear that good health and mental well-being are essential to an individual's resilience and as Katherine Weare has shown there is a strong connection between mental well-being and educational attainment.¹⁸ It is also true that without good physical health people are limited in their abilities to participate and take advantage of opportunities. Here, again there is an important relationship between the personal and communal.

The welfare state should seek to build those key skills for all. They must be embedded across universal services, through support for parents and families and our approach in schools. Services and frontline staff must model the behaviours and characteristics we seek to create and encourage the skills and competencies that equip us for success. Essential to encouraging those skills is embedding reciprocity into welfare provision – we must actively use and encourage these skills in those we work with. Where people can do things for themselves we must expect them to, or we will simply further embed dependence.

¹⁸K. Weare and G. Gray, What Works in Developing Children's Emotional and Social Competence and Wellbeing?, The Health Education Unit, Research and Graduate School of Education, University of Southampton

Empowering elderly residents

Enablement is a new way of supporting our elderly residents. It's about recognising that most elderly residents want to be independent and to continue having a thriving social life. We're here to get the best support we can to residents – which means doing what we can to let them live their own lives. This might be helping a resident back onto their feet when they get out of hospital, getting them back to a normal life as soon as possible. Or it might be ensuring elderly residents are able to join in their community.

We're building up a team of enablement volunteers who support elderly or disabled residents. The volunteers help these residents to get out and about in the borough – perhaps to do their shopping or to attend a social event. The idea is that the volunteer is enabling the resident to be independent and to build up those social networks that are important not only to getting help and support but to a sense of belonging in the community. For elderly residents who do not have family around them these social ties are vital.

We have the largest council volunteering programme in the country with over 7000 volunteers. The enablement scheme is just one example. The goal is to develop local people's skills whilst also helping them to contribute to building the resilience of the residents they're working with, ensuring a worthwhile volunteering programme. Even in the early stages of the programme there are already 60 volunteers working in enablement-type roles and we are actively working to expand this number and the range of services they are involved in.

Community resilience

Politicians often talk about a “culture of worklessness” where there are pockets of geographically concentrated, intergenerational unemployment. People in such areas face multiple disadvantages but a significant part of the problem they face is to do with the networks they belong to, the social expectations they are exposed to and the resources at their disposal. People looking for work in more affluent areas are able to seek advice from other working people. They understand the expectations of the workplace because they regularly see people participate in it. They are supported by friends, family and neighbours to balance the demands of working and family life or other responsibilities. These people are benefitting from community resilience, or belonging to networks and relationships that support them to achieve their ambitions.

The communities we live in, the relationships and networks we are part of are all important features of resilience. To succeed most people need close, emotionally supportive relationships but also exposure and links to a wider group of people with different knowledge, talents and resources at their disposal. We know people copy behaviour that they commonly see,¹⁹ so a resilient community is a well networked one, but also one where there are positive social norms and challenges to destructive behaviour.



Personal and community resilience are intertwined. For relationships and networks to be truly beneficial to our residents the people in them need to be resilient too – so that the knowledge shared and support offered is as valuable to people as possible. At the same time, the creation of those networks requires personal resilience;

¹⁹Paul Ormerod, NSquared: Public policy and the power of networks, 2010, p14, RSA Pamphlets

the confidence to meet new people, or the belief that you can make a difference that triggers involvement in a community group. Of course economic resilience is also vital. Financial strain or having to work multiple jobs are real obstacles to getting involved in your community and unemployment creates isolation, cutting people off from the day to day interactions that spark the creation of new relationships.

Alongside the close bonds with friends and families that we all need for full and happy lives broad, looser networks are also important. In resilient communities people are more likely to know someone who can give them advice about how to apply to university, how to do some DIY or how to influence local decision making.²⁰ In particular, it is more likely that employment opportunities will arise from weak ties than strong ones.²¹ The more people and the more types of people we interact with the more resources and potential support we have at our disposal. Broader social networks also expose us to different social norms and expectations, for example expectations around work or our responsibilities to the community.

Essential to building a resilient community is understanding the power of networks in spreading positive behaviours, knowledge and social norms. Behavioural science is offering new insights into the impact of the behaviours we see around us. We mimic what we see others do and in this way our social networks influence our ideas, emotions, health, relationships and so on.²² However, that means that for a resilient community we cannot be neutral about the norms and behaviours that are spreading – destructive behaviours such as anti-social behaviour, obesity and truancy can be spread this way too. Again, the importance of resilient individuals within local networks is vital.

²⁰Jonathan Rowson, Steve Broome and Alasdair Jones, Connected Communities How social networks power and sustain the Big Society, RSA, 2010. ²¹Mark Granovetter, The Strength of Weak Ties, 1973, American Journal of Sociology, Vol. 78, Issue 6, p1360- 80, and Mark Granovetter, The Strength of the Weak Ties Revisited, 1983, Sociological Theory, Vol. 1, p201-33. ²²Nicholas Christakis, a lecture to the RSA www.thersa.org/events/audio-and-past-events/2010/connected-the-amazing-power-of-social-networks-and-how-they-shape-our-lives

A royal party

The Royal Wedding this summer was a great occasion of national celebration. And nowhere was this more the case than in Newham. Our residents made the most of the opportunity to celebrate, holding street parties across the whole of the borough. In total there were around 100 parties – one of the highest figures for any London borough. These events were as diverse and vibrant as the population itself and they provided the perfect opportunity for people to get together with their neighbours and enjoy themselves.

Although these events were community led, we played an important role in facilitating them. From providing small grants for organisers to helping close roads and even providing bundles of free bunting, we helped residents make a day of it. As a result we had lots of different street parties each with different characteristics. They had one thing in common – people came together to have fun.

It's a perfect example of how, given freedom, responsibility and a little help where it's needed, the community can get together and do things for themselves. But these events are about much more than just having a good time. They can strengthen neighbourhood spirit and a sense of belonging locally. Through bringing people from different backgrounds together, they can develop commonalities and strengthen cohesion. These events also provide an opportunity for people to get to know their neighbours and strengthen their connections in the local community. It's the community cohesion, the neighbourhood spirit and the local connections that are the core of community resilience.

And it's not just the Royal Wedding. Alongside our army of volunteers, we organise and run an exciting and diverse calendar of events – both local and borough-wide – that are accessible and welcoming to all with over 200,000 people attending events last year. We're looking to continue and build on this neighbourhood activity, using the 2012 Olympic and Paralympic Games as a focal point for local people to get more active and connected.

Having a broad and diverse set of networks and relationships is good for individual well-being and life chances but also for the community as a whole. It is connected with lower levels of crime and higher levels of trust.²³ A community with vibrant and diverse networks is better able to respond to local challenges that the state cannot, or should not, be involved in. These relationships are the scaffolding around which genuine community action and solidarity can be built and the beginnings of giving communities the resources to be more involved in meeting local need without having to turn to the council.

So the welfare state must provide the infrastructure that supports the development of strong and diverse networks. At its most basic, that requires the provision of a safe and pleasant environment to make it possible for people to get out and about and to feel confident interacting with their neighbours. But it also means ensuring our services connect people to others and consider them in their broader context – for instance supporting older people to reconnect with their communities will tackle loneliness and can lead to better health. We must work to understand the networks in our community and use those to spread beneficial knowledge and support. Importantly, the public sector must be more effective at mobilising and working alongside the support networks that exist at a local level. In this way, people and communities will be better placed to meet needs themselves, rather than relying on state support.

Understanding community resilience also makes clear why it is important to provide a welfare offer to those further up the income spectrum as well as the neediest. Firstly, because the broader the range of people networked into our community the better. But secondly because loneliness, the need for support and community affect all of us, and can have a significant impact on people's quality of life no matter how much they earn.

²³For example see Robert J. Sampson, Stephen W. Raudenbush and Felton Earls, *Neighborhoods and Violent Crime: A Multilevel Study of Collective Efficacy*, SCIENCE, Vol. 277, 15 August 1997, p918

Economic resilience

As well as personal skills and social networks, getting the most out of life is also about the economic environment we live in and the material resources we can access. Economic resilience is about being able to withstand financial shocks, being able to access employment and having the resources to make genuine choices about your life. It means having a high enough income to move beyond the day to day struggle of survival and the 'poverty premium' that many of those living in poverty pay for everyday necessities like food and power. Economic resilience allows people the time and freedom to develop those personal and community experiences that build resilience more broadly.

A lack of economic resilience has significant impacts for personal and community resilience. The relationship between low income, debt and mental health is well established.²⁴ As one single parent in Newham commented during a recent focus group discussing the impact of living on a low income and the recession:

"I think I'm coming out of it now, I'm dealing with it, but I used to, it's just like a heaviness in my body, you don't want to look at the mail to see what is coming next."

And there are knock-on effects for the community in general:

"I'm more stressed, there are less happy people around, when you are coming home, you are surrounded by people who are under stress or depressed. I have noticed that in the community. Before you would see people and they would be buzzing."



²⁴For example Brown, Taylor and Price, Debt and distress, evaluating the psychological cost of credit, 2004, BHPS and Wilkinson and Marmot, Social determinants of health: the solid facts, World Health Organisation, 2003

Work is at the heart of building individuals' economic resilience. For our residents, and many people in disadvantaged areas across the UK that requires ensuring they have the skills that will make them attractive to employers. Our own research shows that softer skills such as interpersonal skills, self-discipline and motivation (those we describe as personal resilience) are top of local employers' list²⁵ alongside good standards of English. People need access to opportunities to develop those skills and to gain the practical knowledge that employers are looking for.

Economic resilience depends on external circumstances too. Even more fundamental than employable residents, economic resilience requires good quality jobs. In the context of a regional economy where there are nine job seekers for every job centre vacancy²⁶ that requires a strong and balanced growth strategy that will create jobs accessible to people with a range of skill levels in all areas of the UK.

In order to withstand fluctuations in the economy it is also important to have a mix of sectors operating in an area and to avoid dependence on a single industry. It was dependence on a single industry, such as the Docks in Newham, which meant whole communities were devastated by the loss of the local industry – from coal mining in the Welsh valleys to steel in Sheffield. In Newham the public sector is by far the largest employer – leaving our community vulnerable to the current cuts in public spending.

Whilst employment is absolutely vital, having a job is not enough to overcome poverty, as evidenced by

²⁵Understanding Worklessness in Newham, 2010, London Borough of Newham

²⁶Jobcentre Plus vacancies, summary analysis, DWP, July 2011

the continuing need to subsidise wages through tax credits and benefits. Economic resilience requires good work; a job that pays, is secure and gives people the work satisfaction that is essential to well-being and good health. So it is important that we find ways to work with employers and to offer people opportunities to progress and make real choices about their work.

Alongside sustainable and secure employment people need access to good quality financial products. Save the Children has estimated that low income families pay a poverty premium of around an extra £1300 per year for basic goods and services.²⁷ In addition economic resilience requires access to credit at reasonable rates, avoiding dependence on exploitative doorstep lenders.

To create economic resilience we need to build a stable and just economy where jobs are available and work pays, we need to get people skilled up for those jobs and support them to build the assets and resources that will protect them against financial shocks.

²⁷The UK Poverty Rip-Off, Save the Children, 2011

Aspirational housing

We are using our housing policy to build aspiration and put a focus on residents capabilities. We will prioritise residents who are in low-paid employment or who have caring responsibilities for our social housing. This means we can reward and support those residents who are trying hard and struggling on low incomes.

It's also about changing the culture of the housing waiting list. At the moment the focus is on proving how needy you are, and therefore being a passive recipient of social support. Now the emphasis will be on showing what you can do, how hard you're trying and how we can support you to better your life. Our successful employment programme Workplace supports those who want to get into work and we'll be working with housing associations to ensure we're making a difference right across the borough.

Many of our residents are living in the private rented sector and would like to own their own home. We're piloting a small shared equity scheme for residents who cannot afford a deposit or the costs of buying a home on the open market. This scheme helps lower income residents build an asset base, improve their economic resilience and makes support available to those who are not at the very bottom, ensuring their contribution is recognised and rewarded.

Helping residents onto the housing ladder means they are able to settle in the borough and really get involved in the life of the community. It helps to create a healthy mix within communities, where people living in the private rented sector, renting a social home or moving onto the housing ladder can live side-by-side.

What does this mean for the welfare state?

In Newham we are using this analysis of the real causes of persistent disadvantage to rethink the way we deliver services and work with our community.

Some of this draws on work we have been doing within the council over the last few years. Newham is a pioneering council and we have introduced a number of innovations that have supported us as we move towards building resilience such as being the first local authority to offer the “better off in work” guarantee to those moving into employment.

Over the last three years the council has delivered £68m of efficiency savings which has helped us keep down council tax whilst investing in initiatives to build capacity such as free school meals for all primary school children.

Some of the ideas here are newer. Over the last year, as we have worked up our analysis and developed our understanding we have engaged with a range of academics, think tanks and politicians as well as service providers and local community groups to test and strengthen our understanding.

In May 2011 we launched a formal consultation with local partners and stakeholders and we have run a series of discussions groups and forums to engage and involve our staff. Through these conversations we have identified new ways in which we can work and are benefitting from the insight and expertise of our staff.



This document sets out the next step in our journey as we publish our delivery plan. But this is very much the start of a process, not the end. The council's budget position is very challenging – over the next four years we must make savings of around £84m. That means that we must challenge everything that we do – and that some things we would want to invest in will have to wait. However, this document sets out where we are at this point in time and our plans for the future.

Our analysis makes clear the importance of preventative approaches that build resilience and avoid needs arising, and we will place particular emphasis on investing in the early years. But more broadly, to overcome those challenges of fairness, legitimacy and effectiveness, we must return to a more reciprocal model of the welfare state based on earned entitlements, contribution and co-production. More than relieving poverty, the welfare state must support people and families to build the skills and resources that will make them resilient and able to live the fullest lives they can, but in return there should be a stronger expectation that people will use those skills and resources to contribute to our community. That contribution should unlock a fuller offer where the state and community actively help people with their success and ambitions.

In this way we will restore fairness and legitimacy to the system, it will support more than just those at the bottom and reward effort. And we will have a more effective offer with the right incentives for people to make the best choices for themselves and their families.

Our Plan for Delivery

We have a range of policy interventions already in place or under development that we believe will help build resilience in Newham and have vital lessons for the reform of national policy.

Employment is key to building resilience. Those who contribute in this way should be rewarded and we should ensure people have the skills and resources to participate in the workplace.

> **We are investing in employability.** Last year we helped almost 3,000 residents into work. We are investing £5 million this year in our employment service Workplace so that a further 5,000 of our residents can get into work. We are also working in partnership with Westfield and Newham College to deliver The Skills Place – Newham, our retail and hospitality centre that will give local people the skills they really need to find and progress in work. We have worked closely with the East London Business Alliance to develop a new recruitment model. We work to understand the needs of employers, at no cost to them. We also work with residents to ensure that when they get an interview they can demonstrate the skills required by employers. When we just send a CV to a firm 2% of our people get a job. When we present our residents to business this way 80% get jobs. Newham residents can compete with people from all over the world if they are just given a chance and a little support.

> **We are working with the private sector to bring jobs to the borough.** There is huge potential for growth here. Alongside local businesses Newham



led the call for the Royal Docks to be designated as an Enterprise Zone. We also strongly supported the creation of a Mayoral Development Corporation to build on the great work we have done in partnership with Westfield and the Olympic Park Legacy Company.

Housing must underpin our commitment to supporting people into work; it also cuts across personal and community resilience.

> A housing allocations scheme linked to employment. We have pioneered a different approach to the allocation of social housing. For example, some years ago we won a case in the House of Lords that enabled us to prioritise the allocation of social housing on the basis of time waited. We will now give priority for social housing to those in work or contributing through activity like foster caring, creating the right incentives for people to improve their personal situation.

> A shared equity scheme to help hardworking families get onto the property ladder. With a social housing partner we are currently delivering a pilot shared equity scheme. We are expanding this through the use of existing council stock. However we want to do more to deliver affordable home ownership and are exploring further options.

> Borough wide licensing of the private rented sector. As house prices rise, ever higher numbers of people are living in the private rented sector. One third of all properties in Newham are now privately

rented. We face particular challenges, with the high level of demand meaning that landlords are often able to get away with a poor quality offer that has a serious impact on people's personal, economic and community resilience. We have already established a successful Neighbourhood Improvement Zone based on Selective Licensing of private landlords and are expanding the scheme to the rest of the borough.

> Becoming a key player in the local private rented sector. We want to do more to provide secure homes and stabilise communities. Through our work with Local Space we have purchased significant additional housing equity through a bank loan. As this is paid off we will have a significant amount of housing equity that we will use to invest in our future housing policies. We will now build on this approach by buying street properties to let at commercial rates. By becoming an important player in the local market we will help drive up standards in the private rented sector and provide a high quality offer to residents who rent their homes. In addition we will offer longer tenancies to give people in this sector more stability, particularly important when a household has children at school. We expect to begin procurement for a partner to deliver this approach shortly.

We will support families and young people to build their resilience and to achieve their aspirations with universal services that ensure all families in the community benefit. Where extra support is needed it

will be time limited and focussed on moving children and families towards independence.

> **Support for all families:** A universal parenting offer will ensure all children get the best start in life. Through the work of the children's centres parents will be supported to be better parents to their children. Our new Workless Families Project will work with workless households to help them deal with the challenges they face and get back on track together.

> **Free school meals** for all primary school children to support their development but also offer a helping hand to working families. The council has committed to funding this scheme which is the equivalent of £500 a year per child before tax for hard-working families.

> **Every Child a Reader:** We will tackle illiteracy and work with schools to roll out the use of systematic synthetic phonics in the classroom backed by additional support for those young people who fall behind. We are committed to a minimum 90% literacy target by 2014.

> **Every Child a Musician:** We provide a universal offer to give all ten year olds the chance to learn a musical instrument with two years free tuition. We use the community to offer tuition and reward young people's hard work by allowing them to keep the instrument they learn on.

> **We will end the culture of a social worker for life with early intervention teams:**

Early intervention teams based around schools, children's centres and community hubs work with families before difficulties become deeply engrained problems. Work will be time limited and focused on building and sustaining the family's resilience. This will save millions of pounds, but more importantly these teams will end the culture that in the past encouraged families to depend on the council to manage their lives and instead support them to flourish independently.

A resilient community is an active and connected one.

> **Community hubs** – bringing people and services together. Community hubs, based at the heart of our local areas will bring together a range of council services under one roof. We are devolving powers to local councillors so that local services reflect, and respond to, local views. We believe that councillors are community leaders who have the mandate to work with residents to improve local areas. In addition to co-location of services Community Hubs will allow residents to have a greater say over how services are run and create space for voluntary and private sector activities with community benefit.

> **We will be tough on those who disrespect the community:** We will actively seek to evict anyone involved in this summer's riots from council properties.

> A residency requirement to access services.

We will review our services to determine those where it would be appropriate to restrict access to those who have lived in the area for a minimum period of a year. Newham and boroughs like it have high levels of population “churn” with people frequently moving in and out, this transience damages our community. A residency requirement will help ensure that we are able to target additional support and our resources on a sustainable basis to those who are most in need.

> Direct support to build resilience. Residents who have demonstrated a contribution will be considered for support that could help change their lives. From training to a deposit on a rented flat. Conditional low interest loan and grants will help people get the resources in place that they need for success.

Services must be personalised and tailored to meeting individual needs.

> We will expect more for our older residents and offer them real independence, through enablement, control of their support arrangements, and using volunteers to overcome isolation and ensure they get the most out of the support available. In addition to ensuring older people are able to make real choices about their own lives a more effective approach will also generate significant savings.

The council of the future will be different too.

> **An organisation fit to build resilience.** We are restructuring our organisation, reviewing our partnerships, our activity and performance management mechanisms to ensure we are delivering on the right aims and to free up our staff to work on the things that really matter. A Dragons Den will offer staff the opportunity to pitch their idea for delivering things differently.

> **We will use our buying power to build resilience:** Through our commissioning and procurement processes we will move to payment by results and ensure our contracts are more accessible to small business, and mutuals. Large bureaucratic structures are incapable of delivering the level of personalisation that is necessary if we are to build resilience.

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