The experience of the Community Links Social Enterprise Zone

The UK's first Social Enterprise Zone (SEZ), based in Newham, east London, was established in 1998. It built on the Business Enterprise Zone model, where designated areas are freed from a range of statutory regulations obstructing local economic growth, and applied this principle to community services. The SEZ is a test bed for new policies and services tackling regeneration in deprived areas. Users of public services and front-line workers generate all the ideas. In this study, those involved in running the SEZ report on the lessons from its first years:

- The SEZ developed a tool called 'what if...?' to gather ideas from users of public services and front-line workers. This has involved over 1,000 local people. Participants have attended meetings with officials from public sector agencies and central government, been involved in designing and carrying out research and helped deliver pilots testing SEZ proposals.

- The SEZ made extensive use of Public Service Agreements in order to establish how ideas could help government meet its own objectives. About 60 ideas were developed, each with a connection to a Public Service Agreement objective.

- It was believed at the start of the project that ideas would largely focus on policy changes. In fact most new proposals were for services or rules which turned out to be unimplemented elements of existing policy, and therefore not known about locally, or for better ways of delivering local services.

- The SEZ has established partnerships with local public sector agencies to test ideas. SEZ has had to fund or co-ordinate these pilots itself because of the complexity of accessing funds for testing innovation and the lack of financial and human resources in local agencies to test ideas developed at the local level.

- Feeding into policy at the central level has been the most challenging activity, even at a time when policy-makers have been inviting evidence from outside government. The SEZ has adopted a range of approaches to deal with this, including evidence-based policy contributions, building networks in government and building networks of practitioner organisations.

- However, the SEZ co-ordinators conclude that, as long as policy design remains tightly controlled by central government, government will not make best use of evidence from local experience.

Background

In 1998, the Joseph Rowntree Foundation published *Social Enterprise Zones: Building innovation into regeneration*. This proposal, developed by inner city charity Community Links, highlighted the fact that only 2 per cent of public sector resources in Newham were specifically focused on regeneration. It argued that this reflected how successive governments have treated regeneration as *additional* rather than *central* to the main task of providing public services and was detached from those best placed to shape it, namely the people living and working in areas experiencing multiple deprivation.

Community Links developed the idea of Social Enterprise Zones (SEZ) in 1996. Taking the principles behind Business Enterprise Zones – designated areas freed from a range of statutory controls deemed to be obstructing local economic growth – it looked at whether this approach could be applied to the delivery of community services.

In April 1999, the Joseph Rowntree Foundation and venture capital firm 3i supported the setting-up of a pilot SEZ. In January 2000 the SEZ formed part of a 7-year Single Regeneration Budget 5 (SRB5) programme in Forest Gate and Plaistow in Newham. The SRB5 Board and the Government Office for London unusually agreed to set targets for the SEZ which reflected the research and development needed in order to allow the local community to shape the work programme.

How does the SEZ work?

The SEZ identified the characteristics that defined it in the policy environment, collecting these under the name 1>2>3:

1. mobilising local people, the public sector and private sector organisations;
2. generating and gathering ideas for changing rules and procedures to make public sector resources more effective;
3. ensuring mechanisms are in place to test, monitor and share these ideas.

The Social Enterprise Zone has the following characteristics:

- The project is based within a well-established community organisation (Community Links).
- It has developed networks of local residents, community organisations, public sector agencies and officials from central government.
- Local residents work and volunteer in the project ensuring that there is deep understanding of local issues and access to the necessary local knowledge and skills such as languages.
- Project staff bring experience in community development, policy development, research, campaigning and fundraising. They think laterally and practically, and are willing to try new ways of doing things.
- The project is the catalyst and facilitator, enabling it to apply this approach to a range of issues.

In the 1998 report, the SEZ was seen as a potential mechanism for controlling mainstream budgets. However, in practice, the question for SEZ became how effectively it could influence the use of mainstream resources.

Generating new ideas

Whilst 'consultation' was deeply embedded in the language of regeneration, those developing the SEZ felt that practice often fell well short of genuine involvement. The SEZ developed a tool called 'what if...?' to gather people's experience and ideas (see Box 1).

The SEZ has involved over 1,000 local people - service users or front-line workers - in 'what if...?'. Participants have gone on to attend meetings with officials from public sector agencies and central government, to be involved in designing and carrying out research and to help deliver pilots testing SEZ proposals.

'What if...?' generates the outlines of ideas. As the SEZ began to explore ideas in greater detail it made extensive use of the government's Public Service Agreements in order to establish how ideas could help government to meet its own objectives. About 60 ideas were developed, each with a connection with a Public Service Agreement objective.

Realising change

As well as generating new ideas, the SEZ aims to test ideas so that they can be put to relevant government departments as working alternatives. Ideas have fallen into three broad policy types, each with their own implications for how to go about testing:

- new proposals for services or rules, which turn out to be unimplemented elements of existing policy, and therefore not known about locally;
- new ways of delivering services;
- new policies.

The third area has been the most uneven and time-consuming. The SEZ has adopted a range of strategies to deal with this:

Box 1: The 'what if...?' approach

- 'What if...?' is a conversation about ambitions. The participant shapes the content and direction of the conversation and it is completely confidential.
- Inspired by the phrase 'what if...?', barriers to people's ambitions are turned into practical ideas for change.
- The SEZ workers carrying out 'what ifs...?' are local residents, know the local context and have personal experience of some of the frustrations people discuss.
- The exercise is given the length of time it needs.
- It is carried out in places which suit the participant. Childcare, good quality refreshments and transport are provided.

Case study 1 – Establishing a benefits support service

'What if…?'	Establish a service in Newham's 4 JobCentres to support claimants filling in benefit application forms. This would speed up the processing of benefits, give advisers more time with clients to spend on jobsearch, and reduce the burden on local agencies providing form-filling advice. SEZ tested this idea with the help of trained volunteers. JobCentre Plus was interested in testing this idea, but did not have sufficient time or resources. SEZ took on the co-ordination and delivery of the pilot using its own resources.
Impact	Between April 2002 and January 2004: ● over 1,800 people have received support from up to 60 volunteers; ● the number of forms returned due to errors has reduced virtually to nil; ● the number of queries each week about non- or late payments of benefits has reduced by 80 per cent; ● 1,277 hours have been saved by JobCentre staff not filling out claim forms; ● Newham JobCentres now have the highest job entry rate in the country; ● 35 of the volunteers have gone into employment – some with the JobCentre itself; ● JobCentre Advisers have seen at first hand how volunteering can help people into employment and now refer their clients to the project.
Change to mainstream practice	JobCentre Plus is now committed to taking on the funding of the service having witnessed its effect. SEZ has used this project to develop other pilots with local JobCentres. Results have been shared with central government and a new fund announced in the 2003 Budget for JobCentres to help people from minority ethnic communities into jobs.

● *Evidence-based policy contributions.* In some cases rule changes proposed by SEZ, sometimes alongside others suggesting similar changes, have jumped on to the statute book. In contrast, the SEZ has had to work hard even to get government to agree that there is a problem in some areas of policy.

● *Building networks in government.* Some government officials have responded warmly to SEZ ideas and remain keen to explore options for changing policies where a good case can be made. Others have taken ideas as criticism. The SEZ has dealt with this challenge in a number of ways including hosting secondments from government departments (see Case Study 2), taking part in joint projects, organising project visits and convening cross-sector 'round table' meetings.

● *Building networks of practitioner organisations.* This has boosted the credibility and detail of submissions by the SEZ to government.

Enduring change

The SEZ has engaged local residents and front-line public sector workers in designing and testing new solutions to local problems and influenced changes to national policy. In so doing, it has gained insight into the challenge of harnessing mainstream resources, which remains a largely elusive goal for government. The government's greater emphasis on evidence-based policy seems to offer a potential way forward, but in the process of assessing research priorities and deciding whose evidence counts, the centre still decides how to use evidence. As such evidence-based policy offers no inherent guarantee that policy will reflect local needs. There is still scepticism in government over the real value of involving those with practical experience of services in designing policy.

Implications for policy and practice

The question remains how to harness mainstream budgets in the fight to tackle deprivation on a far larger scale than has currently been achieved. The SEZ experience suggests that the following processes for developing and delivering policy could help.

Setting policy

● **Design public policy at the centre but in collaboration with, and based on evidence generated by, those with direct experience of the issue policy is aiming to tackle. Ways to achieve this could include:**
  - making greater use of secondments and short-term attachments from central government to public sector agencies and community organisations to develop new policy, refine specific policies or to participate in pilot projects;
  - making greater use of 'back to the floor' techniques amongst policy-makers and senior management;
  - using methods such as 'what if...?' to capture how front-line staff currently use their discretion but do so quietly and with a concern that it is against the rules;
  - giving evidence generated at the local level equal status with research generated within government departments, by university departments or research agencies;
  - ensuring that policy design is receptive to lessons from pilots.

● **Use national minimum standards to set out the expectation for any policy and monitor these from the centre. Ways to achieve this could include:**
  - using the Public Service Agreements to establish conversations between local areas and central

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Case study 2 – Building bridges between informal and formal employment

'What if…?'	A series of 'what if…?' exercises and follow-up research revealed the barriers faced by people forced to work informally. SEZ shared this work with the Inland Revenue and hosted a secondee for four months from the Cross-cutting Policy Team who came to investigate further. SEZ was able to discuss this sensitive area with the Revenue following successful partnership work to pilot a tax credit take-up service.
Impact	The Inland Revenue has developed a better understanding of the motivations of people working informally and the barriers they face in emerging from it. The secondee got to see how policy works in local circumstances.
Change to mainstream practice	The secondee has returned to the Inland Revenue to establish a new unit to develop and test new policy on the informal economy. The final report is currently being drafted for submission to the Inland Revenue Board.

government on the best ways of meeting these objectives;
- identifying standards that are measurable, broad and few in number, with an emphasis on objectives shared across departmental boundaries;
- involving users of services in monitoring the delivery of policy, and identifying where expectations are not being met.
● **Include an element in policy budgets designated for local managers to allocate on the basis of local needs.**

Responding to local concerns
● **Enable policy to take account of local distinctiveness and to respond to changing local conditions and demands. Ways to achieve this could include:**
- using methods such as 'what if…?' to gather evidence about the needs of people locally and practical ideas for making existing services more effective;
- making greater use of pilots. Locally controlled budgets would increase the capacity to run pilots without the need to seek permission from the centre. Passing the delivery of pilots to external agencies such as the SEZ would delegate the burden of planning and delivery and ensure that pilots can take place at one step removed from a public sector culture anxious about risk. Practical successes from pilots would reinforce the message that local experience will deliver the goods;
- using the funds designated for local use to ensure that piloting new services does not add to the existing workloads of public sector staff;
- using channels created by greater collaboration between central government and local areas to share results of pilots and incorporate successes into future design of core policy.

Motivating staff:
● **Ensure that public sector workers are motivated by the successful achievement of policy objectives rather than overwhelmed by the minutiae of the policy delivery process. Ways to achieve this could include:**

- encouraging staff to use their discretion to improve performance against agreed objectives and to share results with colleagues;
- giving staff time to contribute their proposals for policy and delivery improvements.

About the project

The SEZ was co-ordinated by Community Links (www.community-links.org), an inner city charity running community-based projects in east London. The experiences of its first few years have been written up by Matthew Smerdon, project manager from 1999 to 2002 and now Director of Community Work at Community Links, and David Robinson, Senior Adviser at Community Links.

How to get further information

The project team would be very pleased to discuss any issues: contact, Aaron Barbour, Project Manager, Social Enterprise Zone, Community Links, 105 Barking Road, London, E16 4HQ tel. 020 7473 9666, email aaron.barbour@community-links.org.

The full report contains nine short case studies of those ideas that have been tested and details of the eight policy proposals that have been implemented.

Enduring change: The experience of the Community Links Social Enterprise Zone: Lessons learnt and next steps, by Matthew Smerdon and David Robinson, is published for the Foundation by The Policy Press (ISBN 1 86134 312 4, price £11.95).