



## Local initiatives in property repair and maintenance

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Levels of home-ownership have increased whilst grant aid to assist with repairs has remained static or is in decline. These factors have focused attention on alternative sources of funding for repair and improvement work, and in particular on the potential of self-help schemes. This study, carried out by John Pearce and Chris Wadhams, examines the opportunity for owners to have repair work undertaken through membership of the expanding Local Exchange Trading Systems and Schemes (LETS).

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**f** LETS are very new organisations, and their present impact on property repair and maintenance is very limited. Their membership numbers are still small, thus presently for every £1,000 invested nationally on DIY, only 12p is invested via LETS activity.

**f** Despite this, the demand for property repair and maintenance within LETS exists. Such work is the only area where members' demand greatly exceeds the offers of trades.

**f** LETS trading encourages a significant proportion of members with property repair and maintenance skills to move into the formal £ sterling economy, mainly via self-employment.

**f** For unemployed members, fear of losing benefits is a serious disincentive to their involvement.

**f** LETS members are highly satisfied with the quality of LETS work.

**f** Only 10 per cent of LETS trades in property repair and maintenance are adequately covered by accident insurance.

**f** The researchers conclude that LETS would most valuably contribute to the small preventative maintenance items where the involvement of a private contractor would be uneconomic. In this 'niche market' the value of LETS work could be disproportionate to its level of activity, if through using LETS more expensive work resulting from neglect is avoided.

### Increasing disrepair

In the last ten years, intervention programmes have mainly been targeted at run-down local authority estates. Poorer mixed tenure neighbourhoods, home to lower-income owner-occupiers, private and housing association tenants as well as council tenants, have received little attention.

In the owner-occupied sector, disrepair is still a problem. The income spread of owners has widened through Right to Buy and the increasing number of elderly owners, and almost a quarter of owner-occupied property is now unfit or requires repairs costing £1,000 or more.

Public sector support through improvement grants has declined, and for many owners, do-it-yourself property repair and maintenance is not appropriate.

### The spread of LETS

Creating your own currency to assist local economic activity is an old established tradition. Before the advent of central banks, local currencies existed throughout the western world, and persisted in the UK even after the reform of private banking which created the Bank of England. Local currency initiatives also arose during times of economic depression, especially in Germany and Austria after the First World War and in the USA during the 1930s.

In the last few years around 400 Local Exchange Trading Schemes and Systems have been set up in the UK, involving 35,000 people. LETS are groups of people who co-operate to request goods and services to and from each other. Offers and requests are listed in a LETS Directory, a form of 'neighbourhood Yellow Pages'. Members then trade with each other, valuing each trade in a local currency, which is usually given a name connected with the local area. What each trade is worth is decided by mutual agreement between the two members, and the transactions are recorded through a local 'cheque book' system.

LETS have also been growing in other parts of the world. By the end of 1995, 200 LETS had been established in Australia and almost 100 in New Zealand. In Europe it has been estimated that around 500 LETS are operating, with LETS being particularly well-established in Ireland and developing, primarily in rural areas, in Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden and Italy.

### LETS and tax and benefits

The increase in the number of LETS operating in the UK has given rise to concerns about how such local currency trading organisations should be regarded by the Inland Revenue and the Department of Social Security.

In principle, LETS activity can at present affect benefit. Other than for the long-term sick, disabled

people or lone parents, LETS activity at over 16 hours per week can put benefits at risk. LETS can be regarded as earnings, leading to loss of benefit if the levels of 'disregard' are exceeded.

LETS members themselves have an ambiguous attitude to issues of tax and benefit. Most accept the tax liability rules, but some argue that LETS are really no more than luncheon vouchers or gift tokens and thus should be ignored. Other LETS members argue that, for LETS to play a full part in a revitalised local economy, LETS units should be treated as money, and pressure be put upon Government to apply a benefit disregard to encourage self-help and anti-poverty strategies.

### LETS in action

LETS are a very recent phenomenon in Britain. Amongst the case studies, the oldest and largest single system, Stroud, was formed as recently as 1991. The remainder began trading between 1993 and 1995.

Typically, one-third of a system's members are really active and trade regularly. Another third are no more than occasional traders. The final third may have joined because they thought the idea was a good one and wished to support it, but in practice are never active.

The scale of trading through LETS is also modest, both by volume and by specific trades. Although most LETS report that their local currency unit is not linked to £ sterling, many accept that in most peoples' minds it is. However, not being officially linked permits an important flexibility in each negotiation between provider and consumer so that they agree what is right for them. Most LETS appear to have an advisory rate per hour (in the case studies this was 4 or 5 units per hour), but it is always up to the individuals involved in any transaction to agree their price.

Many LETS depend on a core of key people to make them work. Sometimes these people are volunteers, in other cases they are employed by the LETS and paid in the local currency. LETS members trade with members they know and are predominantly middle-class. At the same time many members who regard themselves as 'middle-class' are concerned that LETS should be relevant and effective for disadvantaged people and set up in areas of low income.

All LETS need access to basic administrative facilities. Some have their own dedicated offices, others have the use of an office facility belonging to another organisation. Most of those that do not have a base, aspire to acquiring one as soon as they can.

### LETS in perspective

All LETS produce a Directory, but the frequency of updating varies. Not all Directories list 'wants'. One of the reported, and perhaps unsurprising, weaknesses of LETS is that sometimes the goods and

services which people list turn out to be not immediately available when they are approached.

The largest LETS are a compendium of talents, over a wide range of topics. From offers of accommodation, arts and crafts, bike repairs, childminding, recycling, rebirthing, woodwork and yoga, the Directories provide a fascinating insight into the A-Z of services that members of lively communities can offer, one to another, outside the main day-to-day basic requirements such as food and clothing.

Taking offers and wants together, 70 per cent of the average Directory was taken up with offers, compared with 30 per cent devoted to wants. There is a substantial imbalance between offers made and wants identified.

### LETS and repair and maintenance

Despite this, in one category, that of property repair and maintenance, wants listed greatly outweighed the offers made by LETS members.

For the most part, LETS work covers small-scale, odd-job repairs: fixing a tap washer, hanging a door, patch plastering, etc. These are the sort of jobs which it is often difficult to get a private contractor to come and do, or which will trigger a basic call-out rate which makes the job seem prohibitively expensive.

These are also the jobs more likely to be within the competence of 'amateurs' or 'hobbyists' and the case studies confirmed that a majority of people offering skills would fall under such designation. It is thus likely that LETS work concentrates on the small odd-jobs because that is the realistic expectation people have of what can be done within LETS. LETS members were very satisfied with the quality of repair and maintenance work undertaken. However, only 10 per cent of LETS trades in property repair and maintenance were adequately covered by accident insurance.

Building work, especially the materials element, tends to be either a mix of £s and LETS currency or sterling only. Building work of any scale will tend to drift out of LETS and into the £ sterling economy. This is especially true for people who are seeking to earn their living from such work, it is correspondingly less true for the non-professionals. A reluctance to pay £ sterling is perceived by some workers as people expecting work on LETS to be cheaper than if they had to pay £ sterling.

The need for a LETS to "make the market work" emerged quite strongly. If substantial contracts are to be undertaken, a degree of planning, organisation and co-ordination is required. A practical way of doing this could be the adoption of 'gang' or 'project' work so that it is the LETS rather than individual contractors, which assumes the responsibility either of tackling certain types of project or of meeting the needs of certain groups of people.

The demand for LETS to meet property repair and maintenance wants is extensive, but there are simply too few LETS members currently capable of meeting that demand.

### LETS and the local authority

Many LETS would like to build effective partnerships with their local authority, perhaps by the council becoming involved at the early stages of setting up a LETS, perhaps later - when the LETS is established - by buying services and permitting a range of council facilities and services to be available on LETS.

However, how that partnership is developed is very important to LETS. Most LETS are also very conscious of their independence and therefore suspicious about becoming beholden to the council by receiving grant aid.

Local authority and LETS partnerships can be built in innovative ways from the bottom up. This is not to decry the efforts of those local authorities which have chosen to begin partnerships by appointing staff within their own organisations to promote LETS, but rather to indicate that LETS themselves are not traditional 'top-down' organisations. A flexible approach by both LETS members and local authority councillors and staff is likely to encourage experimentation and to develop partnerships which are appropriate to differing circumstances.

### Conclusion

The researchers conclude that the following steps could increase the potential of LETS in encouraging programmes of property repair and maintenance:

- LETS members could identify in their Directory entries the level of skill they have in property repair and maintenance. This would encourage members with lower level or infrequently used skills to offer them nevertheless, and help create a more equal match between offers and wants.
- LETS members could co-ordinate their activity to enable larger repair and maintenance tasks to be undertaken.
- Broadening the range of goods and services offered by LETS members would attract more people with property repair and maintenance skills, who could then more easily 'spend' the credits they earn.
- Negotiating with DIY stores and private sector suppliers of building materials to encourage them to become members would enable building materials to be bought with local currency.

- Partnerships with organisations such as Care and Repair and Credit Unions could promote integrated repair and maintenance for lower income groups, if necessary on a pilot basis initially. This could also be enhanced by participating in partnerships led and co-ordinated by local authorities which seek to involve local communities pro-actively in programmes of property repair and maintenance.
- Public sector bodies could encourage the development of LETS, by initial start-up grants, paying for staff training and most importantly by becoming members themselves.

Finally, LETS have the potential to contribute to current programmes aimed at reducing welfare dependency and developing skills and self-reliance. To encourage the growth of LETS in low income communities, the Government could, by amending DSS secondary legislation, ensure that any 'earnings' in local currency will be disregarded in calculation of benefit entitlement (as has been recommended by the Local Government Anti-Poverty Forum).

### About the study

The study is based on a detailed analysis of 55 LETS Directories, one in eight of all LETS nationally, a postal questionnaire, which was completed by 120 individual LETS members, and group discussions with members of eight LETS, big and small, rural and urban, in England and Scotland. In these discussions, 50 LETS members with considerable experience of participating in LETS were interviewed in depth.

### How to get further information

A full report, *Uncommon currencies: LETS and their impact on property repair and maintenance for low-income home-owners* by John Pearce and Chris Wadhams, is published by The Policy Press as part of a joint series with the Foundation on housing repair and maintenance. It also contains general information about how LETS operate. It is available from Biblios Publishers' Distribution Services Ltd, Star Road, Partridge Green, West Sussex, RH13 8LD, Tel: 01403 710851, Fax: 01403 711143 (ISBN 1 86134 078 8, Price £11.95 plus £2 p&p).

The following *Findings* look at related issues:

- [Achieving regeneration through combining employment training and physical improvement, Mar 97 \(H204\)](#)
- [The role of DIY in maintaining owner-occupied homes, Jul 97 \(H220\)](#)
- [Repair and maintenance of flats in multiple ownership, Oct 97 \(H226\)](#)

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