

Findings: No.4 - Connecting low carbon opportunities to areas of social exclusion

The “Building the Low Carbon Economy on Merseyside” project is a Liverpool University-led Knowledge Exchange Partnership funded by the Economic and Social Research Council and three local partners: Liverpool Vision, Liverpool Chamber of Commerce, and Groundwork Merseyside.

The project ran from September 2009 to December 2010.

This brief focuses on ensuring that socially excluded communities can benefit from low carbon opportunities in the light of the policy drivers from the coalition government.

Key recommendations

1. Use the coalition government’s policy of decentralisation to drive through a locally owned, socially-inclusive low carbon policy, including the setting of local targets to ensure that local residents benefit.
2. Explore funding mechanisms such as the Green Investment and Big Society Banks, new borrowing and bond issuing powers, Green Deal, and opportunities for local residents to form mutuals to deliver services, providing new low carbon opportunities for socially excluded communities.
3. Identify future technology and skills demands likely to be accessible to low income residents in order to inform local skills, training and supply-chain provision. Ensure that the Regional Retrofit Academy for low carbon and renewable energy technologies enables residents of socially excluded communities to benefit from new low carbon opportunities.
4. Develop the capacity of the city’s social economy sector to run Intermediate Labour Markets and customised training and job interview guarantee schemes in a low carbon context.
5. Explore opportunities for deprived communities to benefit from retrofitting programmes and, where appropriate, the installation of micro-generation at a community and street level. Target the effort on socially excluded communities and achieve economies of scale by ‘enveloping’
6. Balance support for sunrise high-tech, low carbon industries and offshore wind and wave power with low carbon strategies that fit the skills, needs and aspirations of residents of communities suffering from multiple deprivation, to balance a focus on ensuring that individuals are job ready.
7. Work with the CBED successor organisations to develop local low carbon strategies, including local food and energy production, local manufacture, and new opportunities in the visitor economy.
8. Capacity-build the ability of social enterprises to provide strong community leadership that, when appropriate takes advantage of new freedoms to deliver services and own assets.

1. Where we are

- 1.1 We were asked to explore 'what models of development will connect deprived areas to low carbon economic opportunities?' Deprived communities suffer from multiple disadvantages, residents with limited travel opportunities and/or horizons, poor connections out of the community but strong connections within it, and often a strong attachment to a place with a negative reputation. They can suffer from poor community leadership. They can be physically close to prosperous areas, but do not benefit from that proximity.
- 1.2 Liverpool's socially excluded communities have not benefitted greatly from culture-led regeneration and the city's rebranding. Levels of social exclusion and geographically concentrated deprivation remain stubbornly high. Residents are vulnerable to cuts in public spending, to changes in welfare funding, and to fuel price rises.
- 1.3 Their emissions, and responsibility for climate change is low, and they often suffer from fuel poverty. They are not 'the problem', but could be part of the solution.
- 1.4 While the city is well placed to benefit from its geographical location by the Irish Sea, given the low skill levels of many residents of these communities it cannot be assumed that they will automatically benefit from new opportunities in sunrise high-tech, low carbon economies. The skill requirements for these jobs are high.
- 1.5 Without intervention, those left behind in the past will continue to suffer, with all the associated problems of high social welfare bills, high levels of crime, poor health and addiction. Opportunities to address low carbon problems using these residents' skills and labour would be missed. This is a particular problem in a period where resources are scarce.
- 1.6 The coalition government's stress on decentralisation, mutualism and the concept of the Big Society could be seen as a cover for deep cuts in public spending, offloading problems onto those least able to solve them. Or it could be seen as a welcome opportunity for the city to take opportunities for new freedoms to develop a locally-owned low carbon economic development policy that ensures that local residents do benefit from new opportunities.

2. The new drivers: a 'Green Deal' for Liverpool?

- 2.1 In the context of the then Labour Government's 2008 quantitative easing, the project examined proposals for a local 'Green New Deal' which envisaged counter cyclical public spending to finance the training of large numbers of electricians, carpenters, plumbers etc in eco-renovation and green building skills.
- 2.2 Putting this resource - currently low skilled people seeking construction work - with the need to improve the eco-efficiency of Liverpool's housing stock seemed an obvious response to economic hard times. It would create jobs and raise skills, and put the city in a good position to meet growing market demands for eco-renovation and the installation of energy and water saving techniques, and ways to reduce, reuse and recycle scarce resources.

- 2.3 The election of the coalition government meant that the focus of policy moved away from fiscal stimuli to rapidly bringing down the deficit. The Future Jobs Fund was abolished. Consequently a centrally funded Green New Deal approach is not politically realistic in the current environment. Ways to work with the grain of government policy are preferred.
- 2.4 The coalition government's 'Green Deal' will be a partnership with the retail sector to provide upfront funding to homeowners, housing providers and SMEs to spend up to £6,500 on energy conservation methods, to be repaid at a rate lower than the energy savings achieved. The government expects that £7 billion private sector investment over 20 years will boost employment in the eco-renovation sector, whilst the sectors marketing skills will facilitate take up. Given the growth in the DIY sector in recent years, there are opportunities here. While the coalition envisages this to be a private sector-driven programme, it might be possible to upscale and target energy improvements using Green Deal funding to support 'enveloping' at street, community or property portfolio (RSLs) scale. Enveloping means doing improvements on a district or street-by-street basis, thereby co-ordinating the process, ensuring that no-one is left out, and achieving economies of scale and the efficient use of labour. It is dependent on securing community support for the work to be done collectively.

3. The government's philosophy: decentralism, mutuals and the 'Big Society'

- 3.1 The government aims to decentralise responsibility for agenda setting, and sees a big new role for social enterprises and mutuals in the delivery of public services to these locally-set agendas. Councils have had centrally set targets removed, and been given a power of general competence. Decentralisation is the policy. Locally-set agendas and mutuals are the delivery mechanisms. The 'Big Society' - a socially-engaged society where citizens take more responsibility for meeting their needs in ways they feel appropriate - is the outcome.
- 3.2 While it has its critics, especially in an era of public spending cuts, this approach does offer opportunities for taking local responsibility for acting on climate change, and growing new mutuals, social enterprises and community groups to facilitate the development of the Low Carbon Economy. Borrowing powers could be used creatively to finance retrofitting, paid back from lower fuel bills or other financing models and mechanisms. Citizen engagement that could be mobilised using the 'Big Society': Low carbon communities and transition towns have long promoted this approach.
- 3.3 We need to explore these issues with a clear head. In an era of deep spending cuts, there will be scepticism about the ability of localism and mutualism to address deeply entrenched problems, the value of local projects notwithstanding. Many will see this as no more than a cover for the withdrawal of the state in meeting people's needs. Vulnerable people will be abandoned, not empowered. Many will argue for and engage in confrontation.

4. What could be done: connecting to new opportunities

- 4.1 The Regional Retrofit Skills Academy should address the skills gap, ensuring that residents of excluded communities do benefit from the new low carbon opportunities. The nature or detail of some existing trades (electricians, plumbers, builders) will change as a result of new low carbon regulations and markets. There are huge opportunities for residents of deprived communities with manual skills

to benefit from retrofitting activities. Expansion of the low carbon skills training and education base should be integrated with other provision, and based on partnership working between training and educational providers.

- 4.2 Intermediate Labour Markets are well established mechanisms for helping long term unemployed people to access new opportunities by raising their skills levels and facilitating the transfer from benefits to work in a supportive environment. Customised Training, and guaranteed job interview schemes also have a good track record in helping long term unemployed people access new opportunities.
- 4.3 Liverpool could consider a Big Society 'Household and/or SME-focused Energy Conservation Project' using the 'Transition Streets' and 'Carbon Conversations' models to facilitate, encourage and support the installation of energy efficiency measures funded by the Green Deal, and install microgeneration using a Big Society Bank-funded loan fund. Groups of households and/or SMEs would decide what measures were appropriate, and support each other through the process. Big Society-funded social entrepreneurs could develop the programme practically on the ground. It would be less vulnerable to public sector cuts than centrally-funded programmes. The power of mutual aid networks is as yet unharnessed. 'Enveloping' could be used to upscale the approach.

5. Building new opportunities

- 5.1 As well as focussing on new, sunrise high tech low carbon growth opportunities, the city should explore low carbon initiatives that fit existing skills sets and aspirations (retrofitting, local food production, local energy generation, local manufacturing).
- 5.2 We need to recognise that the power of the private sector to create jobs to replace those lost in the public sector might prove to be limited. Public spending cuts will lead to the loss of public services. Local residents need to be supported to create new forms of self employment, SMEs and social enterprises, perhaps taking advantage of the new 'right to first refusal' to contract to run previously publicly delivered services, where this is appropriate.
- 5.3 Poor connections that some communities have to richer areas can be turned into an advantage. It can be a problem if a community does not have a supermarket: but if that supermarket sucks wealth out of a community then it can be less of an issue. Communities need to manage their connections, keeping those that are beneficial and limiting those that are more harmful. With support, local businesses and mutuals can meet unmet demand.
- 5.4 The New Economics Foundation's 'plugging the leaks' and 'local alchemy' programmes have explored how a focus on meeting local needs and aspirations with circulations of local skills and resources might benefit socially excluded communities. This would include considerable capacity building of local economic institutions like Community Development Trusts, local currencies and time exchange networks, Credit Unions, Community Investment Vehicles, as well as local food production and energy generation.
- 5.5 Community leadership can be provided by social enterprises. Opportunities to do this using the New Localism, existing and new social enterprises, the Big Society Bank and Green Deal and should be explored. The network of former CBEDs represents a resource from which to build, benefitting from their experience and from past investments.