
October 2017 Monitoring Report

This month's report considers recent work on local economic development drawing first on a New Economics Foundation report, *Social Care as a Local Economic Solution* for the West Midlands and then on a new website jointly established by the New Economics Foundation and the Centre for Local Economic Strategies, *Good Local Economies*.

Social Care as a Local Economic Solution

This report was prepared as part of work being undertaken to consider options for local economic development within the West Midlands Combined authority. In England social care services (care for older people including both ageing in place and institutional care) are purchased by local government, albeit with funding provided largely by central government.

The report takes as a starting point the proposition that care must be framed as no longer just a cost, but a major economic sector with the potential to deliver inclusive prosperity across the region. It notes that social care is a major and growing economic sector, employing 165,000 people in 2016, and likely to require an additional 25,000 by 2025.

It argues that it is a sector in crisis over funding and increasingly dominated by a handful of large, debt-laden chain companies; struggling to meet the needs of an ageing population; and widely perceived as an unappealing, low-pay, high-stress career. "It is neither providing the care that many residents need, nor being treated as an effective and galvanising economic sector that could help meet the region's aspirations."

It makes the case that a new approach to understanding the place of social care in the local economy could see it become a significant growth engine. The role of the combined authority would become one of driving change in the way that the social care sector is perceived, the nature and ownership of providers, and how care workers are trained and treated.

It includes a number of suggestions intended to shift provision from domination by chain companies to a much greater involvement of community scale enterprises.

The social care sector in England is significantly different from the equivalent in New Zealand. Here funding is directly a government responsibility with much more direct involvement including the role of DHBs in overseeing access to care.

However, there are also close parallels in the way that care of the elderly has been treated as a relatively low pay sector (now changing somewhat as the result of the recent settlement) offering little in the way of attractive career options.

There are also parallels in the settings for economic development. The West Midlands Economic Strategic Plan is described as "a strategy aimed at delivering high-end skills to attract inward investment: a high-tech economy that drives increases in Gross Value

Added.” It is not a strategy designed to deliver improved outcomes for less skilled people. There is much in common with the conventional approach in New Zealand to regional economic development which also focuses on high skill areas, and activities which will significantly increase Gross Value Added without considering the distributional impacts of the resultant strategies.

The real interest in the report from a New Zealand perspective is the case it makes for taking what would conventionally be seen as a low skill sector making a relatively low contribution to GVA in per capita terms, and seeing it as a potential engine for economic growth and enhancing the quality of employment for less well-off people within the community. Much of the report’s recommendations deal with issues such as how local government can encourage the emergence of alternative forms of provision, for example, social enterprise, and what local government can do to facilitate/enable appropriate training.

Again, the English context is different. New Zealand councils have little or no involvement with the social care sector as such. However, this is not necessarily a barrier to treating the New Zealand social care sector (or equivalent low income sectors) as real opportunities for an approach to local economic development which can enhance income and training opportunities for less well off people whilst at the same time potentially improving quality of service delivery.

The report itself can be accessed at: http://neweconomics.org/2017/08/social-care-local-economic-solution-west-midlands/?_sft_latest=research

Good Local Economies

This website, <https://goodlocaleconomies.cles.org.uk/>, was developed jointly by the New Economics Foundation and the Centre for Local Economic Strategies to provide a resource for people looking for guidance on initiatives they could put in place as part of local economic development designed to enhance equality within their communities.

It provides a wealth of information on innovative practice which should be of very real value for New Zealand councils. One example is housing. Start with the homepage and click on the find out how button for I want better housing. Then click on I’m in a community organisation. Finally, click on use social investment to build housing for the vulnerable.

This opens a window on the role of social impact investment in providing housing for the homeless. There is some immediate relevance for New Zealand. Potential providers of housing for the homeless face a major problem of access to capital. We have a number of significant ‘public’ entities which hold substantial investment funds on behalf of the communities they serve - community trusts, some energy trusts (the Tauranga Energy Consumer Trust, the Rotorua Energy Charitable Trust) and some local authorities (the Bay of Plenty Regional Council, the New Plymouth District Council). With very minor exceptions all of these entities hold their capital in managed investment portfolios, or in the capital of energy or port companies.

This raises the question of the potential for improving community outcomes if these entities were to treat impact investing as a core role - still generating some income available for community purposes, but concentrating on how the innovative investment of their capital funds could contribute to the well-being of their communities.

That is just one of many examples of innovations focused on building strong local economies which are showcased by the good local economies website. Despite the differences between England and New Zealand, this website looks to be one of the more valuable resource banks available to New Zealand councils. As discussion of the impact investment example suggests, it is also a very useful source of experience which could support and argument for changing the way in which long standing practices have evolved in ways which arguably are no longer the best way of enhancing the interests of the communities intended to benefit.