

Coastal Housing Group: developing the Foundational Economy in South Wales

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In the context of austerity and increasing in-work poverty, it is increasingly important for anchor institutions to contribute to building stronger economies and communities. Coastal Housing Group, as an important anchor and intermediary organisation in South Wales, has turned to the Foundational Economy approach in its work in Morriston, Swansea, to provide a framework to do this. In doing so, lessons can be learnt about re-thinking economic interventions from the bottom up and, in turn, the implications this has for government policy and practice.

Coastal Housing Group is a not-for-profit community housing association formed in 2008 out of a merger of Swansea Housing Association and Dewi Sant Housing Association. Coastal has for the last five years been re-evaluating its social purpose in the light of significant external changes and challenges for local communities, and is now focused on sustaining tenancies, helping communities to become stronger and more connected, and helping to maintain and grow the local economy. We recognised that we played a key role in

our local economy, but lacked a conceptual or practical framework to play this role more purposefully; working with the Foundational Economy Collective to apply the insights of the foundational approach gave us a framework to do so.

Our definition of the foundational economy contains two elements. The first is about collective consumption through the networks and branches which are the infrastructure of civilised everyday life. The foundational includes the material infrastructure of pipes and cables which connect households, as well as providential services like health and care which citizens rely on; outside the foundational, there is the closely linked mundane and overlooked economy of services such as haircuts and takeaways. The second element of the foundational economy includes universal basic services which are a citizen entitlement, and it therefore touches on political choices and policies as much as economics. From a foundational viewpoint, the distinctive role of public policy is not to boost private consumption by delivering economic growth, but to ensure the quantity and quality of foundational services, and by doing so create an economy which focuses on producing an environment that enables citizens to live 'lives worth living'.

Within Wales, Coastal Housing Group is a fairly typical community housing association; it is based in Swansea, Neath, Port Talbot, Bridgend and Carmarthenshire, and has nearly 6000 homes. The association is a not-for-profit Co-operative and Community Benefit Society with charitable rules, regulated by the Welsh Government. As well as being a major builder of new homes, Coastal has a track record in successfully developing complex mixed-use city and town centre housing-led regeneration schemes, for example Urban Village on Swansea High Street. This activity has contributed to Coastal's £20 million commercial property portfolio, and a partnership with the creative industries to bring back activity and footfall to the high street.

However, the environment in which Coastal and other housing associations are working is becoming increasingly hostile. Welfare reform and benefit cuts, the roll-out of universal credit, and austerity, which has resulted in the rollback of public and third sector services, are all making it harder for tenants to pay rent and sustain tenancies. Since the 1980s, 30,000 to 40,000 blue-collar jobs in industry and manufacturing have been lost to the region. Where they have been replaced, it has been by poor quality, insecure employment, for example, in Amazon, call centres, retail and the night-time economy. Our data tell us that, in our communities, people in financial distress are more likely to be working than out of work.

So what do housing associations do when social rents are becoming unaffordable, and when their success is inextricably linked with the social capital and economic opportunities existing in the communities where we build and rent homes?

From ‘next generation industries’ to the Foundational Economy

The announcement of the Swansea Bay City Deal in 2016, based on achieving traditional GVA metrics, and with a focus on creating jobs in ‘next generation industries’, was welcomed in the region, but brought with it the risk of creating more, not less inequality, because the new industries will never be volume employers or create jobs that most people can access.¹ This was the catalyst for the beginning of a working relationship between Coastal Housing and Professor Karel Williams and colleagues at Alliance Manchester Business School. The first product of this partnership was the publication in 2017 of the report *What Wales Can Do: Asset Based Policies and the Foundational Economy*. This report contained a call for anchor and intermediary organisations, such as housing associations, to promote asset-based community and economic development as a method for supporting and growing the local foundational economy.²

This was the point at which Coastal adopted the concept of the Foundational Economy for furthering our work in the local economy. Coastal already had a track record of applying whole systems thinking – that is, looking beyond organisational boundaries to solve ‘wicked problems’ – and more recently Coastal had been using asset-based community development as the method for responding to challenges and creating local social improvement and economic development.

We recognised that, as an anchor and intermediary organisation, Coastal is well-positioned to help maintain and build the foundational economy. Coastal procures on average 65 per cent of our spend locally, with another 22 per cent being spent in Wales, and we have for some time designed procurement frameworks that mean we can prioritise working with local SMEs such as building and maintenance contractors. We have physical assets in the community, including buildings that can be rented cheaply and flexibly by start-ups, or provide work-space for makers, and community hubs. And Coastal can support community projects and local cultural activities. Specifically, Coastal has improved the physical infrastructure on Swansea High Street, and by working imaginatively with local businesses and retailers, and creative and cultural industries, has started to re-imagine the area and bring back footfall.

Understanding Morriston

Building on this experience, Coastal turned its attention to Morriston. Morriston is a community of roughly 17,000 people, in the City and County of Swansea, and its demographics are typical of the wider Swansea area. It boasts a proud

industrial past, having initially been constructed for the workers of the tinsplate and copper industries in the eighteenth century, but has been in decline since the Second World War. It also has an architectural, choral and religious heritage which is still felt. Although referred to as a district town, it has never had a town charter. Current large local employers in the area are the DVLA and Morriston Hospital. Since 2018, the Swansea local authority has identified that they want to test the investment of regeneration monies more widely than previously, when they were spent solely in the city centre. And the area they picked for this new project was Morriston.

Coastal's activity in the area commenced with a piece of research that was funded by Manchester Statistical Society, and carried out, in partnership, by Manchester University Business School and Coastal. We intended to use these findings to understand the working of the local economy and civic infrastructure, and prioritise what to do. And we hoped that by building up a detailed picture of what makes an ordinary local economy tick, we might be able to develop a model of community-led regeneration that could be replicated by Welsh government policy-makers.

About two hundred Morriston residents filled in questionnaires, supplemented by interviews, asking them about their access to basic foundational goods and services such as health, care, utilities and transport, and how such access influences their well-being. We were interested in what is, and is not, working now, and also in potential future challenges or opportunities for the community. We found out that, while Morriston does not compare well with other areas in an examination of GVA measures of wages and earned incomes, in reality it works as a community: it has relatively cheap owner-occupied housing, a car-based mobility system, and a social infrastructure of parks, a well-used library and an extensive local high street, Woodfield Street. In other words, it scores well on economic life in the widest sense when measured by 'liveability' and wellbeing.

Analysing demographics further, three distinct groups were identified. First, we found comfortable pensioners with bounded horizons, satisfied with their access to food, housing, heating, and transport – either public transport or the car. The second group we named the adapted car users, a group in work who were using their car for work, shopping and leisure; buying food and clothing from the retail park, and not habitually using the bus. And, finally, we identified an extremely deprived group of all ages, trapped by the expense of rents, heating and buses. These people had few choices and were negotiating a hostile welfare system, with jobs not offering any easy way out for those of working age. Older people in this group, and people with disabilities, were even worse off.

Looking at the results in more detail, we identified three key strengths: Morriston's assets. The first asset is a strong cultural sense of identity and attachment to place. From our interviews we found that Morriston residents are mainly a settled group, with more than 80 per cent of them being locally born, and 70 per cent of residents commuting no more than ten kilometres to work. Morriston remains a place which residents care about – the 'Morriston Monkeys' Facebook group, quite remarkably, has 3,400 members. This is important for policy, because local attachment and identification is a valuable resource that can be tapped into in order to make the place work better.

The second, more material, asset is the infrastructure of affordable housing. Average full-time employee income in Swansea in 2018 was £31,000, and the median terraced house price in Morriston was £88,000. Remarkably, compared with trends in the South East of England, the price/income ratio has actually declined since 2008, from 3.6 to 2.8. In addition, at least one third of people in Morriston own their homes outright, and as a result they have more disposable income, which, in older households, often supports local retail spending on the High Street.

The third asset is the social infrastructure which we defined as (a) physical facilities such as a shopping street with cafes as well as libraries, public parks and squares; and (b) activities going on in those facilities, like clubs, concerts and the like. Central Morriston works well for pedestrians because the high street, library and Morriston Park are within ten to fifteen minutes' walk of each other.

However, we also identified current and future challenges for the area. Our survey showed that residents see the high street, Woodfield Street, as the heart of the community and feel it has declined. They also worry about what the area can provide for younger people, especially young adults. Currently, Woodfield Street offers essential services like banks and pharmacy services, plus a diverse retail offer which includes Jenkins Bakery and two travel agents. Residents are concerned about the changing nature of that offer as the supermarkets and retail parks have captured major food and clothing spend, and Woodfield Street's independent retailers are increasingly replaced with barbers shops and cheap cafes. There is a concern that the retail offer within the street will further diminish over the next few years; it is disproportionately dependent on the older people that currently use it, and independent traders, even successful ones, were pessimistic and had little or no plans for business succession once they retired. This matters not only from a community perspective, but also because retail is a major employer in post-industrial Swansea; 10 per cent of the work-force currently works in retail, and many of these jobs will be lost in the next generation unless local retail offers adapt and evolve.

Provision of activities for the younger generation is a second major theme. Adult and older residents think Morriston generally has enough meeting places and recognise the possibility of developing tourism round a heritage trail. But almost half of the respondents say they think that affordable activities for youngsters need to be developed instead of high-cost leisure evenings at the multiplex or cultural industries' offerings.

Despite there being enough – and cheap – housing, it is not always of the right sort or in the right place. Poorer families are renting homes on insecure tenancies, and there is a lack of suitable affordable housing for people who are ageing and are stuck in older and inaccessible properties. Finally, there are challenges in relation to transport solutions, which coalesce around an expressed desire for more parking, which does not speak to the environmental need to move to more sustainable methods of transport.

It is worth noting that when thinking about creating and sustaining liveable communities from a foundational perspective, residents placed equal emphasis on the need for more social as well as economic infrastructure, and our findings highlighted the co-dependency between these two areas, which we started to describe as 'liveability'.

Building up the foundational economy in Morriston

So, in practical terms, what is Coastal doing or thinking of doing in relation to the foundational economy in Morriston? Initially, Coastal's focus is on the long retail high street, Woodfield Street. Working with Swansea Council, Coastal is identifying and starting to acquire key buildings on the street that we can refurbish and repurpose, using the expertise acquired through our work in Swansea city centre High Street. If successful, the street will start to become an attractive 'destination' that appeals to a wider demographic than just the local community. Our research identified that maintaining and growing a diverse offer on the high street is closely linked to its ability to attract people there to shop.

This commercial property regeneration will provide new homes in flats above retail and/or commercial space. These spaces can be let flexibly and on a temporary basis to community groups, or other projects; this 'meanwhile use' provides a solution to the potential problem of presiding over empty and inactive shop fronts, and in the longer term it is hoped that they will provide space for start-up businesses. Specifically, we are looking to create housing for key workers, for example at Morriston hospital, and also more suitable accommodation for older people within the community. By doing this we will be increasing footfall

and spending power on the high street, which will complement existing work with retailers focusing on trying to understand what matters to them, and co-producing solutions. And our asset-based community development team is continuing to work with the local community.

Coastal, the local authority and other local partners are also coming together as a regeneration partnership using a co-production approach. This comprises a number of strands of activity – supporting and growing local businesses, growing social capital by supporting people and facilitating community development, working on infrastructure and transport issues and generally raising the profile of the area.

Initiatives to help sustain and grow local businesses include enabling easy access to low-cost premises for start-ups, including graduate start-ups, and creating opportunities for pop-up businesses. Business Wales, the Welsh Government's business support service for small and medium enterprises, is providing a tailored support programme for Morriston businesses and retailers, and there are plans to set up a local business improvement district once some of the other initiatives have started to gain traction. The local regeneration partnership is also encouraging companies to pay the living wage. They have specifically added criteria to regeneration grant applications in relation to paying or moving towards paying the living wage.

The community have also identified that they would benefit from affordable and accessible space for activities and social gatherings to help address wellbeing, and loneliness, and provide affordable activities for young people, with some new activities for example being trialled in the space at Morriston Tabernacle.

Car parking is currently perceived as a major issue by both traders and local people, and a barrier to people coming to the high street to shop. It is in part being addressed by dis-incentivising local workers from occupying car parking spaces for the whole working day. Thinking further ahead, Coastal and other partners are working with Natural Resources Wales to look at introducing green infrastructure to change behaviour, and the character of the area, and to address clean air issues and support wellness.

And finally, there are efforts to raise the profile of the area and create a more diverse offer. As described above, Coastal is looking to help in attracting different demographics to live in the area, for example by targeting key workers such as nurses working in the local hospital to live in homes that Coastal are about to build.

The regeneration partnership is promoting the potential for industrial heritage-related tourism in the area, and the possibility of linking, via heritage trails, the

attractions of Hafod Morfa Copper-works, a world industrial heritage site currently being regenerated, the grade one listed chapel, Moriston Tabernacle, with its world-famous choir, and Morryston Park, which, when opened in 1912, was the largest park in Swansea.

More complex upcoming challenges include the future of car-based mobility, and the threat to local shops of big box retail. Effective responses to these issues will depend at least in part on policy choices and resources from higher tiers of Welsh government.

A key part of applying the concept of the foundational economy is to search out local anchor and intermediary organisations and work with them to connect better to their local communities. In Morryston, the major anchor organisations are Morryston hospital, a foundational employer in relation to health, and the DVLA. We are starting to talk about these large-scale public bodies needing to recognise that they, as well as private sector organisations, should have corporate social responsibility objectives. As well as encouraging key workers to live on or near the high street, we want to encourage the DVLA to house some of their IT project workers on the high street, and connect the expertise within these teams to the local community, schools, etc. This model has a precedent: it has already worked in Swansea City Centre. We are also keen as a fellow anchor/intermediary organisation to look at joint local procurement opportunities with the other two organisations.

Embedding the foundational economy approach in Wales

In trying to apply the concept of the foundational economy locally we are also learning about implications for policy-makers. What we have described is essentially a 'bottom up' process, and it raises questions about who is in charge, who is accountable and where money will come from when a need for it is identified for support activities or capital improvements. There are also challenges for Welsh government regarding what it can practically do in this context. In applying foundational economy concepts we need to understand the importance of highly local, incremental approaches, compared with focusing on 'quick wins', high growth sectors and new technology. We need responsive and 'joined up' government that can routinely work across departments, and more mature government that is prepared to experiment and take managed risks, be agile, be prepared to devolve control, and both trust and respond to the demands of local democratic institutions and intermediaries.

Wales has enacted ground-breaking legislation, the Wellbeing and Future Generations Act, which is concerned with improving the social, economic,

environmental and cultural well-being of Wales by putting sustainable development at the centre of decision-making. If we learn to use this legislation wisely, it could help to deliver cultural change in the way we do government, and inform new, more devolved, governance structures. It requires behavioural change and a long-term, systemic focus. Both these will help in applying the foundational economy concept in practice. What we are learning at a local level is that managing the economy is far from straight forward, and requires local knowledge. Government would therefore do better to work in an asset-based way – using the foundational economy concept to support wellbeing that encompasses access to foundational goods and services, and creating and maintaining a functioning civil society with access to social as well as economic capital.

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Notes

1. See <https://www.swanseabaycitydeal.wales/>.
2. Joe Earle, Julie Froud, Colin Haslam, Sukhdev Johal, Michael Moran and Karel Williams, *What Wales Can Do: Asset Based Policies and the Foundational Economy*, 2017: http://www.regenwales.org/resource_114_What-Wales-Can-Do---Asset-Based-Policies-and-the-Foundational-Economy.