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SOCIAL INNOVATION AND THE TRANSFORMATION OF WELFARE STATES

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Contents

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Looking for a Mutually Supporting Relationship between Local Social Innovation and Welfare Reform: The Case of Re-use Non-profits in the UK

Abstract *Concerned with how social innovation and macro-level social policies can complement and mutually reinforce one another to promote social inclusion and equality, this article develops a case study of the Furniture Re-Use Network (FRN), a large network of re-use non-profits in the United Kingdom. The article explores the development, policy embedding and future challenges of the FRN in relation to public policies and welfare reform. Our study shows how this development is particular to the UK welfare regime legacy and how current austerity politics and a lack of recognition by the government for potential cross-departmental value creation by re-use non-profits hampers the sector's development.*

Keywords *social innovation, work integration social enterprise, sustainability, welfare reform, re-use*

1. Introduction

Over the past decades, the seemingly unrelated issues of environmental sustainability and the structural unemployment of vulnerable target groups remained high on the policy agendas of European countries. Since the 1980's, various local civil society actors set-up re-use organisations involving people with low opportunities in the labour market, in the margins of macro-level policies. These organisations collect, repair and sell used household materials at low prices in their stores. This practice spread at different speeds and guises across Europe, but these organisa-

tions' "experience in balancing economic, social and environmental goals has largely remained unnoticed" (Anastasiadis 2013: 1). The fact that this is now gradually changing is partly due to the growing popular interest in 'second hand sale' and 'environmental responsibility' and the recent EU policy concern with "circular economy" (EC 2011) and "social enterprise" (EC 2014). Recently, researchers with an interest in studying social enterprises as drivers of sustainable change labelled these re-use non-profits "ecologically oriented work-integration social enterprise" or "re-use ECO-WISE" (Anastasiadis 2013; Gelbmann/Hammerl 2015). They characterise them as organisations that combine different societal goals, logics and resources (incomes from sale, subsidies, contracts, donations) and possess an innovative potential to contribute to regional development through the creation of social and environmental value that benefits local communities.

These social enterprises can be regarded as drivers of social innovation in the sense that they introduce new and alternative business models and partnerships to address societal needs through a transformation of social relations (for instance between people and the labour market or between different users of household goods etc.) while claiming to strengthen the capabilities of deprived citizens (cf. Moulaert et al. 2013; Jenson 2015). The present article explores the relationships between re-use ECO-WISE as a socially innovative practice and public policies, and more specifically the ways in which public policies enable or hamper the development of this initiative. The analysis focusses on the case of the Furniture Re-use Network (FRN) in the United Kingdom, a large network of independent re-use ECO-WISE that has been involved in the provision of employment, poverty relief and waste management policies for about 30 years. Drawing on the literature on social enterprises and the ImPRovE framework on the relation between welfare regimes and local social innovation, we show how the institutional context of the English welfare regime has shaped the development of the sector. In brief, this article seeks to answer the following three research questions: (1) How is the development of the innovative practice of re-use non-profits shaped by the particular institutional context of the English welfare regime? (2) To what extent can the relationship between the network of ECO-WISE and public policies be understood as enabling or hampering, from the perspective of 'mainstreaming social innovation' and 'sharing responsibility' between state and

civil society? (3) Lastly, we draw on the answers from the previous questions to reflect upon the central question of this special issue: How can social innovation complement, reinforce and modify macro-level social policies and vice versa to promote social inclusion and equality?

The following analysis first revisits the ImPRovE framework on social innovation and welfare regimes and its governance challenges in relation to national welfare regimes, and then briefly considers the relation between social innovation, social enterprise and public policy. Next, the case study selection and research methods are discussed, before analysing the emergence, policy embedding and main future challenges of the FRN network in relation to the UK welfare regime. The concluding chapter overviews the case study findings and discusses their implications for the central question of this special issue as well as implications for future research.

2. Social innovation and welfare regimes as institutional context

Social innovations can be defined, in general, as "new social practices created from collective, intentional and goal-oriented actions aimed at prompting social change through the reconfiguration of how social goals are accomplished" (Cajaiba-Santana 2014: 44). Focussing on the relation between social innovation (SI) against social exclusion at the local level and macro-level welfare reform, the ImPRovE project defined SI as "locally embedded practices, actions and policies that enable socially excluded and impoverished individuals and social groups to satisfy basic needs for which they find no adequate solution in the private market or institutionalized macro-level welfare policies" (Oosterlynck et al. 2015: 4). These authors stress that SI entails the development and institutionalisation of new or alternative[1] practices through a transformation of social relationships (cf. Moulaert et al. 2013).

Importantly, by focussing on social change, collective action and social relations, both definitions recognise (implicitly) that SI has to be studied in relation to its institutional contexts to grasp its concrete meaning and dynamics (cf. Chambon et al. 1982). Institutions can be defined generally as "stable, valued, recurring patterns of behaviour" (Huntington 1965: 394). From an institutional perspective, SI thus refers to collective actions that

aim to change these patterns of behaviour and the related societal perceptions and value structures (cf. Cajaiba-Santana 2014). In this paper we will often use 'institutions' or 'institutional context' in a more specific sense when we refer to formal entities created by (local, national or European) governments as key actors in the development of SI initiatives in a particular country.

Since the European Commission started promoting SI as a paradigm for social reform with and beyond the state in 2008 (Sabato et al. 2015), there has been a growing interest in 'welfare regimes' (Esping-Andersen 1990, Hemerijck 2013) as institutional contexts that shape SI dynamics (Evers/Ewert 2015, Oosterlynck et al. 2015). The literature shows that the relation between socially innovative service initiatives and macro-level policies "is highly dependent on country-specific legacies and institutional configurations" (Ferrera/Maino 2014: 7). Different policy legacies and their regulatory principles thus shape institutional relations and opportunity structures that both enable and constrain civil society actors, authorities and for-profit organisations in their development of SI initiatives. This strand of research on SI development joins a rich research tradition of using welfare regime typologies as independent variables to explain policy outcomes and third sector dynamics (see Evers/Laville 2004; Emmeneger et al. 2015). Indeed, welfare regime 'ideal types' provide

> a fundamental heuristic tool for welfare state scholars, even for those who claim that in-depth analysis of a single case is more suited to capture the complexity of different social policy arrangements. Welfare typologies have the function to provide a comparative lens and place even the single case into a comparative perspective (Ferragina/Seeleib-Kaiser 2011: 598).

Integrating insights from this literature, Kazepov and colleagues (2013: 34-36) developed hypotheses on how different welfare regimes produce particular governance arrangements and thus create contextual conditions that shape SI dynamics. For the purposes of this article we focus on the 'liberal' regime –as instanced in the UK, our central case – and the 'corporatist-conservative' regime – countries such as Belgium and Austria, which offer contrasting cases (see table 1). Based on this literature we expect that liberal regimes rely strongly on the market for social innovation and

attribute a comparatively weaker or residual role to the state. The latter is mainly focussed on enabling pluralist competition. This context would create an active space for new innovative ideas and projects, but at a high 'failure rate'. Not many initiatives will be structurally supported through state investment, and survival will strongly depend on financial sustainability through either commercial success (sales, service contracts) or gathering alternative (non-state) funding. In this context, SI initiatives risk becoming 'gap fillers' rather than partners of the state.

In contrast, the state tends be more involved with collective action beyond the state in corporatist-conservative countries. Civil society groups that defend categorical interests (such as unions and social economy networks) historically have comparatively stronger, more formally institutionalised relationships with public agencies in these countries. These relations can both enable and hinder SI. In any case, 'corporate' arrangements have a tendency to systematise SI and make it prone to compromise. This can slow down SI dynamics, but it also has a high potential to spread initiatives across the territory in a democratic way. Differing from the 'passive subsidiarity' in 'familistic' regimes like Italy, relations between the national (or regional) and local levels tend to be characterised by 'active-subsidiarity', meaning that the devolution of public responsibilities is met with an adequate transfer of public resources (cf. Kazepov 2008). Table 1 compares ImPRovE project hypotheses on the expected governance arrangements and social innovation dynamics in the liberal and corporatist welfare regimes.

Welfare regimes	Governance arrangements		ImPRovE hypotheses on the relation between welfare regimes and local social innovation dynamics		
	Governance	Relationship between state/third sector	Potential of developing social innovation	Capacity to upscale social innovation	Types of social innovation
Liberal	Market ruled (pluralist) and corporative mixed	Market model and residual role of the state	High capacity but frail innovation (subject to market logic)	Potentially high but tendency to replace the state (gap-filling)	Self-sustained innovation
Corporatist	(neo) Corporatist	Active subsidiarity	High but challenge to overcome institutionalized interests and slow decision making processes	Slow but highupscaling capacity	Negotiated innovation

Table 1: Welfare, governance models and hypothetical capacity and types of social innovation
Source: Adapted from Kazepov et al. 2013: 34

In order to better understand how SI and welfare regimes could complement each other in order to promote social inclusion and equality, we propose to focus on two governance challenges[2] of concrete SI initiatives: mainstreaming and the sharing of responsibility between state and civil society.

Mainstreaming concerns the process of evolving from small context-specific initiatives to larger or widely spread initiatives. The idea of mainstreaming is thus closely related to questions of whether SI initiatives succeed to turn novel practices into established, institutionalised ways of doing things. This poses a governance challenge for the initiative, since new strategies and forms of coordination are required in order to operate at a larger scale. Given our focus on SI in relation to welfare regime change,

we are also interested in how the SI initiative is 'linked' to larger policy and funding structures, as well as the role of public agencies in supporting or not SI to enable (or not) equal rights and opportunities to its citizens and thus to avoid new types of territorial inequality (cf. Andreotti/Mingione/ Polizzi 2012).

Secondly, SI in social service provision tends to rearrange the distribution of roles and responsibilities between public authorities and civil society. Jenson (2015) speaks of "reconfiguring the welfare diamond" to suggest that the institutionalisation of SI rearranges the relationships between state, market, family and community (understood here not as sectors, but rather as social spheres with a distinctive logic). These processes come with questions and challenges on how to distribute responsibilities among the different actors involved.

A related concern in the SI literature is whether public discourses about SI and civil society involvement are used by the government to justify avoiding public commitment (Sinclair/Baglioni 2014). The 'Big Society' discourse in the UK is often mentioned as a case in point. This challenge thus also includes the question of whether the devolution of public responsibilities is met with an adequate transfer of resources, and whether SI initiatives are embedded in a broader public commitment towards social inclusion and equality, or whether they are forced into a 'gap-filling' role.

3. Social enterprises as drivers of SI

The historical-institutionalist approach (Kerlin 2012) and welfare regime types (see e.g. Nyssens 2014) also have a rich tradition in the literature on social enterprise. Social enterprise is "a term that is increasingly used across the globe to describe new business solutions to a myriad of social and environmental problems" (Kerlin 2012: 66; see also Defourny/ Nyssens 2013 for a more elaborate definition). Social enterprises are generally recognised as one of the main organisational vehicles for SI (EC 2014; Sabato et al. 2015). The present article considers the relation between social enterprises and SI as such. Consequently, the relations between social enterprises (SE) and policy can be regarded as an important channel for diffusing SI. Defourny and Nyssens found that

In the European context, the process of institutionalization of social enterprise has often been closely linked to the evolution of public policies. In fact, social enterprises significantly influence their institutional environment and they contribute to shaping institutions including public policies. If this dynamics can be seen as a channel for the diffusion of social innovation, the key role of public bodies in some fields of social enterprises may also reduce them to instruments to achieve specific goals, which are given priority on the political agenda, with a risk of bridling the dynamics of social innovation. (Defourny/Nyssens 2013: 50)

In the following section we use this perspective and the ImPRovE hypotheses to look at the case of the Furniture Re-use Network in the UK. Assessing its development and current governance challenges in relation to public policy and its broader policy regime context, we seek to learn more about their potentially mutually enforcing relationship for local development that realises social inclusion and equality.

4. Re-use ecological work integration social enterprises: case selection and methodology

Work integration social enterprises that organise re-us' (re-use ECO-WISE) provide a particularly interesting case to study the development and institutionalisation of SI in relation to (social) policy reform, because these organisations simultaneously drive innovative practice in employment, poverty relief and environmental policies simultaneously. They provide "labour intensive services to address regulation driven needs of corporates (e.g. waste/resource recovery) and public sector (e.g. work integration services)" (Vickers 2013: 33-44). Their performance is thus "strongly linked to developments in national and global policies across policy areas" (Anastasiadis 2013: 90). The relatively limited international literature on re-use ECO-WISE is gradually growing and perhaps most developed in Austria (see Anastasiadis 2013; Gelbmann/Hammerl 2015).

According to Nyssens (2014: 211), "the field of work integration is emblematic of the dynamics of social enterprises and constitutes a major sphere of their activity in Europe". As such, insights from our case study hold relevance for a much broader group of innovative social enterprises

aiming to "help disadvantaged unemployed people, who are at risk of permanent exclusion from the labour market" (ibid.).

The present article develops a single case study (Flyvbjerg 2006) to scrutinise the hypotheses developed above. In order to interpret the findings of our case study in a broader, comparative perspective (cf. Robinson, 2011), we will occasionally draw on the ImPRovE case study of a Flemish network of re-use ECO-WISE called 'De Kringwinkel' (Cools/Oosterlynck 2015; Cools/Vandermoere 2016) as a contrasting case of a similar SI initiative in a corporatist welfare regime.

The Furniture Re-use Network is a UK network of independent social enterprises, which often take the juridical statute of a registered charity and/or a company limited by guarantee or by related charity and social enterprise statutes. Many of these re-use ECO-WISEs[3] have been active for over three decades, which makes the network suited to assessing its relations to the policy context over time and also to grasping the "processual evolution" of SI (Cajaiba-Santana 2014: 48). Table 2 provides some recent data about the size and output of the FRN network, data produced by the umbrella organisation FRN.

	Furniture Re-use Network
Number of centres and stores	152 centres 271 stores
Tons of collected goods	271 stores
Environmental Gain in tons of CO_2	110,000
Number of reusable items	3,4 million items of furniture and electrical equipment
Paid staff	4,700 employees
Trainees and work placements	around 35,300 There is a rapid circulation of trainees through relatively short training trajectories (high turnover of trainees)
Volunteers	around 13,500 persons

Table 2: The FRN in numbers (2015)
Sources: Furniture Re-use Network, Sector and impact reports[4]

Importantly, these aggregate data hide a huge variation in the size and activities of FRN members (see further).[5] Also, there is a higher concentration and much higher number of FRN members in England compared to Wales, Scotland and Northern Ireland[6], and some national policies are slightly different. For the sake of clarity the analysis below focusses on England.

Data collection focussed both on the umbrella organisation FRN and one relatively large member with the pseudonym 'SE-ENG', located in one of the 10 largest cities in England. This double focus combines a region-wide strategic perspective with an 'on the ground' perspective. The first round of data collection took about three months in late 2014 and early 2015. It involved the study of over 100 documents (about 450 pages), including strategic documents on FRN (members') operations, mission statements, annual reports, opinion pieces and website posts by sector representatives, news articles, as well as scientific research reporting on the sector or relevant policies. Seven experts, including directors, board and staff members, were also interviewed for about 50 to 100 minutes using a semi-structured questionnaire with open questions. We refer to these respondents in the analysis below as (I: professional position). After transcribing the interviews, the documents and transcripts were coded and analysed using content-thematic categories on referring to the relation with public policies and governance challenges (Silverman 2013). More specifically, two main types of codes were used, namely, 'policy domain' (welfare services, employment, environmental) and 'governance challenges from the practitioners' perspective' (including overarching codes like mainstreaming, balancing responsibility and an extra category of future challenges and 'sub codes' such as organisational sustainability, avoiding mission drift, image management etc.). After this first round of ordering the data, both were put together to identify which governance challenges were policy domain specific and which ones could be related to overarching regime characteristics as described in our hypothesis above, or explained by other factors. The time dimension was relevant throughout these analyses in order to grasp ongoing developments.

The second round of data gathering is best understood as a feedback loop. All respondents were invited to comment on the draft version of the ImPRovE research report (Cools/Oosterlynck 2016). These responses

informed small revisions, the study of additional documents, and two follow up interviews. It needs to be acknowledged that our data collection focussed mainly on the perspective of practitioners that are involved in the FRN network. While one may argue that this leads to a one-sided account of things, it is not the author's ambition to present readers the absolute truth about the development of re-use ECO-WISE and the FRN in the UK, but rather to present the story of those in the UK who pursue a more inclusive and sustainable society and who use the re-use ECO-WISE as a means to transform established practices, perceptions and social relations.

5. Research findings

The remainder of this article first describes the emergence of the re-use non-profits and the FRN. After this, we zoom in on how these organisations tried to institutionalise their innovative practice in public policies. Thereafter, we discuss the main future challenges of the network, with particular attention to the governance challenges of mainstreaming and sharing responsibility.

5.1 The early development of the Furniture Re-use Network

Often called 're-use charities', the first UK re-use, ECO-WISE, emerged around the early 1980s as small, informal initiatives. The SE-ENG for instance, "started as a one man band that went on to mobilize volunteers to move around used items" (I: Director SE-ENG). Today, it has grown to a social enterprise with over £1,000,000 of annual income. From the start, the motivations and backgrounds of local initiators differed, but their basic model was similar and most of them were involved in charitable networks. They shared the conviction that "No one should be without a bed to sleep on, a cooker to cook on or a sofa to sit on, wherever they live in the UK." (FRN mission statement)

The early 1980s were a period of high unemployment and public austerity. The emergence of re-use charities can be understood as a reaction against this situation in which a growing number of people experienced difficulties furnishing their houses, while many others threw away usable goods. From early on, these organisations operated stores and local

waste, job training and social welfare contracts to generate income and expand their activities. After a few years, four chief executives of furniture projects met and realised that they were doing similar things. They eventually arranged a meeting in Derby in 1989, where the network, originally named Furniture Recycle Network, was formalised.

Confirming the literature that describes English civil society as being actively involved in charitable poverty reduction alongside a rather 'residual' public welfare system (Evers/Laville 2004), our analysis shows that most FRN members regard alleviating material hardship in their communities as the number one priority. This mission is strongly intertwined with the goals of waste reduction and providing training opportunities (I: FRN director). The explicit focus on alleviating material hardship is different from a similar network of re-use ECO-WISE in Flanders, a region with a strong social economy tradition, where the "emancipation of vulnerable groups through paid labour" is more central (Cools/Oosterlynck 2015). In the UK, the re-use ECO-WISE sector was and is still driven by community actors responding innovatively to unmet needs and attempting to fill gaps left by the state and market. During the interview, the FRN director argued that "It is not that we have a solution for poverty, but we reduce the poverty impact. We are here despite the government. Because they won't do it, so we have to do it and that's where our sector started in the 1980s and now we are still doing it."

5.2 Policy and the institutionalisation of the non-profit re-use sector in England

FRN members are active at the local intersection of different policy domains: alleviating material deprivation, labour market activation, and waste reduction. Concerning waste reduction, the activities of FRN members are weakly embedded into public policies, through local service contracts that are unevenly spread across the territory in comparison to Flanders, where the initiatives are structurally embedded in the regional environmental policy that provides incentives for local authorities to collaborate with re-use ECO-WISE (Cools/Oosterlynck 2015). The FRN deplores the persisting lack of active partnership or enabling regulations from the Department for Environment, Food & Rural Affairs (DEFRA). Despite occasional good contacts and promising policy documents (cf.

Alexander/Smaje 2008), recognition of re-use charities as valuable partners of English waste policies never materialised in policies or structural support. Reacting to the 2013 DEFRA strategic report,

> FRN asserts that more meaningful intervention and leadership by DEFRA with local government and business would make it easier for the social economy re-use sector to get access to more reusable bulky household waste, in order to alleviate poverty and minimise waste [...] For example, DEFRA could set re-use targets, by which local authorities would be forced to consider and work with the local social economy re-use. Currently, this is a very patchy, ad-hoc approach employed by the more innovative local authorities in England. Cross-departmental benefits would be obtained by waste, welfare, housing and community-focused departments (FRN 2013).

The SE-ENG director (interview) perceives a similar failure or lack of interest of public departments to think and act beyond their specific domain and responsibilities at the local level. Sector representatives observe that the continuity of waste collection and other contracts have become increasingly uncertain in recent years (I: FRN market development manager). From the perspective of mainstreaming the SI initiative across the English territory, the huge differences in local contracts and partnerships explain a much more uneven territorial spread of the sector and huge differences between FRN members in size and services, as compared to the Flemish sector, where the public waste department did provide a framework and incentives for cooperation between local authorities and re-use non-profits (Cools/Oosterlynck 2015).

Expecting little public support, FRN management and larger members turned towards private for-profit organisations for cooperation. For instance, FRN members now organise furniture take-back services for large retailers like IKEA, which make this cooperation part of their corporate responsibility agenda. These contracts allowed the umbrella (brokering contracts) and members to expand their activities and increase the number of incoming, re-usable goods (see FRN 2015 for more detail and the estimated social impact). Such market-oriented partnerships appear typical for the more market-regulated English welfare regime, since they are less developed in corporatist regions like Flanders. Adapting to the

'liberal welfare regime' context in which the state does take on a rather residual role, English re-use ECO-WISE more actively turn towards partnerships with for-profit organisations and philanthropic foundations.

For many years, the FRN has also been oriented towards the European policy level, lobbying for waste and circular economy policies that recognise their added value and provide enabling regulations. They co-founded the European umbrella Reuse[7], which was actively involved in the development of the Waste Electrical and Electronic Equipment (WEEE) directive and the Waste Framework Directive (WFD). These two pieces of European legislation (early 2000s) introduce the European Waste Hierarchy, which recognises re-use as one of the preferred strategies. This EU legislation obliged member states to develop an environmental policy along these lines, which provided new opportunities for the re-use social economy such as organising take-back services for electronic appliances. Particularly in England, this compensated for a lack of public initiative and engagement. Or as the FRN director expressed it during the interview: "Thank God for EU legislation. Otherwise we would have no environmental policy."

Now let us consider the institutional embedding of re-use ECO-WISE practice in active labour market policies (ALMPs). Consistent with the UK policy legacy, the available training policies are best described as "transit employment" (Nyssens 2014). They are supposed to enhance a participant's 'employability' through relatively short trajectories (between four weeks and six months), in which they provide employment experience and work on labour attitudes and concrete professional skills. Participants get a small surplus added to their benefits, but not everybody participates voluntarily, depending on the specific policies and referrals. There is a lot of geographic variation in the availability and use of job training policies. Some FRN members regard it as a means (i.e. of cheap labour). Others regard it as a key objective (Curran/Williams 2010: 702). Local organisations decide autonomously about their employment services, and sector wide data are not gathered systematically. While the availability of these policies does enable the organisations to pursue one of their goals and expand their activities, they are not considered very lucrative. Fees for supporting trainees and providing the necessary materials are generally below the estimated cost of adequate support and materials (I: Director SE-UK, FRN Operations mangers). Furthermore, the return on investment in trainees is low because

of the high turnover. Interview respondents indicate that ALMP reform such as the 2010 Work Programme, which introduced less generous and output-oriented policies, hampered the expansion of the sector, which is similar to the development dynamics of the Austrian ECO-WISE sector in the 2000s (Anastasiadis 2013: 61ff.). Therefore, the enabling effect of engaging with ALMPs should not be overestimated, and appears limited in comparison to Flanders, where the policies of the past two decades realised a far bigger boost for expanding re-use ECO-WISE activities and durably improving the situation of the formerly unemployed (Cools/Vandermoere 2016).

Besides waste collection and training, many FRN members also provide material support, social loans and voucher systems to poor families, and furnishing services for social housing companies. The importance of these services, which are less developed in Flanders for instance, needs to be understood in the context of the broader UK welfare legacy, where unemployed citizens tend to receive relatively low income replacement benefits and in kind support, for instance through vouchers for basic household goods (cf. Hemerijck 2013). For several years, English re-use ECO-WISE embedded their activities, amongst others, in Social Fund policies such as Crisis Loans and Community Care Grants, which were replaced in 2013 by the Local Welfare Assistance policy framework. These contracts provide a stable income and enabling framework to pursue their charitable mission, and therefore the director of SE-UK regards them "as a big deal" (interview). Similar to the other policy fields, these services are unevenly distributed across the national territory and it appears that the uncertainty surrounding local collaboration is increasing (I: FRN operations manager, FRN market development manager; see also further below).

5.3 Future challenges

Overall, the networks' aggregate number of stores, sales and tonnes of 'waste' diverted from landfill has grown continuously over the past 20 years. These numbers disguise that fact that re-use ECO-WISE sector has grown and spread unevenly across the country, with big differences between large, professional social enterprises and small, voluntary charities (I: FRN liaison officer). These processes of mainstreaming involve processes of professionalisation and standardisation in order to take on new

contracts, for instance with for-profit retailers or local authorities. This (uneven) evolution has created tension within the network. Several directors and board members of FRN members have expressed concerns that their sector is 'becoming too business like' and risks losing sight of the core mission, while others argue that professionalisation and commercialisation are necessary to ensure organisational sustainability and to pursue their mission in the future (I: FRN market development manager).

The social enterprise literature (Skelcher/Smith 2015) and the Flemish case (Cools/Oosterlynck 2015) show that these developments and tensions are not particular to the English context. Also, as in Flanders (Cools/Vandermoere 2016) and Austria (Gelbmann/Hammerl 2015), the FRN faces an increase of competition from second-hand websites and for-profit players who show interest in expanding re-use as a commercial activity. Drawing on resources from philanthropic foundations for instance, the sector invests in its communication about is goals, operations and output to "be more loud and proud" (I: Director FRN) about their societal value and to do away with their image of 'being shops for the poor' (see also Dururu et al. 2015).

Other key challenges for the FRN stem from, or are worsened by, the government's austerity politics and cuts to local budgets since 2010. This historical cost-saving operation (Hemerijck 2013) puts additional pressure on precarious collaborative relationships with local authorities. This shows, for instance, in increased competition with local authorities over waste contracts, or local authorities terminating the welfare assistance services (the budget of which was halved in 2015) to use the 'non ring-fenced' subsidies for other purposes in times of shrinking budgets. Sector representatives observe and fear that this budgetary pressure has the effect that public officials are even less inclined to look across departments or to re-use non-profits for durable partnerships. They are critical about this policy evolution, which was flanked by the 'Big Society' rhetoric about engagement of community actors, and argue that without adequate resources the ongoing policy reforms actually undermine the civic engagement that this discourse celebrates. More than ever they need to look for commercial income or donations to sustain their activities and charitable mission. They speak of their members as 'furniture banks' – alluding to the growth of food banks in the UK – to underline the fact that they are once again forced into

this gap-filling role which hampers the networks' capacity to pursue their multiple goals and contribute to social inclusion and equality in a structural manner (I: FRN market development manager). FRN representatives argue that a more supportive role of the government would enable them to expand their social innovative initiative and public value.

> "If the sector can survive it must be recognized that we are not dealing with normal commercial markets and this market cannot look after itself; but with the right market intervention from the Government we can increase the social, environmental and economic value over and above what we are doing today." (FRN 2011)

6. Conclusion

This article analysed the development of the Furniture Re-use Network and how FRN representatives experience the current challenges of their network in relation to public policy and to the broader context of the English policy regime that is often described as a 'liberal welfare regime' in the literature. Our analysis shows that the institutional context of this regime, which is known for the residual role of the state, the charitable civil society tradition, and the predominance of market regulation, shaped this network of 're-use charities' in particular ways. The charitable identity and orientation towards market players and foundations in a context of limited public support speak for themselves. The 'residual role' of the government is also prevalent in the lack of a countrywide framework for waste management, decreasing local budgets (including cuts to local assistance services that are organised locally), and a proliferation of 'not very lucrative' training services for target groups. These policies have decisively shaped an uneven spread of the SI initiative and show a tendency of 'passive subsidiarity' and 'avoiding responsibility'. These evolutions seem to put re-use ECO-WISE in a position of 'filling gaps' left by a public policies that are being downscaled. However, because these tendencies cut through various policy domains, including some that are not characteristically attributed to the 'welfare state', such as environmental policies, it is perhaps more accurate to speak of policy regimes rather than welfare regimes in the context

of SI analysis. Looking at FRN development and challenges, this case does seem to support our hypothesis that liberal policy regimes shape a 'self-sustained SI' that is vulnerable to market developments and manifest a tendency to replace the state (Kazepov 2013: 34).

Our analysis shows a rather ambiguous relationship between the network of re-use ECO-WISE and government policies, because while the former was able to use the latter to institutionalise their practice, the limited resources, lack of regulations and broader developments of welfare reform (workfare oriented ALMPs and austerity politics) hampered a process of mainstreaming and led to uneven territorial spread. In comparison to De Kringwinkel in Flanders (Cools/Oosterlynck 2015; Cools/ Vandermoere 2016), it appears even more clearly that UK policymakers have missed opportunities in supporting this innovation and that recent welfare reforms risk to hamper rather than enable re-use ECO-WISE to pursue its multiple goal mission, to contribute to inclusive local development, sustainability and poverty reduction. Formulated even stronger, the ongoing austerity politics risk reducing these organisations' potential for contributing to inclusive local development, sustainability and poverty reduction to simply 'filling the gaps' left by a retrenching government.

From the network's perspective, a more mutually supportive relationship between their initiatives and macro-level policies is currently hampered by a lack of public engagement in environmental and poor relief policies, as well as 'silo thinking' at the local and national levels, where public agencies fail to look beyond department-specific interests. The sector is convinced it could create substantial value in the various aforementioned policy areas, but this would require public recognition and the conscious choice to work with community non-profits (cf. Alexander/Smaje 2008). Today, they have little hope for such public support and therefore they turn to private partners who seem to understand what they are doing. However, this raises new challenges, since private actors are increasingly interested in the re-use niche (I: FRN director). Overall, this case study confirms Antadze and Westely's (2013: 133) general observation that for local SI to durably address the "complex social and environmental problems where conventional problem solving frameworks have been ineffective [...] the support of policymakers and investors for such innovation is needed."

The tentative conclusion of this exploratory research could be developed further by additional research that complements this interview and document study data with wider spread surveys on local centres and local authorities, which could contribute to an updated overview of the UK re-use ECO-WISE sector, its relation to public policies, and the possibilities to drive local development in partnership with local authorities and other partners (cf. Curran/Williams 2010). Also, focussing on the case of the FRN, we limited the comparative perspective in this article to occasionally putting forward contrasting examples. More elaborate comparative analyses are an important path forward to the study of social enterprises as sustainable actors (Anastasiadis 2013) and drivers of SI. The 'welfare regime' or rather 'policy regime' approach to assessing the relations between innovative practices and the broader institutional context could provide a valuable perspective in this regard.

1   While innovation implies novelty, SI initiatives or models do not have to be 'new' in the sense of never having been invented or used before. In fact, many contemporary SIs, for instance those related to collective ownership of public goods, draw on experiences from the past (Moulaert et al. 2013). In the case of 'social' innovation, 'innovative' is best understood as practices and social relations that are new or alternative to established practices in a particular social context (cf. Chambon et al. 1982).

2   The full range of ImPRovE governance challenges can be retrieved online: http://improve-research.eu/?page_id=406 under papers created by Pieter Cools: "List of governance challenges for successful local forms of social innovation (ImPRovE Milestone 42)" (last accessed 23-11-2016).

3   To be sure, these networks do not comprise all re-use activities in their regions. Many charities and (third world) NGOs also gather and sell reusable goods. This does not, however, make these organisations re-use ECO-WISE (cf. Anastasiadis 2013). The selected networks consist of independent organisations pursuing work integration of target groups for which re-use is the main activity and not merely a branch to sustain a social mission.

4   Online: http://www.frn.org.uk/ (last accessed 22/08/2016). Personal communication with sector representatives.

5   The FRN cannot be mistaken for the entire UK re-use ECO-WISE sector as not all these organisations are FRN members. The FRN estimates a total of about 250 re-use non-profits.

6   Online: http://www.frn.org.uk/donate.html (last accessed 23/09/2016)

7   Online: http://www.rreuse.org/ (last accessed 23/09/2016)

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Abstract *Der Beitrag geht von einer Perspektive aus, die nach Komplementaritäten und gegenseitigen Stärkungen von sozialer Innovation und Sozialpolitik auf der Makroebene sucht, um soziale Inklusion und Gleichheit zu fördern. Er beschäftigt sich mit dem Fallbeispiel des Furniture Re-Use Network (FRN), einem großen Netzwerk von Recycling-NGOs in Großbritannien. Der Artikel zeichnet Entwicklung, politische Einbettung und zukünftige Herausforderungen des FRN im Hinblick auf wohlfahrtsstaatliche Reformen nach. Die Ausarbeitung zeigt auf, wie typisch diese Entwicklung für das britische wohlfahrtsstaatliche System ist und wie aktuelle Sparpolitik und ein Mangel an Anerkennung seitens der Regierung für die potenzielle, übergeordnete Wertbildung durch die Recycling-NGOs die Entwicklung des Sektors behindern.*

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