



A co-operative
agenda for
Wales 2011



the wales co-operative party



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Foreword

The Co-operative Party is the Party of Social Justice.

We believe that people will achieve more by working together than they can achieve by working alone. We support the efforts of individuals who seek success through such co-operative endeavour.

We believe that through increased co-operation, we will achieve a sustainable future for the Welsh economy and society as a whole.

We work to promote co-operatives and all forms of mutual organisation

We believe that the only way to create a just and fair society is through giving power to all citizens. Power should be spread evenly throughout society and not based on wealth, class, gender or race. We believe that the best way of empowering people is by encouraging co-operative organisations, where people can work together.

We work in partnership with the Labour Party and other like-minded organisations to achieve these ends.

“...political parties of necessity spring from deep and abiding causes”
Alfred Barnes MP, Co-operative Party Chair, 1924-45

In 1917, Co-operative Congress - meeting in Swansea - voted overwhelmingly to secure direct representation in Parliament and on all local administrative bodies. That aspiration was translated into action at a conference in Methodist Central Hall, Westminster, later the same year.

The Co-operative Party has come a very long way since then. After Labour came to power in 1997, a succession of successful Private Members Bills raised the profile of the co-operative movement in Parliament, protecting the status of co-operatives and mutuals and promoting their future. These, together with changes to legislation enacted by the Labour Government following the wholesale review in 2007, means that the last decade has seen a revolution in the legislative framework for the movement.

In 2010, 28 Labour and Co-operative MPs were elected, forming 11% of the Parliamentary Labour Party and remaining the fourth largest Party in Parliament.

Since 1999, we have worked with Labour in the Welsh Assembly to promote co-operative principles and values.

Individual members, central to the Party's success for almost a century, continue our work in local government and with local Labour Parties.

This publication renews our agenda for a co-operative future for Wales and the Assembly.

Introduction

The Co-operative Ideal places collective benefit above personal gain. It is based on mutual responsibility and emphasises sustainable development. The Co-operative Party promotes co-operative principles, mutual models of governance and the success of co-operatives.

A co-operative is an organisation that is owned and controlled by its members. Workers' co-ops are owned and controlled by the workers; consumers' co-operatives are owned and controlled by the consumers; housing co-operatives are owned and controlled by the tenants; agricultural co-operatives are owned and controlled by the farmer members; credit unions are owned and controlled by the depositors.

The size and scope of the co-operative movement in Wales cannot be overstated. It provides financial services ranging from the Co-operative Bank¹ and the Principality Building Society to local credit unions; and retail shops from the Co-operative Group² (the largest retail co-operative in Europe) to local community co-ops. Co-ops run farms, funeral services, pharmacies, travel agents, social housing, home care, childcare, residential care and all forms of new and traditional employee owned businesses.

They all have the same in common – they provide jobs and create wealth in many Welsh communities, and they are controlled by the people they serve or those who work in them.

Because we believe that co-operatives and mutuals have a role to play in enterprise, education and the environment, in health and social services, in local government and public services and even sport, we are calling on the Welsh Assembly Government to appoint a Minister with interdepartmental responsibility for co-op development and to establish a Co-operatives and Mutuals Strategy Unit.

1 Co-operative Financial Services includes the Co-operative Bank, Co-operative Insurance Society and Britannia

2 In Wales, the Co-operative Group has 162 food stores, 53 funeral branches, 107 pharmacies and 24 travel agents.

Economic Development

Mutually owned business and social enterprises are the ideal form of home-grown Welsh business. They not only generate wealth and employment, their profits are retained in the community for the benefit of other local business or, often, used directly for the benefit of the community.

There is now a greater demand in the media and by the public for businesses that are ethical and transparent.

Witness the dramatic increase in business with financial mutuals and credit unions. In the eyes of the public, profit is no longer seen as the primary measure of a good business. The Assembly Government must take account of this when determining the types of business to nurture encourage or support.

Mutual organisations are often catalysts for local economic regeneration. For example, football supporters' trusts provide community support that extends beyond the club and its fans. RCT Homes, the UK's first community housing mutual, are committed to driving economic regeneration by developing skills training and generating local jobs. They have established a regeneration-focused social enterprise with subsidiary social businesses that employ tenants as volunteers to help boost their skills.

Business Support

We have already seen the growth of secondary co-ops as a way to make small and medium size enterprises stronger by working together. Agri-co-ops are a prime example: farmers have known for years that they have to co-operate – in buying and in marketing - to survive.

In France, 9 out of 10 farmers belong to an agricultural co-operative.

For small businesses to thrive in the current climate, they need support to work together to achieve economies of scale and to procure contracts. There is massive scope for the development of co-operative consortia, particularly in the building trades and tourism.

Giving employees a stake in their business provides workers with economic gains and creates companies that are responsive to their frontline staff. Evidence shows that firms where the staff have a significant ownership stake and a say in decisions do not just create happier workers, they also make more productive businesses.

The degree to which employee ownership boosts productivity can be seen in the performance of co-owned companies, which have consistently outperformed their plc rivals. In cash terms, an investment of £100 in the EOI (Index of Employee Owned Companies) in June 1992 would have been worth £453 at the end of December 2008; the same amount invested in the FTSE All-share would have been worth £172. This superior financial performance is the little known story of a sector worth a combined turnover of £20-25 billion annually, and going from strength to strength.

The Co-operative Party believes that the achievements of the co-owned sector should be recognised and built upon. We believe that both employees and employers could equally benefit from a more participative form of employee share ownership and that there is a need to extend employee share ownership schemes, particularly those that give employees a collective, democratic voice.

Employees who own a stake in their place of work are happier, better rewarded and more productive. The Co-operative Party believes that the benefits of employee ownership should be more widely understood.

Case Study: Alpha Beds Ltd.

Many SMEs in Wales face problems when one or more of the principal shareholders or partners want to leave the business. In the absence of a new buyer, the business and jobs can be lost. The Wales Co-operative Centre's Business Succession service helps businesses survive through an employee buy-out – this means transferring ownership of a company to its workforce.

Ceredigion based Alpha Beds became an employee owned co-operative in 2004 following a buyout process in which 5 members of staff invested. The company, which was founded in the late 1970s, was purchased from the retiring owner and had been operating from its Llanfihangel-ar-arth workshop for over 20 years.

The buyout process was led by the Wales Co-operative Centre's succession project which ensures the survival of the businesses when the main shareholder or owner wishes to exit. The Centre provided financial, legal and business planning advice and continues to provide ongoing training to the new owners.

Source: Wales Co-operative Centre³

More needs to be done though to ensure that the right environment exists in which co-operatives and mutuals can thrive. Mutual forms of business still suffer from a lack of support, despite being robust and proven business structures. Support for co-operatives from Finance Wales must also be stepped up.

We welcome the launch of The Co-operative Enterprise Hub, which is funded by The Co-operative Group and delivered in partnership in Wales by the Wales Co-operative Centre and a consortium. It provides a package of advice and support to help aspiring and established co-operatives become more sustainable businesses.⁴

We urge the Assembly Government to continue to support the Wales Co-operative Centre as the UK's leading co-operative development agency, and to ensure that the co-operative option is signposted by other business advice agents.

³ www.walescoop.com; www.alphabeds.co.uk

⁴ www.co-operative.coop

Procurement

Co-operatives and mutuals are often SMEs - local businesses and members of the local community - so any assistance given to them can also bring benefits to that community.

In both national and local government, more needs to be done to support smarter and more strategic commissioning and procurement of both goods and services. The current and future financial pressures on the public sector and the desire for efficiency savings make getting the most from public resources essential.

Mutual and social enterprises provide services that tend to be more focused on the end user. Their structures are generally established in order to balance the appropriate importance of different stakeholder groups. Co-operative and social enterprises can rightfully claim to be popular with users because their services are influenced by them. They also tend to provide added value by meeting social, environmental and economic development goals, and often deliver services to hard-to-reach groups and in areas of market failure.

These ownership considerations are rarely taken into account when tenders for public services are being offered. Yet they can have a profound effect on the manner in which services are provided. Ultimately, it is important that public services operate in the best interests of the public.

We welcome the work that the Assembly Government has done so far with Sell2Wales and to commission research into the barriers that prevent them from procuring public sector contracts.

Information Age

Consumer co-operatives such as the Phone Co-op⁵ and organisations such as the Independent Networks Co-operative Association⁶ and the Community Broadband Network⁷ have been at the forefront in developing new technology and making it accessible. However, employment opportunities in Wales have largely failed to adapt to developments in new technology, environmental concerns, demographic changes or changes to the hours and places people want to work.

Case Study: Communities 2.0 – Llys Llywelyn

Communities 2.0 is a £17.5 million project administered by the Wales Co-operative Centre on behalf of the Welsh Assembly Government.

Based in a remote Snowdonia village, Lys Llywelyn community group couldn't access technology due to financial and geographical barriers. They had computers, but wanted to do more with them by getting broadband internet access and offering learning opportunities for the whole community.

Now the group provides something for everyone – free email and internet courses, digital music composition and digital photography sessions, plus Welsh language and driving tuition software.

Source: Wales Co-operative Centre

5 www.thephone.coop

6 www.inca.coop

7 www.broadband.coop

If we want to cut carbon emissions, we must reduce the need for workers to commute. If we want to protect rural community services, we must ensure that more people are around to use them. As we know, people tend to shop near to their place of work rather than their homes. And if we want to provide work for young people, parents and carers, and part time employees; all of whom find commuting disproportionately expensive or time consuming, we must provide employment that they can get to.

If we want to ensure that all citizens can exploit the benefits of the internet – in terms of access to information, greater choice and lower consumer prices, government services and educational opportunities, as well as social networking – then we must ensure that not only do people have access to broadband, but that they are also equipped with the right skills to use digital communications.

All of this means bringing work, education and services to where they are.

Community Workspaces

The Co-operative Party is proposing the development of community workspaces in small towns and villages that could provide workspaces for people in their communities, achieving economies of scale with shared resources.

The benefits would include:

- serving the climate change agenda by reducing commuting (contributing to the *green jobs* agenda)
- sustaining local shops bringing employment to rural/suburban communities and to those who find commuting difficult (e.g. young single parents, carers)
- providing access to on online educational and government services

The workspaces could provide desk spaces; administrative, franking and photocopying facilities; broadband and computer facilities; meeting spaces and video/phone conference facilities and childcare.

They could be used by local government and public sector workers who currently work from home or would if circumstances permitted; part-time workers, for whom commuting long distances is disproportionately expensive and time consuming; carers and parents, who need to be near school or home; young single parents, who cannot return to work without access to a workplace and childcare that are both close to home and to each other; sme and micro businesses, who would benefit from shared back office functions or need staff spread across Wales but cannot sustain that many premises; secondary co-operatives e.g. agricultural co-ops; other 'local' co-ops e.g. home care co-ops; credit unions; public service one-stop drop in centres (e.g. council housing or benefits one day, jobcentre the next).

Where would they be?

- Public buildings or land obtained through community asset transfer (the Assembly Government has already allocated a fund of £13m for community asset transfers)
- Public buildings with surplus space
- Community centres

- Housing estates
- Private buildings with surplus space
- Post Offices

Who would run them?

- Community Benefit Societies established for that purpose
- Unitary Authorities or Community Councils
- Post Office Staff

Case Study: Post Office Broadband Hubs

Funded by the Welsh Assembly Government's Post Office Development Fund (with a matched contribution from BT Wales) £3000 has been spent on computer equipment, printers and a broadband connection at two rural Post Offices (Newbridge-on-Wye in Powys and Llanddarog in Carmarthenshire), to be accessed by the local community. Feedback has been positive:

- The service is used extensively by local farmers
- The service is used by schoolchildren to complete homework assignments
- The sub postmistress and sub postmaster report an increase in the number of people visiting the Post Office
- The service has promoted more informal community networking between local residents

Source: BT Wales

Energy and the Environment

The Co-operative Party's 'Collective Power'⁸ model allows residents, local businesses and public sector organisations to come together to save money and help tackle the threat of climate change through collectively pooling their purchasing power.

Banding together in this way, energy co-operatives are able to purchase their own energy on the wholesale markets and negotiate affordable deals for state of the art smart metering technology. This could allow households to realise significant savings on their bills.

These organisations have the capacity to revolutionise the way in which we purchase and produce energy. Once established, the co-operative forms a framework through which ordinary people can build and own an infrastructure that will reduce their long-term energy costs and manage the reduction of their carbon emissions. Establishing a new generation of energy co-operatives will require a range of start-up support mechanisms. These would include business planning, energy market, community engagement and legal support. Assembly Government action is urgently needed to join up departmental expertise and thinking on community driven renewable energy.

We call on the Assembly Government to create a community energy and climate change unit, based on the successful Supporters Direct model.⁹

⁸ *Collective Power - Changing the way we consume energy*, The Co-operative Party, 2009

⁹ See Sport

The core functions of the unit would be to:

- act as a delivery agent to join up the various departmental interests around community energy and climate change solutions;
- actively engage with existing expertise on local level renewable energy and climate change solutions (including research and practical experience) to identify development opportunities and avoid duplication of effort
- provide a support hub for the various development needs of community-based energy and climate change solutions, including advice on legal structures, financial assistance, business planning and the regulatory framework;
- encourage the development of local level organisations that not only deliver affordable clean energy but provide a route through which communities can take action on energy use reduction and the collective purchasing of energy saving products.

This new unit should be a mutual in structure, owned and controlled by energy co-operatives, but with stakeholders from the Assembly and local government, key delivery agents (such as financial, planning and legal professionals), industry specialists (such as the designers and developers of technology e.g. wind turbines), local groups and enterprises and employees of the unit itself.

The Assembly Government should also ensure that the establishment of energy co-operatives is not defeated by ideological opposition. Planning opposition to wind farms prevails, despite new planning guidance from the Assembly Government.¹⁰ Local authorities should be encouraged to view the offer of community ownership as a benefit in terms of planning consent. This would reduce the upfront costs of development for community energy groups. It would also have the knock on benefit of encouraging developers to offer local communities a share or part-ownership of schemes in return for a fast-track planning process.

We welcome the launch of the *Community Scale Renewable Energy Generation Programme* as a major step towards creating more community owned renewable energy schemes.

We call on the Assembly Government to continue to look at ways to support and promote community owned renewable energy schemes, including the option of a Community Energy and Climate Change Unit.

Case Study: Community Energy - Awel Aman Tawe

Awel Aman Tawe is a community energy charity in South Wales. Its objects are:

- To advance the education of the public, in particular but not exclusively in energy efficiency and renewable resources for the public benefit;
- The preservation and conservation of the environment through the promotion and use of renewable energy and energy saving measures;
- The relief of poverty;
- To conduct research and development relating to the utilisation of energy conservation practices and renewable energy technologies and to use the research for the public benefit;
- To provide or assist in the provisions of recreational facilities in the interests of social welfare with a view to advancing education and improving the conditions of life for those for whom the facilities are primarily intended;

¹⁰ wales.gov.uk

- The relief of unemployment for the public benefit, in particular but not exclusively by the provision of advice, training and support for the unemployed;
- The relief of sickness and the preservation and protection of good health among people residing permanently or temporarily in South Wales and further afield; and
- Such other charitable purposes as may from time to time be determined.

AAT has gained planning permission on appeal for a Community led wind project to develop 2 turbines in the Upper Amman and Swansea Valley. All profits from the scheme will go into local regeneration.

Source: Awel Aman Tawe Community Energy¹¹

Co-operatives should be at the forefront of renewable energy and recycling. The Co-operative Group was the first major retailer to introduce fully biodegradable carrier bags; and is now working with schools to help fund the installation of photo voltaic panels.

The Co-operative Group is aiming to generate 15% of its own energy from renewable resources, and has its own wind farm, constructed in Cambridgeshire as a joint venture with Scottish Power. The farm's 2 megawatt (MW) turbines supply 37m kilowatt hours (kWh) a year – equivalent to the power needed to supply 10,000 homes and avoiding 30,000 tonnes of CO2 emissions in the process.

The Group involved local people at every stage of the planning process and agreed that a sum of money should be set aside for education. This led to Energy Works, an education centre set up in collaboration with Cambridgeshire Environmental Education Service.

As well as funding for education, Coldham Wind Farm Ltd pays money into a fund managed by the council and distributed for local projects and regeneration.

We also recognise that producing more food more efficiently, nearer to the consumer, significantly cuts carbon emissions as well as giving farmers better long term prospects.

The Co-operative Party therefore calls on the Assembly Government to encourage farmers in lowland areas to convert from traditional meat production to more sustainable crop production instead, where viable, and to assist the formation of farmer co-operatives far as possible.

Case Study: New 2 You

The residents of Wrexham's Caia Park Estate created a community co-operative to collect and re-sell second hand furniture. Now people on low incomes can buy affordable furniture, fly-tipping has been reduced and a whole range of training and volunteering opportunities are being created.

Since its launch in 2004, New 2 You has joined forces with CREATE to recycle white goods and has opened a Community Cafe.

Source: The Best of Wrexham¹²

Greater support for small scale local food provision, such as allotments, would help to ensure a supply of healthy food, grown where it is needed.

We call on the Assembly Government to lead the public and private sectors, communities and individuals in Wales towards a Carbon Neutral Wales.

¹¹ www.awelamantawe.or.guk

¹² www.thebestof.co.uk/wrexham

The People's Water

Welsh Water is a 'not-for-profit' company owned by Glas Cymru. Their annual results, announced in June 2010¹³, record that a £361 million capital programme was successfully completed, bringing investment over the past five years to more than £1.5 billion, equivalent to more than £1,000 for every household in its area. They were able to pay a 'customer dividend' of £22 per customer, bringing the total paid to customers in the past seven years to over £150 million; and they invested a record £1 million a day in 2009 to deliver major improvements in drinking water safety, environmental quality, customer service and energy efficiency, boosting the Welsh economy in the middle of the recession.

The establishment of Glas Cymru has done a great deal to prove that essential public services are best when run in the interests of the users, not shareholders.

Converting Glas Cymru to a true consumer co-operative would ensure even greater confidence that the service is fully owned and controlled by, and accountable to, the people of Wales.

Likewise, other essential services such as the supply of electricity, would better serve the needs of the users were they to be transferred to consumer mutuals.

Housing

Through housing co-operatives and other mutual organisations, tenants and residents have taken real control over decisions that affect their lives and created strong and cohesive communities. All the available evidence shows that co-operative forms of housing perform well on value for money terms in comparison to housing association and local authority provision of housing. Additionally, they have proved themselves to be a successful model of genuine community empowerment, providing a range of social and community benefits due to the local frameworks of mutual support that they create.

Councils should have co-operative and mutual housing solutions at the heart of their housing strategy.

We welcome the Assembly Government's support for the Community Mutual Model for stock transfer, and the decisions already taken by some local authorities to ballot their tenants on this model. Local authorities should be supported to build and maintain affordable social rented housing, but if they are unable to meet the housing quality standard by retaining their housing stock in the traditional way, we believe that transfer to a Community Mutual is the best option. This gives tenants significantly increased opportunities to contribute to the management of social housing.

13 www.dwrcymru.com

Case Study: RCT Homes

RCT Homes was the first Community Housing Mutual in Wales.

In December 2007, RCT Homes became Wales's largest social landlord when it took over the ownership and management of the entire housing stock of nearly 11,000 homes from Rhondda Cynon Taff County Borough Council. RCT Homes is responsible for homes on more than 60 housing estates and in 27 sheltered housing schemes.

In 2001, the Welsh Assembly Government introduced a new Welsh Housing Quality Standard that sets a minimum level for facilities in social housing in Wales. Rhondda Cynon Taf Council calculated that it would need to spend approximately £780 million over 30 years – money it neither had nor was able to borrow – in order to reach the standard by the 2012 deadline and maintain and improve its homes from then on.

Following a two-year consultation process, an independent ballot of tenants was held in autumn 2006 that confirmed the transfer of the council properties to a new, not-for-profit, independent housing organisation – RCT Homes. The transfer was completed shortly before Christmas 2007.

On top of rental income and Right to Buy sales, RCT Homes will receive £219 million from the Welsh Assembly Government and it is borrowing an additional £113 million from Lloyds TSB Corporate Markets over 30 years. As a result, RCT Homes' is in a position to invest £170 million over five years to bring all its homes up to the Welsh Housing Quality Standard and approximately £25 million each year after that.

Five tenants sit on the RCT Homes Board and tenants play a key role in scrutinising new policies and procedures and in overseeing RCT Homes' major decisions.

RCT Homes is not just a landlord; it is a major local social enterprise. As well as raising the standard of homes, they are working with tenants and their local communities to create a sustainable legacy of increased employment and higher skill levels.

RCT Homes' Rules commit the organisation to supporting 'social inclusion' – driving the economic regeneration and development of the communities it serves by working with other organisations to develop local skills training and to generate jobs through the procurement of local labour. The Welsh Assembly Government has held up RCT Homes' procurement process as a 'model approach' that other social housing landlords can follow to help regenerate some of Wales's most disadvantaged communities.

RCT Homes employed a unique tender process to recruit contractors and suppliers to deliver RCT Homes' £170 million programme to bring its tenants' homes up to the Welsh Housing Quality Standard (WHQS) over the next five years. The tender process developed by RCT Homes enabled local businesses to bid for and win major contracts against competition from national companies, leading to the creation of a total of 59 new local jobs. In addition, RCT Homes has tied its main contractors into using locally-based suppliers who will generate a total of 61 new jobs and training opportunities. RCT Homes has been working with the Heads of the Valleys JobMatch initiative and Manpower – the New Deal provider in Rhondda Cynon Taff – to maximise the impact that the new job and training opportunities will have on the local employment situation. In addition, RCT Homes itself has created 53 new jobs since it began operations at the end of 2007.

RCT Homes will continue to maximise the opportunities offered by its massive investment to deliver real results with the creation of new jobs, new training opportunities, new business contracts and major new investment in housing and related regeneration work. Taken together these strands provide a strong platform to drive forward sustainable community and economic regeneration and improve the quality of life for thousands of people living in communities throughout Rhondda Cynon Taff.

Source: RCT Homes¹⁴

We believe that the Assembly government, together with WLGA, can help such transfers to be a catalyst for local economic, social and environmental regeneration, leading to more local jobs, skills and services.

The Co-operative Party believes that everyone should have access to a decent and attractive home, at an affordable price, whether to rent or to buy in rural and urban areas. In the aftermath of the financial crisis, ensuring that everyone has access to a decent home they can afford is a major political and electoral challenge.

The shift that has occurred in the global financial markets means that the housing landscape in the UK will never be the same again, and the major outcome will be a new risk averse, resilient and more regulated approach to lending.

The role of Community Land Trusts (CLTs) is crucial. They work in rural and urban areas, and are a flexible tool to meet a variety of community needs. They not only offer a number of options for rent and low cost home ownership, but can also provide a mechanism for generating an income stream for reinvestment by the community. In areas where a rising population, economic investment and limited stocks of affordable homes threaten to exclude local people from the areas where they live and work, CLTs are able to ensure a supply of affordable housing through the control of housing costs and resale prices.

In particular, the 'New Foundations' model can make a significant contribution in the supply of homes. It separates the cost of the land from the purchase price by taking it out of the marketplace through a Community Land Trust.¹⁵ It ensures affordability through flexible monthly payments that are based on an affordable percentage of income. Any public subsidy is locked in and preserved for future generations, due to the structure of equity arrangements.

Unlike individual home ownership, where residents have a personal mortgage loan to buy a home, the homes are financed by a corporate loan borrowed by the co-operative. The value of the buildings is divided into shares and when members leave the co-operative, they are entitled to take the equity that they have built up with them. The net value of the shares is calculated by reference to a fair valuation formula set out in the departing member's occupancy agreement or lease, which is the same for all members. The rent is geared to be affordable at 35% of net household income, so the more residents earn the more they pay and the more equity shares they are able to own and finance.

The valuation formula in the lease requires resident members to look on property ownership in a new and different way. Rather than viewing a home as a speculative capital invest-

¹⁴ www.rcthomes.co.uk

¹⁵ *New Foundations - Unlocking the potential for affordable homes*, The Co-operative Party, 2009

ment, the value of which rises and falls in line with unpredictable housing market cycles, a home will be seen as a consumer durable, just like a car or a fridge. This formula will not give mutual home owners high risk speculative house price growth when it may happen again, if ever. However mutual home owners will also be at far less risk of falling into negative equity where their houses are worth less than the outstanding mortgage loan. They will also have the benefit of lower transaction costs when they move into and out of their home.

'New Foundations' housing schemes can be developed within the existing legislative and administrative arrangements, but can be supported by action from local government. Councils should ensure that their local development frameworks include reference to the development of CLTs and Co-operative Mutual Home Ownership as a means of increasing affordable housing supply, and create a presumption in favour of change of land use being granted where the uplift in land value is to be captured for the benefit of the community by a CLT.

Through housing co-operatives and other mutual organisations, tenants and residents have taken real control over decisions that affect their lives and created strong and cohesive communities. All the available evidence shows that co-operative forms of housing perform well on value for money terms in comparison to housing association and local authority provision of housing. Additionally, they have proved themselves to be a successful model of genuine community empowerment, providing a range of social and community benefits due to the local frameworks of mutual support that they create.

Local authorities, housing associations and housing mutuals could also convert to a mixed tenure version of the 'New Foundations' model. Residents in this type of Mutual Home Ownership development would be able to start on a standard rented tenancy with the right to buy equity shares as and when their income permitted them to do so. They would have the right to participate in the democratic governance of their home just as any other member of the mutual. The 'Right to Buy Equity' would not mean that the home would become unaffordable for future generations of occupants or that it would move to the open housing market.

As a 'New Foundations' community becomes wealthier (as can be expected in any stable sustainable community), initial capital subsidy is released over time as member's incomes rise and they buy more equity shares. This capital subsidy could be used by the Community Land Trust to provide more affordable homes, thereby increasing the supply of socially rented homes.

In some areas tenants will prefer their housing to remain under local authority control. Where this is the case, tenants should be encouraged and assisted to form tenant management co-operatives to take over the control of management of the council-owned housing in their neighbourhood. The right to manage should also be extended to housing association tenants, who should also be given support and encouragement to take over the control and management of their homes through management co-operatives.

We call on the Assembly Government to promote the new foundations model, facilitate one or more pilot projects, and work with the WLGA to ensure that in this way the number of permanently affordable homes in Wales is increased as quickly as possible.

Finance

Co-operatives and mutual financial organisations differ from their plc competitors in that they exist to provide a service rather than to generate profits for shareholders. This means that profits are shared amongst the members (consumers), rather than external shareholders. The Building Societies' Association has estimated that this provides mutual organisations with savings of approximately 35%, which is distributed back to the members through the provision of low cost borrowing, high returns on savings, and dividends. It is this very difference that has enabled mutual organisations to be consistently at the top of 'best buy' tables for mortgages and offer higher value products than their competitors.

Co-operatives have made ethical banking an attractive and trusted alternative, and lead the way in providing financial services to many citizens who are often excluded from mainstream products, particularly through credit unions and friendly societies.

Case Study – Co-operative Bank Prisoners' Accounts

An example of this is the scheme enabling prisoners to open a Co-operative Bank account, which has helped reduce re-offending rates by around a third, according to a report by Liverpool John Moores University. The study analysed the behaviour of a group of prisoners who opened an account with The Co-operative Bank in October 2007 and highlights the positive impact the scheme has had on promoting social and financial inclusion.

The findings show that those participating in the scheme, which began at Forest Bank Prison, Salford, in 2006 and now extends to 30 prisons across the country, were far less likely to re-offend. In the key category of prisoners serving sentences of less than 12 months, the national re-offending rate is 59.9 per cent, but only 39 per cent of prisoners with a bank account re-offended - a reduction of 34.8 per cent.¹⁶

Another example is the Britannia Building Society's Community Fund, which offers grants to voluntary groups, charities and schools, working within education, to promote numeracy and financial literacy.¹⁷

In Wales, The Principality is a significant player in the economy. It is Wales's largest building society (and the eighth largest in the UK) with over 500,000 members, over 1,000 staff and a network of 51 branches.

¹⁶ *Still Banking on a Fresh Start*, Liverpool John Moores University, December 2009

¹⁷ http://www.britannia.co.uk/_site/corporate/in-the-community/community-fund.html

Credit Unions

The Welsh credit union movement has grown significantly over the past decade, in large part thanks to eight years of sustained investment by Welsh and European political authorities, totalling more than £8m. Credit unions now serve every town and village throughout Wales, and all Welsh citizens can join at least one credit union either within their community (geographic or community of interest) or place of work.

From 2000, membership of Welsh credit unions has grown on average by over 16% per year. From approximately 11,000 members in 2000, there are now over 43,000 adult members of Welsh credit unions. A further 7,682 young people save in credit unions.

Source: A review of the credit union movement in Wales
Produced by Cardiff Institute for Co-operatives Studies on behalf of the Welsh Assembly Government, October 2009

We welcome the Assembly Government's commitment to ensure that everyone now has access to a credit union, and the announcement in December 2009 that credit unions will receive £1m capital investment.

Despite the recent growth in credit union membership, the percentage of the Welsh population who are members of a credit union remains small. This is largely due, we believe, to the resources that they are able to devote to promotional work.

We urge the Assembly Government to continue its strong support for the development of strong, sustainable credit unions in Wales, to facilitate shared resources and to undertake a major promotional campaign on their behalf.

Children and Young People

New models of social enterprise in childcare build on the long history of community based childcare services and co-operatives in the UK, US and Europe. The last 20 years have seen significant growth in the co-operative care sector in mainland Europe. This is notable in counties such as Sweden and Italy.

In the UK, the number of childcare co-operatives is growing in response to the increasing need for affordable, high quality provision. Where employees have a real stake in the business, staff are highly motivated and turnover is low. Worker co-operatives can provide attractive employment benefits and working conditions that suit the staff as well as the users. Profits from co-operatives are reinvested in the business and/or the local community rather than distributed to shareholders, ensuring a service that is affordable as well as meeting the needs of the users.

We call on the Assembly Government to support new mutual models for the provision of public services, including residential care, pre- and out-of-hours school care and health.

Education

To be effective in a modern global economy, young people need to be equipped not only with individual skills, but the knowledge and understanding to effectively work in teams – to learn to co-operate. In order to give young people a well-rounded education, it is equally important that education also focuses on developing ethical values and social responsibility.

Through its involvement in education, the Co-operative Movement has demonstrated that it can provide a values-led, faith-neutral environment and curriculum for the future citizens of tomorrow's global economy. Reports from OFSTED in England and the results of pupils have shown the benefits of using co-operative values as a framework to deliver the breadth of curriculum areas and personal development undertaken in schools. Co-operative values and skills can empower young people as active citizens, and embed civil society skills. These should be embedded in the curriculum across early years, primary and secondary education.

It is also important to ensure that young people develop an understanding of the depth and breadth of the Co-operative Movement, both in Wales and across the world. As it stands, a very small proportion of young people leave school with an understanding of co-operatives and mutuals, as opposed to other economic models. The Assembly Government should ensure that knowledge of co-operative practice and principles are fully incorporated into the curriculum for economics, enterprise, geography and citizenship, as well as in other subjects where appropriate.

Case Study: Sir Thomas Boughey High School & Co-operative Business & Enterprise College

Sir Thomas Boughey High School is one of the first Co-operative Business Colleges in the UK.

As part of this initiative they have been successful in gaining major sponsorship from the UK's largest co-operative society, the Co-operative Group based in Manchester.

As a Co-operative Business College Sir Thomas Boughey aims to give a balanced view of business activity by including Co-operative & Mutual ways of running a business within the curriculum as well as the PLC model.

Many schools only concentrate on the PLC model and fail to show young people the vital contribution that social enterprises such as mutuals and co-operatives play in our modern society.

The school is currently exploring the possibility of changing its status into a community owned Educational Co-operative.

Source: Sir Thomas Boughey

We are calling on the Assembly Government to ensure that co-operative ethics and models are central to business and citizenship curricula and to the way our children are educated.

We also call on the Assembly Government to examine co-operative models for education, using lessons learnt from the successful co-operative schools in England and the Co-operative Education Trust in Scotland.¹⁸

¹⁸ www.school.coop; www.cets.coop

Local Government

During 2010, Labour councils and Labour Group leaders from over one hundred local authorities across the UK pledged to become 'co-operative councils'.

We welcome the work done so far to widen public service procurement opportunities to social enterprises and co-operatives.

Case Study: Celtic Community Leisure

Following the model successfully piloted by Greenwich Leisure Ltd and many others since across England, Celtic Community Leisure was established in 2003 as the first leisure co-operative in Wales.

CCL is an Industrial & Provident Society, trading on a not-for-profit basis, which manages nine leisure centres and swimming pools on behalf of Neath Port Talbot County Borough Council.

Their annual turnover is around £5.5 million, and as an IPS the Trust benefits from tax advantages which means a considerable cost saving. The local authority agreed to reinvest half of that saving into service improvements for the Trust.

The business retains the public sector ethos but this is combined with greater private sector freedoms and a clearer focus. In this way it is their aim to increase the number and range of users, so increasing income and reducing dependency on local authority funding.

Source: Celtic Community Leisure¹⁹

Co-operatives and mutuals are ideally placed to provide best value. They provide local jobs and retain profits in the locality – thus promoting economic development – and give workers and users a real interest in how the service is run. Councils that have transferred their leisure services to co-operatives, for example, have found that services previously threatened with cuts have been improved and expanded.

We call on the Assembly Government to increase the awareness of the option of co-operative delivery and to urge local authorities to engage with employees and service users to discuss service priorities, service design and co-operative or mutual models of service delivery if the public sector is unable or unwilling to do so.

¹⁹ www.celticleisure.org

Health

We support the Assembly's ambitions to build a healthier Wales, and to solve long term health issues with initiatives such as anti-smoking legislation. The National Co-operative Chemists started in Wales, and assistance from the co-operative movement, such as the Co-operative Group's grants to breakfast clubs and walking buses, has helped to educate children and young people to lead healthier lives.

Other schemes to improve health such as fresh fruit co-operatives must be supported and extended to ensure that every family in Wales - rich or poor, urban or rural - has access to affordable fresh food.

Allotment clubs for young people, at or near schools, would help to educate children in healthy eating and even could supplement school dinners. They could even be run as co-operative business enterprises along the line of Young Co-operatives.

The Co-operative Party is committed to the National Health Service. The Assembly should examine new and innovative ways to improve primary care, such as GP co-operatives for the provision of out-hours-services and social enterprises such as not-for-profit Industrial and Provident Societies, for NHS dental services.

The role of the Third Sector in our society

The co-operative ideal is at the heart of the Third Sector, which has been given a new focus by recent decisions at Westminster and at the Assembly. Like many charities, voluntary organisations and social enterprises we believe that all providers of public services must be both demonstrably efficient and effective, but that the mere creation of a market for competition will not alone deliver better services.

In Wales, the Co-operative Group has acted as the Grant Recipient Body to eight Communities First Partnership Projects in West Wales and the Valleys and North Wales.

Fair and ethical trade

We congratulate the Assembly Government's leadership to enable Wales to become the first Fair Trade Country in 2008, and take pride in the role the co-operative movement played in helping to achieve it.

The co-operative movement has led the UK business sector's contribution to ethical trade. This approach must be recognised and built upon by all businesses and individuals.

The Co-operative Party believes that trade is beneficial and that fair trade is the best tool of all in the fight against global poverty. Two areas are key to rebalancing the global trading system: fair trade and trade justice. Fair trade ensures better prices and decent working conditions for farmers and workers in the developing world. It rebalances conventional trade, with fairly traded products benefiting their producers.

However, products produced under fair trade conditions need to be available to the consumer at comparative prices. The Co-operative Party will continue to campaign for lower, or no, tariffs for fairly traded products and a change in international trade rules to create favourable tariff regimes for sustainably produced products. We will also work with international colleagues to remove the tariff barriers that prevent developing countries processing raw materials in the country of origin.

We call on everyone to be aware of their purchasing power and choices, and to challenge retailers to stock and promote fairly traded goods and goods with high animal welfare standards, as pioneered by the Co-operative Movement.

The Co-operative Group was one of the first major retailers to move to using and selling only free range eggs, and has always been at the forefront in lifting animal welfare standards in the production of food, cosmetics and household goods. The Co-operative Party calls on the Assembly Government to assist in the promotion of improving animal welfare standards, including making this a factor to be included in decisions on public sector procurement.

International trade rules tend to strongly favour the most powerful countries, putting poor families and developing countries at a disadvantage. The Co-operative Party will work with governments to replace free trade (where a country's economy is run without government intervention) with just and equitable trade. We want a minimum of bureaucracy, but under free trade conditions, millions of poor people's livelihoods are threatened and their governments are powerless to prevent it.

We call on the Government, Assembly and the European Union to develop and implement trade policies that benefit the poorest countries and allow their governments to choose the best solutions to end poverty and protect the environment, particularly in the areas of agriculture, water companies' regulation and core labour standards.

Case Study: Young Co-operatives

Young Co-operatives give young people a practical introduction to co-operative enterprise by helping them to set up and run their own businesses.

The businesses they establish are run as co-operatives. Many of them have followed the idea of running healthy eating tuck shops selling only fairly traded products. Involvement in a Young Co-operative provides a variety of learning opportunities – business skills, co-operative and democratic working. The businesses established as Young Co-operatives often focus on supporting Fair Trade and developing awareness of how this can help to alleviate poverty in the world. Other models for Young Co-operatives include horticultural and recycling businesses.

Young people take control of their own business – selecting and pricing stock, researching markets, devising promotional materials, cash management and so on. Some Young Co-operatives produce a business plan to set the agenda for their future development. Through Young Co-operatives young people learn to work with one another. Each member has an equal stake in the business and an equal opportunity to contribute and make decisions. They run their own meetings and learn about the wider co-operative movement.

Source: Young Co-operatives²⁰

Government should take a practical lead in this by encouraging enlightened purchasing policies among all public sector bodies to ensure equality for fair trade suppliers.

²⁰ www.youngco-operatives.coop

Sport

Sports clubs are often regarded as community assets, yet too often they are owned by either private individuals who seek to promote their own interests or controlled by well meaning, but distant committees.

The Co-operative Party believes that sport should be accessible to all and that it should be controlled in the interests of those who participate in its enjoyment.

The Co-operative Group has been a key supporter of street games, and now street rugby is being introduced to Wales to promote healthy, outdoor sport to young people.²¹

Sport is not just important to those who play, but to the many more who support their teams week in week out over lifetimes and generations. Sports teams often form the core of a community's identity and common bond.

Case Study: Supporters' Direct

Following the publication of *A Golden Goal* by Jonathan Michie (Co-operative Party, 1999), the then Secretary of State the Rt. Hon. Chris Smith announced a new government initiative to help give supporters a say in the running of the game. This resulted in the establishment of Supporters Direct.

Supporters' Direct was initially funded for 4 years by the Football Stadia Improvement Fund, and latterly by Sport England at £325K PA. This funding allowed them to work with clubs in England. Following contact with Scottish supporters, the Scottish Executive agreed a grant to fund the Glasgow office.

There are now around 150 Trusts across the UK, with 95,000 members. Of these, the vast majority are in football, but there are 5 in Rugby League and 4 in Rugby Union.

There are 12 clubs in which supporters own the majority stake in the club. In addition, there are 61 clubs where trusts have a formal stake in the equity of the club, and at 41 of those, trusts have a representative attending board meetings.

Supporters Direct has helped with the formation of football supporters' trusts at Swansea, Wrexham, Merthyr Tydfil and Newport County and also helped form trusts at Newport and Cardiff rugby clubs. The rugby clubs and smaller football supporters are eligible to use its legal templates, and have been provided as much guidance as Supporters Direct was able, but they cannot receive financial assistance as Supporters Direct is currently only funded to work with clubs in the English and Scottish football leagues.

Source: Supporters Direct

Over 120,000 members have joined supporter trusts in the past 10 years, many of them new to the co-operative movement. Many trusts have worked to benefit their wider community as well as their club.

We call on the Assembly Government to give financial and other necessary support to establish Supporters Direct Wales, to give an opportunity to thousands of football and rugby fans in Wales to have a real say in the running of their club.

²¹ www.streetgames.org

The Co-operative Party

The Co-operative Party is part of the global co-operative movement. Over 800 million people are members of co-operatives worldwide, and the UN estimates that the livelihood of three billion people is made more secure by co-operatives.

We work with Labour Party in the UK to influence its policies towards more co-operative solutions. There are 28 Labour and Co-operative members in the House of Commons, 16 in the House of Lords, 8 MSPs, 4 AMs and hundreds of local councillors.

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