



building a shared economy

the co-operative party



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Introduction

In advance of our 2016 Conference and in response to member feedback, the NEC policy subcommittee produced three thematic documents which provided a summary of the Party's key policy positions in all areas.

Individual members, party branches and co-operatives were then asked by the NEC subcommittee to suggest changes and additions to these summary documents, and to consider campaigns that may be developed over the year ahead.

In response to this request, many local branches around the country held policy discussions to gather feedback from party members, and a wide range of co-operative movement organisations and individual members submitted responses. The policies within this document have been edited to reflect these submissions.

This builds upon the policy process conducted between 2013-14, through which the Co-operative Party generated twelve policy papers. Those formed the basis of our 'Agenda for Britain', our platform at the last General Election, as well as our platforms for elections in Scotland, Wales, London and Local government.

Those twelve full policy papers are 'living documents' which can be amended and expanded to take account of changing circumstances and environment. They are available to view and download at www.party.coop/type/policy-papers

Yours in co-operation,



James Scott

Policy Officer

policy@party.coop

Using this document

The policies within this documents have been edited to reflect the submissions made by individual members, local parties and co-operatives prior to the 2016 Conference.

This document provides the focus of the **Building a Shared Economy** debate at Party Conference. The NEC recommends considering four questions when using this document to engage in policy debates at Conference:

1. National campaigns

What campaigns would you like to see the Co-operative Party take up in relation to the policy proposals contained in this policy document?

2. Local campaigns

What campaigning ideas and action can local parties and members engage in within their own areas in relation to this document?

3. Missing policies

Are there missing policy asks in this document?

4. Future policy

What areas of policy need to be inserted or expanded upon in the twelve original policy documents agreed upon at conference 2014?

We hope you find the policies within this summary document stimulating and engaging.

🕒 Saturday 10th September 10:40

Policy Debate **Building a Shared Economy**

📍 Main Hall

Policy Summary

The following is a summary of current Party policy on the theme of 'Building a shared economy', which was agreed at 2013 and 2014 Annual Conference, and has been edited to reflect submissions received from party members, branches and co-operatives prior to Conference 2016.

1. Employee ownership

Giving employees a stake in their business provides workers with economic gains and creates companies that are responsive to their frontline staff. We propose that tax incentives on employee ownership schemes should be reformed so that they are targeted at schemes that give employees a collective, democratic voice, and employees should be given a statutory right to request employee ownership during business succession.

2. Employee 'duty to involve'

In the European 'stakeholder' approach to business, employees are given a formal role in making decisions about how a company is run. We propose all publicly listed companies should have a 'duty to involve' their employees at a workplace level, and have representatives of employees and other stakeholders on the board.

3. Profit sharing

We propose there should be legislation which ensures that all British businesses with more than 50 employees are obliged to set up a profit sharing scheme with their staff, with a minimum profits share pot set aside based on a calculation of their annual profits and their financial position.

4. Infrastructure/Utility companies

In utility markets characterised by monopolistic structures, the government should pursue opportunities to enable the conversion of utility monopolies to mutual organisations. It should also ensure that when building future infrastructure full consideration is given to the development of mutual models.

BT Openreach is responsible for managing access to the national phone and broadband network. BT Openreach enjoys an unfair market position. We propose a separation of the infrastructure management and as supplier of telecoms should be enforced. An alternative vision for the management of the BT infrastructure can be found within the mutual Glas Cymru.

5. Financial Transaction Tax

We propose that the UK should join with our 11 European neighbours to introduce a financial transactions tax, which would cover all trades in equities, bonds and derivatives.

6. Land Value Taxation

We propose the Government should replace business rates and stamp duty with a land value tax, applicable to all land apart from property with an occupied primary residence on it.

7. Banks: 'Duty to serve'

Building upon the Community Reinvestment Act in the US, we propose that new legislation be introduced to create a new "duty to serve" which would force UK banks to demonstrate that they are serving individuals and SMEs from all backgrounds and in all geographical areas.

8. Payday lenders levy

The Government should impose a levy on payday lenders, which would be used to build the capacity of credit unions and other providers as a means of providing affordable alternatives. Part of this money should be used to offer deposits into a credit union account for every child, opened in their first year at primary school.

9. Supporting co-operative and mutual enterprise

A new culture of co-operative entrepreneurship should be created in the UK through a range of measures including a new statutory 'duty to foster diversity of corporate forms'.

10. Minister for Mutuals

We propose that a new office for Mutuals should be set up with a designated Minister. This senior Minister should be given cabinet authorisation and a team to lead this work across Government.

11. Business support

Legislative and regulatory responsibilities for co-operative and mutual businesses should be moved from the Treasury to the Department for Business Innovation and Skills and registration of mutual business should be moved to Companies House.

12. Business impact test

A new business impact test should be introduced to systemically ensure all legal forms are considered in legislation and regulation affecting business. This will reduce the number of unintended consequences in regulation that are so burdensome for co-operative and mutual businesses.

13. Mutual reform

We propose that the law applying to mutuals should be reformed so that they have the opportunity to choose a legally binding corporate form that enshrines the principle of 'disinterested distribution' common in other EU states. This would ensure that there can never be a benefit from 'cashing out' because the assets must be transferred to another mutual.

14. Enterprise Investment Scheme

We propose that changes to the scheme should be made to ensure that asset locked mutuals have access to funding. Currently, small asset-locked mutuals are unable to benefit from the EIS due to the limited role that external capital plays in member-owned organisations. Where mutuals decide to opt for an asset lock, their retained profits should qualify them for tax relief under EIS.

15. Corporation tax, business and non-domestic rates exemption

Community benefit societies are non-profit distributing businesses that exist for a specific social purpose. While a number of these are also registered as charities, this can be a difficult bureaucratic hurdle to navigate for some smaller organisations. As businesses solely concerned with social outcomes, the government should exempt community benefit societies from paying corporation tax and business and non-domestic rates.

16. Banking governance

We propose that Banking law should be reformed to ensure that it is possible to become a bank with a genuinely mutual and co-operative structure.

17. Local Enterprise Partnerships

Local Enterprise Partnerships should be obliged to place the development of co-operative and social enterprise at the core of their approach. There should be at least one co-operative or social enterprise expert appointed to each board and each Local Enterprise Partnership should report specifically on their success in helping to stimulate the growth of co-operative and social enterprises.

18. Local economic development

Local authorities can play a role in retaining the wealth created within their area. Learning from the 'Cleveland Model' and the work of Preston Council, they can collaborate with local public institutions to ensure goods and services are procured from local co-operative enterprises where feasible.

19. Raising capital

We propose a new funding model for co-operatives should be developed, based on a similar model to the permanent interest bearing shares (PIBs) pioneered by the Building Societies.

20. Mutual Guarantee Societies

The UK Government must take the necessary regulatory steps to ensure that the UK benefits from Mutual Guarantee Societies. Societies which currently help 8% of European Small and Medium size business lend without significant capital.

21. Mutual Finance

Much of the legislation governing financial mutuals is antiquated and in urgent need of reform. It is often restrictive and incompatible with company law and ill-suited to modern forms of business.

22. Finance diversity

We believe that there should be a new duty placed on the FCA and HMT which will grow a diverse financial sector. Mutual finance Much of the legislation governing financial mutuals is antiquated and in urgent need of reform. It is often restrictive and incompatible with company law and ill-suited to modern forms of business.

23. Financial Inclusion

An estimated 1 to 1.5 million peoples remain un-banked or underbanked. To understand patterns in financial exclusion and be better able to pin point at fault lenders HMT must demand much more financial data from the banks. This data should come with new duties on the FCA to make analysis and publish its findings. 10 the co-operative party.

24. Access to finance

We propose that every adult, household and business should have access to a basic package of fair and affordable finance tools, including a basic transactional bank account, savings schemes, access to credit, physical access to branch banking facilities, insurance and independent money management advice.

25. Reform of UK Payments system

Following the recent announcement from the Bank of England regarding reform of the UK Payments system. If realised, this will allow non-banks to access money from the Bank of England. The Co-operative Party will push to ensure this reform enables greater competition and diversity within the financial sector.

26. Fair tax

Tax transparency is key to ensuring that UK businesses are paying their fair share of tax. Measures such as the proliferation of the use of the Fair Tax Mark will make it easier to praise firms doing the right thing and identify those who are not.

27. Banking Levy

The banking levy disproportionately hits the ability of Building Societies to lend and punishes them for the misdeeds of the PLC banking sector. As such we propose that Building Societies should be excluded from this levy.

28. Corporation tax

The Co-operative Party will resist the UK pursuing a tax dumping strategy and a race to the bottom that undermines not only the UK's ability to fund public services, but also that of other nations.

29. A British Investment Bank

We believe that a new investment bank should be created along mutual lines, jointly owned by bondholders and the UK Government. The Bank should support the expansion of the co-operative, mutual and social enterprise sector through the provision of risk capital.

30. Credit Union accounts for Children

Innovative local authorities like Haringey and Glasgow have begun working in partnership with credit unions to open credit union accounts for children as part of a focus on financial education and promoting saving. We believe that national Government should follow their lead in order to offer a £10 deposit into a credit union account for every child, opened in their first year at primary school.

31. Credit Union payroll deduction

Payroll deduction by employers – allowing employees to make loan repayments or regular savings via their PAYE – is a proven mechanism for embedding credit unions. We propose all public sector employers should establish payroll deduction facilities for credit unions.

politics for people

65 St John Street, London EC1M 4AN

020 7367 4150

info@party.coop

 [CoopParty](#)

www.party.coop



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