

**a co-operative plan
for a Britain where
power and wealth
are shared.**

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This document draws upon policy developed through the Party's ongoing policy development process and in consultation with members at the Annual Conference. It reflects current Party Policy in advance of the 2017 UK General Election.

A similar process of policy development and consultation with local Parties and members will be undertaken to develop proposals applicable to devolved governments, local and sub-regional elections.

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Foreword

Our nation is at a crossroads.

The fundamentals upon which our economy and society have for so long been based are being contested. We are debating who we are as a nation and what we stand for.

This *Plan for a Co-operative Britain* offers a comprehensive vision for a co-operative Britain. It is clear that in the years ahead our country and economy will be radically changed. Arguably politics, and the decisions made by our elected representatives over the next few years, will have more influence over our lives than in many past General Elections, which is why it is so critical that our voice is heard.

Since the EU referendum result it has become something of a cliché for politicians to talk about how to respond to the sense of powerlessness felt by too many people. Turning this around is at the heart of why the Co-operative Party and the co-operative movement were created – to give power to ordinary people over the things that affect their daily lives.

The Co-operative movement shows that there is a better way of doing business and providing services. It offers vital lessons for how we can shape our country and its destiny together, more united and sharing power for common purpose.

We believe that a new and more co-operative Britain would not just be fairer, but it would be more productive and more resilient too, by drawing on the wisdom, strength and commitment of the many.

The Co-operative Party rejects the notion that for Britain to thrive, its growth will inevitably be generated by a handful of entrepreneurs overseas, or that wealth is inevitably concentrated in just one corner of the country. We will build a democratic economy which creates growth and jobs in every community, makes the most of the skills of all, and whose rewards are delivered fairly in every region of the UK.

Our inspiration comes not just from the hundreds of years of co-operation in the most established parts of our co-operative movement, but also from the emerging co-operative communities and organisations seeking a different way to solve the challenges we face today. Whether in social care, energy or protecting vital community assets, we know that services work best when shaped around the needs and experiences of those who rely on and work in them, and when they operate in their interests.

Co-operation, a global movement of more than a billion members, shows that our values and principles can support social justice both at home and abroad. Our commitment to Britain playing a positive and outward looking role in the world is undiminished.

This Plan has been derived from the experiences, ideas and passion of our members who have over the last few years put their time and effort in to the proposals we present today.

Like any co-operative, we would be nothing without them.



Staff at Scot & Fyffe Textiles in Fife, one of Scotland's oldest employee-owned firms.

A co-operative economy

Now, more than ever since the Second World War, the very foundations of our economy and society are being challenged. The EU referendum campaign left a country divided about who we are as a nation and our place in the world. But the one area of growing consensus is that we need to change the way our economy works and how it delivers its rewards.

We urgently need a more inclusive economy that distributes rewards more fairly, successfully seizes new opportunities, and effectively supports communities through the inevitable changes ahead. We are clear that the only way to build this is to put cooperation at its heart.

This means a larger co-operative sector, but it also demands the 'hard-wiring' of co-operative values into the DNA of the wider economy. We want to see purposeful, values-driven and productive companies creating growth and jobs, where the fruits of this labour are fairly shared and with markets that are shaped in the interest of the consumer and employees, not shareholders.

Doubling the size of the co-operative sector

The original co-operative and mutual societies were created as a way for ordinary people to come together to provide mutual self-help for their members – from good quality affordable food to fair rewards for their labour and protection against sickness and unemployment.

Today's communities face a crisis of eroding rights in the workplace, rising living costs and stagnant wages. While the country is a very different place to when the Co-operative Party was founded a century ago, the solutions offered by co-operatives are as pertinent and important today as they were then. By existing to provide a service for their members rather than generate profits for external shareholders, co-operative and mutual enterprises are the key to creating an economy that puts people before profit.

Co-operative enterprises are more resilient than conventional businesses, and economies with a thriving co-operative sector have a narrower gap between the rich and poor – as seen in communities like Emilia Romagna in Italy where co-operative enterprises generate close to 40% of GDP in the province and which has the lowest socio-economic inequality of any region in Europe. Similarly, Mondragon in Spain, home of one of the world's largest industrial co-operative societies, has among the lowest inequality in Europe.

The co-operative sector in the UK is currently worth £37 billion to the economy each year. This is still smaller than many European countries. The Co-operative Party calls on the next government to commit to at least doubling the size of the co-operative sector.

The Government has an important role to enable the growth of the sector – in creating a level playing field for co-operative businesses to thrive, providing tailored support, and reducing tax and regulatory burdens. Britain should be the best place to start or grow a co-operative business.

➤ Levelling the playing field

Co-operative and mutual enterprises continue to operate under a regulatory framework that can disadvantage them in contrast to company law. In some sectors like energy, the regulation is ill-suited to co-operative business models, leaving them at a further competitive disadvantage. There should be a review of laws applying to co-operative and mutual enterprises to ensure they benefit from a level playing field.

To start, the government must provide official recognition of co-operatives as inclusive business models, and introduce a new statutory 'duty to foster diversity of corporate reforms' to enable a new culture of co-operative entrepreneurship.

This would include amending the government's Impact Assessment on new legislation and regulation, to ensure that all legal forms are properly considered, and to identify and remove burdensome unintended consequences of new government policy.

The Inclusive Economy Unit, currently within the Office for Civil Society at the Department for Culture, Media and Sport, should be strengthened and moved to the Department for Business, Energy and Industrial Strategy (BEIS), and benefit from the appointment of a new Minister for Mutuals. The Minister should be tasked with developing a roadmap for policy development in Whitehall aimed at making co-operative options more user friendly, removing the unnecessary red tape faced by many co-operatives and allowing them to adopt a statutory asset lock if they choose. There is a strong case that current Treasury support for Co-operatives and Mutuals should be moved to the new unit within BEIS to ensure the new unit is as well placed as possible to drive the promotion of the co-operative economy.

➤ **Mutual reform**

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, ensuring that there can never be a benefit from ‘cashing out’ because the assets must be transferred to another mutual.

➤ **Corporation tax, business and non-domestic rates exemption**

Community benefit societies are non-profit distributing businesses that exist for a specific social purpose. While several 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.

➤ **Access to funding**

Regulation and law should be changed to ensure co-operatives are better able to access investment. Given their unique structure, they are often excluded from traditional investment methods. A new funding model for co-operatives must be developed, based on a similar model to the permanent interest bearing shares (PIBs) pioneered by the Building Societies.

Many co-operative projects rely on community share offers. Currently, individual investment limits mean there is a ceiling on the amount that can be invested in a co-operative project. As well as addressing this issue, there are suggestions within the co-operative movement to develop a co-operative investment fund, which could invest in the debt and/or minority holdings and non-voting equity of co-operative businesses and projects. This would enable investors to fund not only single projects, but to acquire a diversified co-operative portfolio without undermining the co-operative principles and operation of each individual project.

➤ **Patient capital and pension funds**

Long-term institutional investors have enormous potential to act as providers of ‘patient capital’ and as responsible owners of businesses at home and abroad, but Britain’s investment markets are dysfunctional. We urgently need a more accountable investment system that would give more opportunities for greater scrutiny and participation by savers.

➤ **Mutual Guarantee Societies**

Mutual methods of working for SMEs across Europe ensures that there is another avenue for attracting investment. Mutual Guarantee Societies (MGS), which have several forms and legal

underpinning, allow up to 9% of all European SMEs to work together, pay in to a MGS and more easily access banking lending. The Co-operative Party believes that for the UK to have just one MGS – the British Business Bank – does not allow British SMEs to be as competitive and as well placed to innovate as their European counterparts. A new government must provide the appropriate regulatory guidance to allow MGS to form.

➤ **A British Investment Bank**

A new investment bank should be created along mutual lines, in addition to the British Investment Bank and new mutual guarantee societies, which is 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 patient risk capital.

➤ **Enterprise Investment Scheme**

Changes to the Enterprise and Seed Enterprise Investment Schemes 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.

Employee ownership

Ownership matters. Who owns a business dictates in whose interests it is run. In progressive politics, we have rightly been concerned about ownership in the public sector and of public services, and stood up to the privatisation of public services and infrastructure. The Co-operative Party believes we must be equally concerned about ownership in the private sector.

Companies and organisations in which employees have a real influence, in particular where this comes in parallel with an ownership stake, are more productive than organisations where this is not the case. In these organisations workers are happier, better remunerated and more productive.

This can be seen, for example, in the performance of co-owned companies. The Employee Ownership Index compares the share price performance of companies that are more than 10% owned by employees or employee trusts with the performance of FTSE Companies. Since 1992 the EOI has outperformed the FTSE by an average of 10% a year. In cash terms, an investment of £100 in the EOI in 2003 would have been worth £754 in 2014. The same investment in the FTSE would have been worth just £280.

There is clear appetite for this route to inclusive, balanced growth and increased productivity, as can be seen from results of recent YouGov polling which found that 68% of people in work feel they have no control in their workplace. By

giving employees a stake in their business, workers are provided with economic gain and the companies become more responsive to their frontline staff. The appropriate incentives, support and funding must be put in place by the government to significantly grow employee ownership across Britain's economy.

➤ Tax relief

Tax relief should only be offered to all-employee share ownership schemes that, require employees to purchase and hold shares for a number of years in order to benefit. This would save the Government £285m per year, which should be invested in giving permanent employee benefits trusts the same tax treatment as temporary schemes, developing new schemes that give employees a collective democratic choice, and a new Co-operative Entrepreneurs' Programme to augment existing start-up support.

➤ Employee buyouts

Employee buyouts show how self-help and co-operation can build resilience into our economy, saving productive businesses and providing an attractive option for business succession. Because they transfer ownership to employees, there is a guarantee of the new owners taking a genuine interest in an enterprise's long-term success.

New legislation should give employees a statutory 'right to request' employee ownership during business succession, alongside an 'early warning' resource capable of informing workforces in advance of insolvency or disposal of a viable business. This would enable employees to assess the scope for acquisition and prepare a bid.

The Co-operative Party calls on the next government to also be more proactive in supporting the process of employee buyouts, in particular giving the employees the financial freedom to do so when needed. For example, Italy's 'Marcora Law' provides funds and business support for employee buy-outs, and has returned an economic return of 6.8 times the capital invested by the funding mechanisms. The government needs to build on the lessons from innovative policies like this to adapt and adopt them in the UK – the existing British Business Bank could be strengthened to become an important lending and guaranteeing institution within the delivery of a UK version of this law.

Equally, in Spain's 'Pagio Unico' law there is a mechanism by which newly unemployed workers from a private company are able to generate capital to buy the firm through the deployment of three years' unemployment benefits which the state pays up front. This has proved a valuable tool for increasing employee ownership and divestment of ownership. The government should review the scope for allowing employees to divert a portion of possible redundancy compensation in a tax advantaged way should they choose to take a collective equity stake in a reconstituted business.

Responsible business

Many of the economic and social problems we face in today's economy can be put down to the lack of accountability of Britain's big businesses. Some notable exceptions notwithstanding, too many companies have become fixated on short term profit maximisation at the expense of their workers, their customers and the wider economy. From the scandal at Sports Direct to the collapse of high street shops like BHS, it is clear that consumers, employees and high streets pay the price for irresponsible business practices.

Despite the 2006 change to Company Law requiring businesses to focus on long-term profitability and their impact on their stakeholders, little has changed and the news is dominated by stories of rising bonuses at the top, low wage jobs and unsustainable business practices that erode public trust.

➤ Profit sharing

Urgent action is needed to re-establish the link between profits and wages. There should be legislation to ensure that all British businesses with more than 50 employees are obliged to set up a profit sharing scheme with their staff, with a minimum profit share pot set aside based on a calculation of its annual profits and its financial position.

➤ Shake up Britain's boardrooms

In the European 'stakeholder' approach to business, employees are given a formal role in making decisions about how a company is run. All publicly listed companies should have a 'duty to involve' their employees at a workplace level, and have representatives of employees on their board. These new rights would operate in addition to, not instead of, the vitally important role that trade unions play in Britain's workplaces, and the Co-operative Party would like to see a higher penetration of trade union membership and recognition in the private sector.

➤ Duty of stewardship

Business should be required to make a statement of purpose in their annual report, measuring and reporting on shared value rather than simply profit – including their impact on the environment, their employees and their community.

The fiduciary duties of board members should be expanded to include a duty of stewardship to the company's stakeholders and the long-term future of the business. This should attract new 'safe harbour protections' insulating their judgements from legal challenge.

➤ Strengthen board governance

The ability of non-executive directors to challenge should be improved to cut down on an overdependence on managers. For this to take place, they should have confidence that they are receiving independent information but currently in the majority of the FTSE100 companies they are appointed, remunerated and line-managed by the Chief Executive Officer.

The government should modify the Combined Code to ensure that the Company Secretaries are appointed by the non-executive directors, reporting to the chair. Non-executive directors should have their own independent resources and staff.

➤ **Protecting private pensions**

The takeover code should be reformed so that workers and their pensions don't suffer when a company is sold or shut down. Irresponsible company owners who put their employees' private pensions schemes at risk should be held to account.

More power to consumers

Consumers are a key driver of our economy, creating the demand for goods and services and providing jobs and vibrant local economies. In a well-functioning economy, well informed and empowered consumers can improve standards, innovation, supply and value for money.

However, in a system where there is a lack of competition, a focus by business leaders on short term profit maximisation at any cost, inadequate access to information, barriers to shopping around, and exploitative practices, consumers are unable to play this significant role. Consumer harm from unfair trading is estimated at £6.6 billion a year and causes serious structural damage to the functioning of our economy.

The Co-operative Party has championed the rights of consumers throughout its history. We have been responsible for legislation that underpins much of today's consumer protection. However, this is now out of date and consumers too often face an uphill battle for a fair deal or proper redress. Brexit risks the further erosion of consumer rights, as many of the rules protecting customers come from the EU.

We want to see the government once again as a consumer champion, leading a consumer revolution that rewards the companies who behave fairly and ethically in everyone's interests, rather than those who maximise profits for the few.

➤ **Consumers on boards**

Britain's businesses lack the scrutiny needed to prevent bad corporate behaviour and to ensure consumers get a fair deal. Corporate governance requires urgent reform so that, where appropriate, consumers have a voice on company boards.

➤ **A single Consumer Ombudsman**

There are at least 17 different Ombudsman services and fourteen different recognised complaint handling services. Navigating this confusing system makes it harder for consumers to get justice. There should be a single Consumer Ombudsman with US-style powers and the ability to take up class actions on behalf of consumers against companies.

➤ Access to impartial advice

Legislation should go further and ensure that consumers are given access to accurate and portable information. Too many companies are opaque in their dealings, obscuring charges and costs to hold on to customers or to overcharge them.

Access to advice and advocacy services are also important. Having access to independent advice can help consumers understand their rights and resolve problems more quickly. A new duty should be placed on statutory regulators to report annually on the provision of free independent advice available to consumers purchasing services in their sector.

negotiate them for a wide range of services from energy to banking, and provide a new weapon in their fight for a fairer deal.

➤ Collective action

Consumers deserve the right to access their data in a meaningful format and to be allowed to share it. The government should bring forward legislation to create a framework for Next Generation Intermediaries (NGIs) - these 'consumer clubs' need the ability to use data shared by consumers to negotiate services on their behalf. NGIs would enable consumers not only to individually compare prices but to collectively

➤ Competition and Markets Authority

It is vital that the Competition and Markets Authority (CMA) remains responsive to consumer concerns, acts on the priorities of consumers, and works closely with other consumer champions. The government needs to put CMA reform at the top of the agenda and introduce an annual 'Competition Health Check'. Led jointly by consumers and the competition authorities, the annual health check would ensure regulators and politicians act where markets do not work in the public interest.

The gig economy

The nature of work in Britain is changing. There have been high profile examples of companies profiting from the insecure, low wage labour of their drivers and riders. While to many of us these workers look a lot like employees, their self-employed status means they go without sick pay, job security, minimum wages or pensions.

This new 'gig economy' is hailed as providing flexibility and freedom. Its proponents assert that self-employment is an active choice for a 'new generation of agile, go-getting workers'. However, it is increasingly clear that the winners are the owners, while workers in bogus self-employment are not receiving the proper reward for their labour.

The co-operative movement emerged as a way to empower people who were being left behind. Much like when, 150 years ago, the self-employed garment workers and launderers came together, we believe the co-operative model

continues to have much to offer in this area. Similarly, the work of trade unions to challenge this definition of self-employment is incredibly important, and we want to see the riders, drivers and cleaners of the new gig economy able to organise and be represented in their daily working lives.

➤ **A voice for self-employed workers**

The interests of self-employed workers are poorly represented in national policy making. The Department for Business, Energy and Industrial Strategy should identify how to create a voice for self-employed workers in business policy, regulation and commissioning, learning from the way in which the wider small business community has successfully become recognised.

➤ **Support self-employed workers to organise**

The rights of workers to trade union representation in the workplace must be enforced in every business – including those that rely on a largely self-employed workforce.

Many self-employed workers are forced to rely on expensive, profit-making agencies. The government should play an active role in supporting self-employed workers who are organising themselves into co-operatives and starting service co-operatives, through improving access to start-up advice and investment, and ensuring that they have a level playing field to compete with big commercial enterprises.

For example, the Link Psychology Co-operative in Preston is a consortium of self-employed educational psychologists who offer services to schools. Their co-operative model enables them to join forces to gain mutual benefits such as access to administrative support, marketing services and training.

➤ **Employment co-operatives**

The Department for Work and Pensions should explore the potential for employment co-operatives for people on benefits such as Job Seekers Allowance. This would mean that unemployed people would not lose out on the security of their benefits payments while they start out as self-employed workers, and enable them to access the collaboration, services and mutual support of the co-operative.

Support for the development of mutual aid and insurance would help self-employed workers who experience or are at risk of periods of unemployment. For example, 'Bread funds' in the Netherlands enable freelancers to pool the risk of periods of unemployment by creating funds into which freelancers can pay when they are working and then draw upon if they are not able to work.

Fairer, transparent taxes

Society relies on tax revenues to provide essential services. Individuals and business alike should pay tax in the countries in which they earn it. High profile examples of companies, and individuals, being seen to avoid tax to extreme levels have exposed a system that requires significant reform.

On the other end of the spectrum, while some multinationals get away with going to any length to reduce their tax bill, the increase to business rates is putting an unnecessary and damaging burden onto small businesses.

The Co-operative Party wants to see a more equitable system of taxation for businesses in the UK which enables small, regional and co-operative businesses to grow while ensuring big businesses play by the rules and contribute their fair share.

➤ Tax transparency

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

➤ Country by country reporting

Companies who shift profits to tax havens should play by the same rules as every other business. The Treasury should use its powers under the Finance Act 2015 to properly enforce country-by-country reporting for global corporations, so that public scrutiny of corporate behaviour can put pressure on businesses to be more responsible.

Supporting co-operative communities and regional growth

Today, far too many regions of the UK have not benefitted from the economic growth that London and the South East has seen. This must change.

Over the past forty years, economic and political power has become increasingly concentrated in the capital, creating an unequal country where opportunities and wealth are stacked in the favour of those living and working within the M25. This inequality has had adverse effects on the economy of the UK beyond London and the South East. While many areas remain highly productive, in other places economic traditions have been lost, populations have declined, and a shift to low-skilled service jobs has stalled social mobility.

The Co-operative Party champions the principle of locating decision-making and economic regeneration as close as possible to those affected. This reflects the co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity.

Local and sub-regional government

As the tier of government closest to residents and communities, local councils are at the forefront of helping residents respond to today's economic and social challenges, from the rising costs of housing to financial exclusion. They are the providers and commissioners of the services that sustain our local infrastructure – homes, schools, roads – and how they choose to do this has a direct impact on the local economy.

While councils are working hard to ensure that services remain reliable and local areas thrive, local government is facing increasing pressure, with growing levels of demand at a time of significantly reduced levels of funding.

The Co-operative Party believes that local councils should be properly funded to ensure they can continue to deliver the services that people rely on. The Party also sees a need for a radical change in the way that local government works if it is to remain effective, relevant and accountable in this time of cuts in spending and changing expectations.

Support should be given to councils committed to supporting the growth and development of existing local co-operative and mutual enterprises; involving service users in commissioning, design and delivery of services; promoting co-operative start-ups; and developing collective action and control over local assets.

When power is passed simply from Whitehall to the Town Hall without a real community stake in new settlements we miss an opportunity. Our co-operative devolution agenda is not about just moving centralised power from Whitehall to the Town Hall, but also about placing power directly in the hands of people and communities.

➤ Combined authorities and Metro Mayors

The Co-operative Party believes that combined authorities and Metro Mayors have the opportunity to use their new powers and responsibilities to develop more co-operative communities. The Co-operative Party has laid out its vision in 'By Us, For Us – A Co-operative Agenda for City and County Regions'.

➤ Devolution of economic power

In order to unlock the growth potential of every community, more support

should be given to Combined Authorities, Economic Prosperity Boards and Local Enterprise Partnerships (LEPs), to facilitate the devolution of further significant powers over the Work Programme, adult skills and infrastructure.

➤ Transferring power and assets to communities

Community-based and new mutual organisations have a vital role to play in preserving and running local services; tackling crime and anti-social behaviour; supporting families; engaging young people; and regenerating rundown neighbourhoods. When local authorities

decide to externalise services, there should be a 'right to try' for employees, service users and the wider community, giving them the option and a timeframe of six months to consider taking over the service by establishing a co-operative or social enterprise.

Where local assets are transferred, it is vital that they remain in the interests of the community being served. Therefore, they must have open membership and be democratically accountable to a widely-defined group. There should also be an asset lock to guard against dissolution and ensure that resources can only be transferred to other organisations with a similar commitment to serving the community.

➤ Right to recall

The government should introduce a Public Service Users Bill to further improve accountability of services. This new legislation would give people more voice and power over all public services, including the right to recall a provider in the case of a serious breach of trust, the ability to trigger investigations and the right to choose their own provider in certain circumstances.

➤ Local tender evaluations

Local tender evaluations should be required to include whether a bidder is transparent about its tax arrangements, meets Fair Tax Mark standards, pays the Living Wage and meets appropriate standards on apprenticeships.

➤ Strengthen the Localism Act 2011

The community deserves to play a key role to play in the preservation and delivery of local assets and services outside of local authority control. The Localism Act contains important powers for local communities to do just this and the co-operative movement has had significant success in applying localism

powers to protect pubs under threat, for example. To date, 1,250 pubs have been listed as assets of community value, and as of July 2016 there were 42 co-operative pubs open and trading, with many more in the pipeline.

However, we believe the Act needs to be strengthened, as the regulation and timetables can still result in barriers for communities. In particular, it is still a real challenge for them to mobilise quickly enough when a local asset is under threat, especially when the owner of the asset refuses to engage in a constructive dialogue.

The government needs to review the existing rights and strengthen the legislative framework to effectively change the balance of power, by extending the protected period within which communities can mobilise to nine months, with a further extension where the asset owner refuses to speak to interested groups.

Further, Community Interest Groups (CIGs) that have successfully listed assets should be given a 'first right of refusal' to purchase the asset, making the right a real 'right to buy' not simply a 'right to bid'.

Finally, central and local government should recognise that for the localism agenda to reach its full potential, communities need better advice and practical support as well as these legislative changes.

➤ Co-operative Councils

Councils like Oldham, Edinburgh and Glasgow, under Labour and Co-operative leadership, have pioneered new working relationships with neighbourhoods and residents, underpinned by a genuine commitment to working with communities rather than merely doing things to them. The government should support co-operative councils like these to test new ideas and to develop models of collaborative working that can be rolled out in other parts of the UK.

Community wealth building

Communities need the right tools to tackle the challenges they face together. A place-based approach to economic regeneration can enable communities to create and retain wealth locally.

Public sector procurement offers huge opportunities to shape the economy, but there is a tendency for the same big firms to dominate the market, as institutions seek bigger contracts and frameworks. In Cleveland, Ohio, a new approach has been pioneered where anchor institutions award significant contracts locally to new worker-owned co-operative businesses, ensuring wealth stays within the community.

Preston City Council have learnt from 'the Cleveland model', and the council is already changing the way they use their capital and resources, seeing an extra £4 million invested in their city and new co-operative businesses being established. Similarly, in Manchester the City Council has increased the proportion of its resources spent locally from 44% to 70% of its budget.

The Co-operative Party believes that there should be further devolution of public spending and changes to procurement law in light of Brexit. A strengthening of the Social Value Act, in order to give local and regional government the tools they need to generate sustainable local wealth, is also urgently required.

➤ Anchor institutions

Organisations like hospitals, universities and local authorities have strong ties to their local region. By leveraging their supply chain, it is possible to make significant contributions to the local economy, generating community wealth that remains in the area rather than being extracted by big businesses and their shareholders.

Local and regional authorities should be encouraged and supported to partner with anchor institutions to spend their money with local supply chains. Where an anchor institution is an arm of government, there should be targets setting out expectations on local spend.

Anchor institutions should be encouraged to use their expertise and capital to invest in the development of local employee-owned, co-operative and social enterprises so that the money

spent through their local procurement is reinvested in local jobs creation and the local community.

➤ Local co-operative development

As democratic, member-owned organisations, co-operatives play a critical role in generating and keeping wealth in local communities. Since most members are local residents, they are likely to make decisions in the interests of their community rather than shareholders. Equally, instead of going into shareholder pockets, profits are reinvested in developing the business, creating local jobs or as dividends to members, who are likely to shop locally and keep wealth circulating in the local economy.

In Cleveland, Ohio, the Evergreen Co-operative Development Fund has

developed a network of new worker-owned co-operatives to take on significant contracts from local anchor institutions, from laundry to energy. Closer to home, the Wales Co-operative Centre, established by the Wales TUC and funded by the Welsh Government, supports co-operative and social businesses in Wales to grow.

To ensure that community wealth generation genuinely transforms the lives of local people and economies of every region, the government needs to learn from the example set by Wales to support similar organisations to develop across the UK.

➤ Procurement rules

The devolution of resources and the changes to procurement rules that may arise as a result of Brexit provide significant opportunities to rewrite the rules of the system to better reflect public and community value in spending. New procurement rules should acknowledge the benefits of co-operative and social enterprise procurement.

The government should ensure that the implementation of any new rules allows contracting authorities to reserve some

contracts for not-for-profit enterprises. There needs to be strong and clear guidance on the types of co-operative, mutual and social enterprise models covered to ensure that they deliver the social value intended and do not allow for privatisations via the back door.

➤ Social value

The government should review the operation of the Social Value Act and consider whether, in the context of Brexit, this could be enhanced to give public sector bodies a wider scope to procure for social value rather than on the basis of a narrow, short-term value for money judgment.

Public sector commissioners should have a duty to 'account for' rather than merely 'consider' social value and the government should set measurable targets for their use of social value. The government should also further strengthen the legislation by requiring public bodies to publish their social value priorities and weighting of contracts toward them, and to outline the steps they will take if social value targets are missed. The government should also consider extending the scope of the Social Value Act to apply to goods and service contracts of a lower value.

Regional banking

Businesses that put money back into the local economy – through hiring local people, spending money in their region, and reinvesting profit instead of paying shareholder bonuses – are best placed to drive local economic growth. The UK's small and medium size enterprises employ over 24.3 million people across the UK, and the social and co-operative sector has outperformed the rest of the economy in terms of growth since the financial crisis in 2008.

Despite the social, co-operative and SME sectors' crucial role in our economy, they face a number of barriers to growth through difficulty in getting investment from high street lenders and a high cost of credit. And this lack of engagement from Britain's banks is hardly surprising – four of our five large banks are located within a five-square mile area of Central London.

Germany, on the other hand, has thousands of individual banks across the country, including over 400 local savings banks (Sparkassen), each independently and locally managed, as well as 1,000 co-operative banks, owned by their members and run on the principle of one member one vote.

The German regional banking system is run prudently, serving sub-regional areas and specialising in local SME investment. In fact, local and co-operative banks have been able to continue high levels of local lending through the financial crash and beyond.

Duties placed on Sparkassen to lend to SME businesses ensures that German businesses are better able to invest in machinery, equipment, new technology and other means of increasing wealth in each region. The result is one of the most productive economies in the world, with an average German worker producing in four days what a UK worker does in five.

For regional, bottom-up growth to succeed, a new banking system - similar to that of Germany's - is needed to put power and decision-making on local investment back into every region of the UK.

➤ **Network of regional banks**

The government should work with city and local authorities to establish a network of regional mutual banks tasked with lending to co-operatives, social enterprises and small and medium sized businesses in their regions. This would require the devolution or creation of the financial infrastructure needed to create this network.

➤ **Sustainable co-operative models**

Regional banks should be encouraged to take a co-operative form of ownership, ensuring that they are inclusive and helping them return benefits to their locality to reinforce local economic growth.

In order for these banks to benefit from shared knowledge and economies of scale, inter-cooperation should be encouraged and supported. This should include delivering the back-office technologies required for each individual bank collectively, embedding economies of scale from day one, and establishing a system of checks, balances and shared risk that ensures financial sustainability.

Public services in our interests

3

Our public services must be high quality, responsive and accountable. The level of funding cuts to services our communities rely on, from local government and social care to the NHS and policing, make this an increasingly challenging task. For our public services to remain effective, they must be properly financed by central government in a way that ensures funding is linked to need.

The challenges facing our public services are too complex to be solved through top-down solutions, without the active engagement of the people who deliver, use and rely upon them. Too often their voices disappear under the weight of a centralised bureaucracy focused on narrow centralised targets. This hasn't been solved by the trend towards outsourcing, where there is even less accountable large private sector involvement. A future based around large outsourcing companies simply reinvents the problem, but with an additional cost of profit leakage and unaccountability to government.

Local communities must be given the right to participate in decisions that affect their lives, and the Co-operative Party believes that co-operative and mutual models offer important lessons for the delivery of public services. These provide the efficiency gains of the private sector while retaining public spend in the local community and ensuring genuine democratic accountability by giving users, employees, and other stakeholders a real say in how the organisations are run.

Health and social care

Our health and social care system is in urgent need of reform.

Across the country, services are at breaking point thanks to chronic underfunding. To deliver the high-quality health and social care services that communities need, the system needs to be properly funded. However, services won't improve if the funding is put into a broken system.

The shift to private provision of services has reduced the quality of care, undermined labour market conditions and reduced cost efficiency within the sector. Private companies profiteer, whilst patients, older people, those who rely on social care and the staff that deliver it pay the price. The markets in health and social care services are broken – incentivising a race to the bottom on quality and workforce conditions, a lack of accountability and de-personalisation of services.

The Co-operative Party proposes a new model of care, one that uses the principles of co-operation to build on the first-hand knowledge of those who rely on, receive and provide care. It is care recipients, their families and care workers who know how to create a care system that will deliver consistently high quality care - they should be allowed to lead the care sector. Co-operation that is hardwired in to the system as well as that which emerges from the bottom up within this sector can provide a powerful tonic with the ability to radically benefit those in need.

Britain's National Health Service is Labour's greatest achievement. It provides high quality healthcare that is free at the point of need. However, the focus on our NHS is too often about management and too little about the public who rely on it and the staff who keep it going. The Co-operative Party is pushing for reform of our NHS to bring health services closer to their stakeholders; mindful of the huge diversity in this sector, from hospitals and specialist care, to GPs, dentists and pharmacies.

➤ Integration of health and social care

The Co-operative Party believes in health and social care systems that are properly integrated, providing services that are joined up from home to hospital. This alternative vision needs to be brave - built around the whole person, and meeting their physical, mental and social care needs. This vision can only occur under local systems that truly integrate the

different players in the system, delivering co-operation not competition and putting people before profit.

➤ Market reform

There is an urgent need for reform of the 'market' in social care – reducing profit leakage, improving the quality and accountability of care, preventing the continual downward pressure on terms and conditions for the workforce, and better aligning the values of social care with those of the NHS to support the transition to an integrated system.

➤ Right to own

Public sector employees in health and social care currently have the 'right to request', allowing them to mutualise the service they run and turn it into an employee-owned enterprise. The Co-operative Party wants to see this right extended to those carers working for privately owned organisations as a 'right to own'.

When private organisations face financial difficulties, they are often sold on to another private organisation or simply closed down. Under such circumstances a 'right to own' in the private sector would give employees a right of first refusal to take on part or all of their organisation, supported by patient capital investment.

Where social care services are mutualised and moved outside the local authority they should be 'asset locked' to ensure that assets of all types (including any surpluses) are locked within the organisation or transferred to another asset locked organisation on winding up. This is critical to preventing asset stripping or demutualisation as occurred with the building societies in the 1980s and 1990s.

➤ Right to run

People who receive, rely on and provide care (care recipients, their families, and care workers) have the most sophisticated understanding of what good quality care looks like. This knowledge should be respected, and given equal weight within the governance of private care providers. To hardwire the interests and knowledge of frontline staff and care recipients, a 'right to run' would require workers, care recipients and community representatives to be offered positions on corporate boards.

➤ Regulation

The Care Quality Commission should level the playing field between co-operative and private care providers by modifying its inspection methodology to capture the ownership model of its registered providers. Currently all non-state providers are categorised as 'independent', undermining the ability of service users and their families, as well as commissioning authorities, to distinguish between for-profit and not-for-profit providers. This would also allow users and commissioners to analyse the relative performance of different ownership models within care.

➤ Social Care procurement

National policymakers should learn from Social Services and Well-being (Wales) Act 2014, which goes further than the Social Care Act 2014 by putting a duty on local authorities to promote co-operative organisations to deliver care in their area.

To support this, guidance must be given to social care procuring authorities to ensure that the special features and sometimes sizes of co-operative and social enterprise delivery models are taken account of and included in procurement exercises.

There should also be support for the development of new mutuals within social care procurement processes - this should include the financial, legal, technical and HR support necessary to successfully identify an appropriate model and then go through the process of 'spinning out', which can be challenging and expensive. Collectively procured support and more mentoring by other organisations that have been through the process can help reduce these costs and burdens.

➤ **Foundation Hospital Trusts**

The values and vision behind the creation of Foundation Trust Hospitals in England remain the right ones. However, the rapid growth in the number of Foundation Trusts has seen a widening rather than a deepening of community engagement and in some areas the lack of commitment to the model is evident from the hospital management. NHS Improvement should toughen the regulatory framework on NHS Foundation

Trust hospitals to ensure service users are more engaged in decisions taken by local hospitals.

Meaningful engagement must become a properly measured feature of their operation, in conjunction with the local Healthwatch and local communities, to avoid this being a paper exercise. The trusts' regulatory framework should be toughened, with trusts forced to explain how they are engaging members in decision-making and ensuring that governor elections are vibrant.

Police, crime and justice

A co-operative community is a safe community. The more that people share values and a sense of belonging, the stronger and safer their community will be. In increasingly diverse communities, co-operative values are common to many backgrounds, religions and cultures and can provide the common thread that binds people together in common endeavours.

Since 2011, elected Police and Crime Commissioners have worked in co-operation with local government, the police and other bodies to cut crime. The Co-operative Party is proud of the approach taken by Labour & Co-operative Police and Crime Commissioners who have spearheaded a co-operative approach to policy making – working with communities and stakeholder groups to co-produce crime prevention strategies.

Successful approaches to policing and crime reduction puts citizens at the heart of the fight against crime. Public participation in police work has always been vital, but as resources become tighter it is becoming ever more vital. The government should do more to unlock the hidden wealth of voluntary activity and social networks to contain and prevent crime.

➤ **Involving local residents and businesses**

The whole community should play a role in ensuring their neighbourhood is safe, and there should be good partnerships between local police, residents and businesses. Street Watch is currently the only fully regulated UK model for civilian street patrols that involves the whole community. The scheme encourages residents to adopt a new working

partnership with police in patrolling their own communities. The government should provide funding for the establishment of a street watch scheme in every lower-tier local authority in the UK.

Facewatch is a business-led initiative to tackle crime that enables local firms to file reports with witness statements and CCTV footage directly to the police. The government should ensure that all local police forces work with Facewatch to introduce a scheme in their area.

➤ Neighbourhood policing, participatory budgeting and co-production

There should be greater involvement of local communities in allocating police resources and setting local priorities. Police forces should establish 'participatory budgeting units' and the success of the Crime and Disorder Act 1998 should be built upon in order to improve local accountability by ensuring that local government is involved in the appointment of local police commanders.

The relevant tier of local authorities should be given additional powers to set priorities for neighbourhood policing, local policing of volume crime and anti-social behaviour, and should retain a proportion of the police precept ring fenced for the commissioning of police and crime priorities.

Since 2011, elected Police and Crime Commissioners have worked in co-operation with local government, the police, communities and other bodies to cut crime. In Wales, the Future Generations Act has built on this to encourage an even more collaborative approach, with new public service boards. New strategies should learn from this best practice.

➤ Youth Offending Teams

The success of Youth Offending Teams – a co-operative initiative in the justice system – has shown that many people who were drawn into crime in the past didn't need to become career criminals had they been offered better alternatives at an early stage. The Co-operative Party recommends a similar integrated approach to those in the 18-25 age group who are going through the transition to independence and adult life, as is being trialled successfully in South Wales.

Education

Co-operation in education is not limited to governance models in primary and secondary schools in England. There is rich heritage and leadership shown within school and community collaboration, early years' provision and a potential for further development within Further and Higher Education.

Children get the best education when schools, parents and communities work together and when they feel their views are taken into account. This approach is at the heart of co-operative education: supporting children to feel valued and to take responsibility for themselves and their communities.

In the last ten years, a growing number of co-operative schools and places of education in England have offered this alternative vision of learning. It is a vision of learning founded on co-operative values and principles. These schools have the ability to ensure that they are democratically engaged with the local community; driven by ethical values; and have an emphasis on improving learning outcomes through co-operation rather than competition. The move to a co-operative model provides a framework in which everybody with a stake in the school's success - parents, teachers and support staff, local community organisations and even pupils – has the opportunity to be involved in running it.

These principles can and should be applied to the Further and Higher Education sector. Emerging proposals to create co-operative universities rather than the 'for-profit' model will offer much to students and staff.

➤ Co-operative schools

In England, there are now hundreds of co-operative schools, spanning most types of schools, and they must be allowed to be at the vanguard of demonstrating the benefits of co-operation to their pupils.

Specifically, the Co-operative Party believes that the Education and Inspections Act 2006 should be amended to enable co-operative schools to legally form under the Co-operative and Community Benefit Society Act 2014. It should also allow nursery schools to become co-operative trusts and to join co-operative clusters.

Existing charity law should be reviewed to ensure that the co-operative trust model is able to develop in as democratic and participative a manner as possible, as well as enabling schools to benefit from international associations.

Legislation should be amended so that all mainstream state funded schools and Further Education colleges can establish co-operative governance structures should they wish to.

➤ Collaboration between schools

Working collaboratively helps to avoid duplication and raise standards, by allowing school leaders to better focus on the effective leadership of teaching and learning and enabling best practice to be shared.

Many of the co-operative trusts established in the last year are clusters of primary schools, sharing responsibility for working with all schools in the trust. Increasingly school improvement is becoming a priority of the national network of co-operative schools, the Schools Co-operative Society.

The government can enable collaboration for school improvement via co-operative

models by encouraging more co-operative trust schools to become academy sponsors, enabling them to formally support other co-operative schools. There should also be support for the development of school improvement co-operatives like the ones created in Leeds and Manchester.

➤ Mixed stakeholder models in education

Communities, parents, students and teachers should be at the heart of our education system. Therefore, parent teacher associations should become mandatory in mainstream schools and each should have responsibility for appointing at least one third of school governors. Schools should provide numeracy, literacy and IT for parents, to enable them to better support their children and take part in running their school.

Every school should also be required to have an elected body for students, which will play an important role in setting its ethos and overall direction.

➤ Co-operative curriculum

A failure to educate students and pupils in co-operative action and governance continues throughout the education system, which is holding back a new generation of co-operators. This must be addressed through co-operative studies where appropriate on business courses and syllabuses.

➤ Sure Start

Sure Start Children's Centres are one of the last Labour Government's finest achievements, and they should remain at the forefront of endeavours to transform the way services are delivered for young children and their families in England. We believe the reduction in the range and number of services provided by Sure Start in some areas, due to cuts to local authority budgets, has been damaging.

More can be done to give communities a sense of ownership and involvement in the remaining Sure Start services to improve services and empower parents who use them. Community ownership can help remove barriers and develop trust, so that the organisation is accessible to people who otherwise would be less likely to use the services.

The UK and devolved governments should recognise the advantages of the 'community mutual' model for Sure Start, and work to ensure the development of the model. In particular, they should encourage local authorities to consider converting existing Sure Start/Flying Start centres to the 'community mutual' model, as well as using it as a model for the provision of new services.

➤ **Local authority role in education**

Education should be not-for-profit, and allocation of places, funding and caring for vulnerable or excluded children should not be left to the market. Therefore, local authorities should continue to have a role in planning school places, fair funding, the care of excluded and vulnerable children, and providing additional support to schools. Schools should be enabled to work together to procure back office services and resources such as SEN and school improvement support, as happens with successful co-operative cluster arrangements, and exam boards should be publicly owned or not-for-profit with a strong public service ethos.

➤ **Supply and music teachers**

The overwhelming majority of supply teachers deliver their work through agencies and umbrella companies. These organisations can be exploitative for the teachers using them and expensive for the schools employing them.

The government should support supply teachers and other freelance or peripatetic staff in the sector, such as music specialists, educational psychologists and SEN professionals, to organise into co-operatives. For example, Swindon Music Co-operative was set up by music teachers following Swindon Borough Council's decision to close down its instrument teaching service. Similarly, First Call Supply Teachers Co-op provides an alternative for supply teachers who are otherwise dependent on commercial agencies.

However, First Call have had difficulty in obtaining status as a teachers' agency from local authorities and face stiff competition from big players who use their market dominance to offer uncompetitive incentives to organisations using their services. The government has a key role to play in removing the barriers to recognition of alternative structures such as these by local authorities and academies, and by reviewing monopolistic behaviour by players in this market.



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Johann Lamont MSP Campaigning as part of the Co-operative Party's People's Bus Campaign

Markets that work for consumers and workers

Too many of our markets are failing too many people in our country. This is damaging for our economy as well as for the fabric of our society. For too long our country's economy has been too short-termist, too accepting of broken markets, and too reliant on trickle-down economics.

The Co-operative Party rejects the free market view that laissez-faire policy produces the most desirable outcomes, and believes that the pursuit of this policy has resulted in many markets that tend towards monopolistic and oligopolistic behaviour. In energy, housing, public utilities, transport and sport, consumers and employees are receiving an unfair deal because the markets, and the regulations governing them, are not fit for purpose.

Furthermore, while the rules that govern markets are important, we do not believe that real and lasting change can simply be brought by regulation alone. Rules and regulations can play a significant role in setting the boundaries of acceptable behaviour, but fall short of resetting markets that are failing - government should also form partnerships with people to support communities to lead bottom-up transformation.

Whether it's a question of people coming together to take on the energy companies, the train operators, or even the payday lenders, co-operative and mutual organisations can provide a means through which people can collectively change markets for the better.

Energy

Britain's energy system is not working for consumers. When wholesale prices rise the Big Six energy companies are quick to increase consumer bills, but when prices drop consumer bills remain high. Over 4 million UK households live in fuel poverty and the UK ranks above European averages for electricity prices.

The market is broken, thanks to a combination of a lack of competition resulting in market dominance by a small number of large vertically integrated companies; unsustainable and short-term decision-making by big business; and a housing stock that ranks among the least energy efficient in Europe.

➤ Community energy

The growth of community energy schemes has ably demonstrated communities' eagerness to be part of an energy transformation in the UK. Brixton Energy, for example, is a community energy project installing solar panels on social housing in one of the most deprived neighbourhoods in the UK. The investment in infrastructure comes from a community share offer, meaning local residents are investing in, and benefiting from the success of, the technology.

Consumer, local government, community and employee ownership models have been shown to offer behavioural benefits, as people who are more involved think about their energy use. They also offer economic benefits, with returns remaining in the locality to be reinvested in energy efficiency or for other social impact. Ensuring that the benefits of local energy generation remain in the locality is fundamentally important to many local economies in the UK - it has been shown, for example, that for somewhere like Cornwall the value of energy services leaving the county dwarfs the income received from tourism.

The government should recognise the benefits of local, community or employee ownership models in the energy sector and support their growth and development, including reinstating Feed-in-Tariffs, Social Investment Tax Relief and the Enterprise Investment Scheme for this

sector. Direct supply of community owned renewable energy to local consumers – currently hugely challenging for small-scale and community-owned schemes – should be piloted, with a view to make this mainstream by 2020. Other interventions to support this sector could include the development of rules surrounding grid access and recognition of community ownership within planning guidelines.

➤ Energy efficiency

The best route to limiting, or managing, energy costs in the long term is to reduce the need for energy in the first instance. The cheapest unit of energy is the one not used. The Co-operative Party sees energy efficiency as a top national infrastructure priority, which deserves a long-term revenue stream and appropriate incentives for homes and businesses to retrofit their buildings.

We want to see individuals, communities and the co-operative sector able to have tangible impact on improving energy efficiency and reducing bills. Similar to the incentives that the renewable energy Feed-in Tariff and Renewable Heat Incentive created for the installation of low carbon generation, we suggest a Feed-in Tariff for energy efficiency could be developed to incentivise domestic and business consumers to retrofit homes and businesses and replace inefficient

appliances. We also believe that the Energy Company Obligation should be reformed to put a community based approach at the heart of the drive to tackle energy efficiency.

➤ Break up the 'Big Six'

It is not enough to simply increase the number of players in the market when the market continues to be skewed in favour of a small number of large, dominant businesses.

Tougher regulation is needed for the large vertically integrated energy companies. Supply and generation in these companies need to be ringfenced to ensure that the right incentives are in place for suppliers to seek the best prices for their customers.

➤ Wholesale energy markets

A lack of transparency and liquidity in the wholesale market makes it impossible to see if the price rises passed onto consumers are fair.

In order for the new entrants, in particular the community and co-operative energy sector, to be able to succeed in democratising the energy market and providing genuine value for customers, the Co-operative Party stresses the need for greater transparency at every level of operation. Transparent wholesale markets and an open exchange similar to the Nord Pool would improve liquidity, ensure transparent prices and create a level playing field for new market entrants.

Housing

Demand for homes is far outstripping supply and we are building fewer than half the homes we need. Struggling families are being squeezed by house prices beyond their means, rising rents, housing benefit cuts and the Conservative Government's failed economic strategy.

Britain needs a new approach to tackle this crisis of housing supply and affordability. Co-operatives can play a role in helping to increase the supply of affordable housing, while also creating employment opportunities in the construction industry and stimulating economic growth.

In Westminster and Whitehall, policy has stood still for the last seven years and has failed to recognise the sector's potential. Around 10% of Europeans live in housing co-operatives – compared to 0.6% in the UK. This shows the potential contribution housing co-operatives can make, but concerted action is needed to enable this to happen.

There should be commitment to develop a co-operative housing strategy which ensures that a significant proportion of new social and private rental and owner occupied homes built are developed through co-operative housing approaches.

➤ Proper recognition of co-operative housing models and tenure

In order for co-operative housing to be more easily defended, as well as to reduce unintended consequences, a new legal definition of 'Community-led Housing' must be established. Recognition in law would ensure the housebuilding industry, professionals and financial services are better placed to facilitate and promote co-operative house building. New co-operative housing tenure must be introduced in law to enable more straightforward legal navigation by new schemes and improved legal understanding.

The UK government needs to follow the best practice shown by the Welsh Government, who lifted the ban on fully mutual co-operatives granting of assured tenancies and gave greater powers to lenders to fully mutual co-operatives in the Housing (Wales) Act 2014. This has created a better environment for housing co-operatives to exist and allows them to develop more robustly and independently, while creating certainty, assurance, protection and security for tenants.

➤ Access to finance

Co-operative house building should be better supported through a review of the ability of existing schemes to borrow against assets to invest in new schemes. The government should also work with the co-operative movement to develop a financial intermediary to raise and manage institutional investment in new co-operative and mutual housing developments.

➤ Expansion of existing housing co-operatives

The Homes and Communities Agency should work with existing housing co-operatives that would be interested in using their assets to develop new homes. This has the potential to enable the growth of housing co-operatives particularly on smaller sites that are currently not being developed quickly enough.

➤ Land use

The government should establish a new national presumption in favour of change of land use being granted where land value uplift is to be captured for the benefit of the community. This will be an incentive to free-up more land for co-operative and community-owned housing development.

➤ Community Land Trusts

The role of Community Land Trusts (CLTs) is crucial. They work in both 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 in which they live and work, CLTs are able to ensure a supply of affordable housing through the control of housing costs and resale prices.

➤ Private rented sector reform

Rogue landlords and estate agent fees for lettings continue to disadvantage those seeking rented accommodation. There should be a ban on unfair estate agent fees and work developed to create a

landlords' co-operative that helps manage and market properties outside of the private sector.

➤ **Student housing**

With the housing market and student finance broken, students across the UK are doing away with landlords and setting up their own student housing co-operatives. This model of student housing provides an alternative that should be expanded across the UK.

➤ **Stock transfer**

The government should ensure that where local authorities hold ballots on stock transfer, residents have the option to vote for community-led stock transfers. These put residents at the heart of the management of their homes. Tenants, as members, have the right to stand for election to the board, vote in elections, and attend the AGM, as well as earning a 'dividend' for paying rent and service charges on time.

For example, in 2009 Merthyr Tydfil County Borough Council transferred 4,300 homes in a large scale voluntary transfer, and at the end of 2015 they handed over their golden share and their seats on the Board to a new mutual organisation. Merthyr Valleys Homes is one of five housing mutuals in Wales

and, along with Rochdale Boroughwide Housing, became the second housing association in the UK to be owned by both employees and tenants. All 185 employees and everyone over 16 living in the homes is eligible to be a member. With an income of over £30m, the association is an important player in both the local economy and community in its own right.

➤ **Tenant Management Organisations**

The Co-operative Party recognises the importance of tenants and leaseholders having a real stake and voice in their housing. Tenants should be actively supported to exercise their 'Right to Manage' by forming Tenant Management Organisations (TMOs) to take over the management of the council-owned housing in their neighbourhood.

Many TMOs are constituted as co-operatives and evidence shows they provide an enhanced service and deliver real added social value – this should be encouraged.

In addition, the 'Right to Manage' and the 'Right to Transfer' should be extended to Housing Association tenants to give them legal opportunities to manage housing services co-operatively.

Break the stranglehold of the big banks

In the UK, just five banks hold 85% of all current accounts. They're all shareholder owned and run for private profit, combining their personal banking services with the riskier investment banking activities where they make the bulk of their profits.

Meanwhile, as the big banks profit, the UK is seeing spiralling levels of personal debt and a steep decline in personal savings. 1.7 million people don't have access to banking of any kind, and 40% of households have less than £100 in savings.

There is no market in greater need of reform than financial services. The Co-operative Party believes we need a more diverse sector, to ensure a stable, resilient and inclusive financial system that serves us rather than the other way around.

➤ **Strengthen credit unions**

Credit Unions provide affordable and accessible banking for everybody, whether they are excluded from other parts of the financial system or are simply looking for a fairer deal.

The government should support the growth of the credit union movement, aiming to treble the number of members so that it hits 3 million by 2020. This can be started by ensuring that all public-sector employers establish payroll deduction facilities for credit unions. A credit union payroll deduction system should be a requirement for private organisations tendering for public contracts.

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. National Government should follow their lead in order to offer a credit union account for every child, opened in their first year at primary school.

Regulatory changes, such as reforming the way capital rules for credit unions are set up, would further enable the sector to grow, and legislative reform of the Credit Unions Act is required to enable credit unions to deliver a full range of services to members.

The government should also consider targeted investment in the credit union movement – not ongoing revenue support which, while valuable for the duration, doesn't create sustainable growth, but capital investment in projects such as online and mobile banking platforms, improving the digital capacity of the sector, and technology to enable backroom efficiencies.

➤ **A new generation and expansion of building societies**

Building societies have a uniquely trusted position among British high street banks, and a track record of lending throughout the financial crisis. Building societies and other financial mutuals have been shown to have taken fewer risks with their savers' money and been more resilient in the downturn, because they exist to provide a service for their members rather than to create wealth for external shareholders.

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, Building Societies should be excluded from this levy.

Much of the legislation governing building societies and other financial mutuals is antiquated and in urgent need of reform. The government should modernise the Friendly Societies Act, which hasn't been reviewed since 1992.

A better regulatory environment needs to be developed - one that facilitates the expansion of existing building societies as well as urgently reviewing the hurdles currently put down by government and regulators that have effectively meant no new building societies can be created.

Failed banks like RBS should also be turned into mutuals, like a building society, to conserve the strength and credibility of one of Britain's major global financial players while injecting competition and diversity into the banking sector.

➤ **Regulatory proportionality**

Banking operates within a blunt regulatory framework that puts credit unions, building societies and other innovative banking models on the back foot.

In an effort to increase competition in the financial sector, fintech start-ups have been given a degree of regulatory flexibility to enable them to innovate and grow. The same flexibility and support should be extended to proven models of banking, like credit unions, and the wider co-operative banking sector to enable them to continue to grow and provide the competition desperately needed in Britain's broken financial market.

➤ **Duty to serve**

Every adult, household and business should have access to at least a basic package of fair and affordable finance tools, including a basic transactional bank account; a savings scheme; access to credit; physical access to branch banking facilities; insurance; and independent money management advice. The government should legislate to introduce a new 'duty to serve' that would force UK banks to demonstrate that they are serving individuals and SMEs from all backgrounds.

Financial institutions could also look to form a partnership with Community Development Finance Institutions operating in their region and commit to supporting and promoting their activities whenever possible.

➤ **Improving competition**

A genuinely competitive banking system will require widening fair access to the UK payments system, which is how financial transactions are processed.

The market review conducted by the UK's Payment Systems Regulator in 2016 found a lack of effective competition in Britain's payment infrastructure. In order to enable genuine competition in the current accounts market, the government should commit to working with this regulator to make appropriate reforms.

➤ **Financial inclusion**

1.7 million people don't have access to banking – our financial services must not be just for the rich. The government urgently needs to put financial education on the curriculum for primary schools, and take concrete steps to tackle the high cost of credit. The Co-operative Party believes that new strengthened duties on regulators to promote financial inclusions are also required. Outside of regulation and legislation the co-operative movement has some of the answers, for example organisations like 'Fair For You' should be the norm rather than Brighthouse.

➤ **Payday lenders**

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 £20 deposits into a credit union account for every child, opened in their first year at primary school.

Public utilities in the public interest

Public utilities – our gas, electricity, water and telecoms networks – provide essential services to homes and businesses across the country. However, privatisation has meant that significant proportions of people's bills end up as shareholder profits rather than being reinvested into modernising Britain's ageing infrastructure.

Decision-making on utility infrastructure and services are too distant from the communities they serve. Co-operative approaches ensure that profits are reinvested, and give communities and customers control over the infrastructure they rely on.

The most high profile example of privately owned infrastructure returning to social ownership can be seen in the creation of Glas Cymru (Welsh Water). It was brought into customer ownership through raising £1.9 billion on the bond markets, the largest ever single bond issue that was not guaranteed by government. Glas Cymru is a single purpose company formed to own, finance and manage Welsh Water. It is a 'company limited by guarantee' and fits into the broader family of mutually owned businesses. Because it has no shareholders, any financial surpluses are retained for the benefit of Welsh Water's customers.

➤ Mutualise public utilities

In utility markets characterised by monopolistic structures, the government should pursue opportunities to enable the conversion of utility monopolies to mutual organisations owned and controlled by their stakeholders. Changing the way they are owned would ensure that their interests are aligned with those of their members rather than being in competition with them.

➤ Telecoms

Openreach is part of BT and is responsible for the infrastructure behind Britain's broadband. It lays and maintains cables for BT, but also the majority of its rivals, including Sky, TalkTalk and Vodafone. As a monopolistic owner of telecoms infrastructure, Openreach gives BT an unfair market position as a supplier of phone and broadband services.

The government should explore separating telecoms infrastructure from

the supply of services and the creation of a new 'Welsh Water' style mutual to take over the national phone and broadband infrastructure.

➤ Future infrastructure

At a time when public sector borrowing remains high and the investment approach of institutional funds remains relentlessly short term, the government should explore the creation of new mutual organisations to build our future infrastructure.

Because they are owned by their members, rather than shareholders, mutual organisations have the capacity to finance investment over the life of the asset and potentially do so at a significantly lower cost than infrastructure investment funds.

➤ BBC

The BBC is the largest broadcasting corporation in the world and a pillar of Britain's cultural life. Yet with huge sums of money spent annually on services, the public deserve to have more of a say in

the package of programmes and services that are delivered. For the BBC to become truly accountable, all television licence holders should be given real say in how the BBC Trust is run.

Transport

Transport is central to the UK's economic and social success. It requires constant investment and renewal at significant cost to both taxpayers and passengers. In order for us to meet the challenges of the future, Britain needs an environmentally sustainable, integrated transport system that is affordable for both the travelling public and the taxpayer.

The government should radically change the way passengers and employees are involved in decision-making within the transport system. Co-operative models provide significant opportunities to involve passengers and employees in a way which will significantly improve and develop transport systems, from local community services to major rail operations.

➤ Network Rail

Network Rail should play a greater role in contracting routes, co-ordinating services and skills in the industry, overseeing stations, fares and ticketing, and ensuring customer satisfaction across the network. It should also be given some responsibility for tackling the monopoly market for rail rolling stock by taking on the development of a long-term plan for the procurement and leasing of new rolling stock.

However, for this to work, Network Rail must become more accountable to passengers and the public. It should be structured as a mutual so that all of its members can have a voice. As a genuine mutual it would be able to give rights to all stakeholders and guarantee that the organisation acts in their interests, creating a genuine two-way dialogue between Network Rail's management, its passengers, and the public and ensuring

that the future of the rail network proceeds on the basis of mutual trust and transparency.

➤ Train operators

Across the majority of the network there is little or no competition, and the private sector is taking only a small percentage of the risk involved in running and investing in infrastructure. The recent performance of the East Coast Mainline by Directly Operated Rail has shown that a not-for-profit operation can compete favourably with the private sector on service, price and money returned to the government.

The government should legislate to enable not-for-profit operators, run in adherence to co-operative principles, to be established on the railway. This would see a multi-stakeholder model representing employees, relevant communities and, critically, passengers, being run in an innovative public sector model.

The government must also do more to support co-operatives aiming to deliver rail services outside of the current franchising system such as Go-op. This co-operative brings local communities together in order to deliver their own rail service where there currently is none. A new government must look again at the system of track access charges in order to do more to support such co-operative endeavour.

➤ People's buses

The government should empower combined authorities with the same powers as Transport for London. This would enable them to improve integration, ticketing and service levels.

These new powers should come with the encouragement for co-operative, mutual and not-for-profit bus companies to become the preferred providers for routes up and down the country. Hackney

Transport, the successful mutual operator with routes in London and Yorkshire shows that this is possible, and improves services as all profits are reinvested in vehicles and routes.

Communities would also benefit from an extension to the Localism Act 2011 to enable bus routes to be deemed assets of community value.

➤ Ports

There are currently over 100 Trust Ports around the country, including relatively small ports such as Cowes, Dart or Tynemouth as well as some of the larger, more established ports like Port of Tyne, Dover, London and Belfast. The governance of these publicly owned and privately managed ports should be opened up to ensure community involvement on the boards and a community dividend from profits.

Sport

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

The fans who support our nation's professional sports clubs are not just supporters, they are the heart and soul of their clubs and the fundamental reason that they exist. The Co-operative Party advocates for sports to be accessible to all, controlled in the interests of those who participate in its enjoyment.

➤ Fans on boards

Sports clubs aren't simply businesses, and the government must ensure that independent (or supporter) directors are on the board of all professional football clubs to protect the interests of their principal stakeholder - the supporters - as well as in the interests of the wider community they serve.

➤ Community-owned sports clubs

Consideration must be given to create favourable tax incentives to community investment in supporter trust and community run sports clubs. A new status in tax law would support the growth of community owned sports clubs, achieved by extending the benefits of the Community Amateur Sports Clubs scheme.

➤ **Supporters Direct**

Supporters Direct, the umbrella group for supporters' trusts in England, Wales and Scotland, campaigns for reforms that ensure that supporters have a formal role in the ownership and governance of their football clubs. To fund the important work that they do in this sector, there should be a levy on Premier League transfer fees.

➤ **Protect football clubs**

The government should establish an independent, adequately resourced regulatory body under the auspices of the Football Association tasked with both setting and monitoring off-field regulation to protect English football clubs.

When clubs are bought and sold, supporters' trusts should be guaranteed the option to buy up to 10 per cent of the shares of a club at the point of transfer of ownership. The government should also legislate to protect club names and club colours from change without the approval of a legally constituted supporters' trust.



A meeting of the Wakiso Self Help Co-operative Savings and Credit Society in Uganda

Supporting international co-operation

From its inception more than 150 years ago, the co-operative movement has always stood for an international approach to solving the world's problems.

This stems, at its heart, from a belief that we achieve more together than alone and that collectivism, solidarity and the struggle for social justice have always extended beyond our borders.

As our world becomes more and more interconnected, it is increasingly apparent that no nation is insulated from what goes on elsewhere, and no country is able to solve all of its problems on its own.

In a post-Brexit Britain, international co-operation will be more important than ever to deal with global challenges like a precarious world economy, the looming catastrophe of climate change, and the continued emergency of global poverty.

➤ Global co-operative development

The co-operative movement is one of the largest organised segments of civil society with over one billion members, and plays a crucial role across a wide spectrum of human aspiration and need

The government should work with the co-operative Agency for International Development, which will provide support and build international co-operative capacity.

➤ Tackling global poverty

The Co-operative Party is committed to supporting a development agenda that seeks to eradicate global poverty once and for all. This can only be achieved through a rights-based agenda that ensures decent jobs and social protection; access to universal health and social care; universal access to basic utilities; quality primary and secondary education; protection of ecosystems and biodiversity; basic food security and eradication of hunger; and women's empowerment and gender equality.

➤ International aid

The Co-operative Party remains committed to spending 0.7% of national income on aid.

However, the current trend towards linking the Department for International Development spend on foreign aid to issues of defence and private business development is damaging. The CDC, the private sector arm of the UK's aid programme, has a record of channelling investment through tax havens and into private sector projects. The recent Commonwealth Development Corporation (CDC) Act, which saw the cap on funds spent through the CDC significantly increased, only serves to make this problem worse.

The Co-operative Party believes it is vital that the CDC isn't seen as a stimulus for big businesses to profit from the developing world but as a genuine tool for sustainable economic development and good quality job creation in the communities around the world that need it most.

For this to happen, there must be significant transparency on spend and outcomes, with an onus on the CDC and DFID to demonstrate the impact of their investment. The independent Commission for Aid should be given a much greater role in scrutinising the CDC, with a regular independent evaluation of how the CDC operates and the impact it has, measured in terms of poverty reduction rather than private sector growth.

➤ Debt in the developing world

The Co-operative Party supports the work done to date by the UK and the wider international community on debt relief. The government should continue to drive this agenda, as well as building on previous legislation to clamp down further on exploitative vulture funds. The government should support a concerted international effort to develop a fair, independent and transparent way to arbitrate on debts when governments cannot afford to pay, to reduce the likelihood of sovereign defaults.

As the economies across the developing world grow, they will have easier access to the global financial market. Therefore, as well as debt relief and tackling bad investor behaviour, developing countries should be supported to build their capacity to manage future debt better so that their exposure to unfair deals and unscrupulous hedge funds is mitigated.

➤ Human rights

The Co-operative Party believes that human rights are universal, and that it is the job of strong and mature democracies to support the development of free societies. The government should legislate to provide victims of human rights abuses with access to the British courts for remedy, compensation and criminal prosecution when these are found have been committed by, or in collusion with, UK based multi-national companies.

➤ Trade

Following the vote to leave the European Union, the next government is uniquely positioned to develop a trade policy that puts fairness and co-operation at its heart.

Post-Brexit trade agreements should continue to champion an end to trade distorting subsidies and tariffs that stop developing countries being able to sell their goods at fair prices in more economically developed markets. There should be no unintended consequences for developing countries and agreements should include low, or no, trade tariffs on fairly traded products.

➤ Climate change

Britain's continuing reliance on fossil fuels places an unsustainable and dangerous burden on our environment, as well as aggravating international tensions and jeopardising progress toward social justice. The government should continue to advance international action on climate change, playing a leading role in pressing for and delivering international agreement.

politics for people

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