

# Britain's relationship with the European Union

the co-operative party



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# THE 2018 POLICY PROCESS

The Co-operative Party's policy process is an opportunity for members and the movement to have a say on the Party's position on key issues.

The policy process 2018 focused on two specific areas of policy – the economy and the UK's future relationship with the European Union. From the referendum result in 2016 to the impact that technological change is having in our workplaces, the last few years have seen huge change. The policy topics seek to understand and shape the way our economy is organised and our place in the world.

As a member-led organisation, the Co-operative Party held a consultation over a six-month period from January 2018, and asked members and the movement for their ideas and lived experiences to help shape policy development.

Hundreds of members participated, whether through sending an individual contribution, attending their local branch or party council, taking part in one of the centrally-organised policy meetings, going along to their regional conference or getting involved online. The policy sub-committee have now reviewed the responses and provided feedback to the Party units who contributed, outlining how their suggestions have been incorporated.

These policy papers are 'living documents' which can be amended and expanded to take account of changing circumstances and environment. They are available to view and download at [party.coop/publications](http://party.coop/publications). Following the debates and votes at conference, these documents will be updated to reflect the views of conference.

# INTRODUCTION

The Co-operative Party and movement are proudly internationalist, believing that through collaboration we can achieve peace and prosperity for all.

The EU is a symbol of international co-operation at its best—countries coming together after a devastating war to agree that working together across borders is the best way to ensure peace; and continuing to co-operate in diverse areas including the economy, the environment, human rights, equalities and tax justice. It has been a friend to the co-operative movement too, enshrining the right for co-operative businesses to exist in the Treaty of Rome, one of the EU's founding documents.

Ahead of the EU Referendum, the Co-operative Party's annual conference voted to support remaining in the European Union. The Party did all it could to encourage members and supporters to vote remain during the referendum campaign.

The result was therefore extremely disappointing—and took place against a troubling global backdrop. As the gap between the world's richest and poorest grows, populist politicians stoke intolerant and reactionary sentiments, borders are closed to refugees fleeing conflict, and our environment suffers increasingly extreme consequences of climate change and pollution, co-operation has never been more important.

This policy paper has been developed through consultation with members, local Parties and the wider co-operative movement. The full breakdown of responses can be found at [www.party.coop/policy/new/submissions](http://www.party.coop/policy/new/submissions).

We asked why communities voted to remain or leave, what our future relationship with Europe should look like, which sectors and communities are at most risk from Brexit, whether Brexit presents any opportunities to improve our policies and what a fairer post-Brexit economy would look like. This paper and the votes at Conference seek to reflect the concerns and ideas of members and the movement.

For the Co-operative Party, the decision to leave or stay in the European Union is about very much more than the terms of trade or a financial deal with our largest market. It is about peace, economic and social justice, fairness, environmental decisions that affect the whole world, and providing coherent leadership on the international stage that no single nation can provide on its own.

The European Union has helped to create 50 years of peace within its borders—a unique feat in the history of Europe—but it is done more than that. The former Yugoslavia was outside the borders of the EU and yet the EU provided leadership—to which a Labour Government made a significant contribution—in promoting peace, security, reconciliation and respect, thus providing a timely reminder of just why European cohesion matters, not just in protecting our borders but in contributing to peace and justice everywhere.

That is why the Co-operative Party favoured remaining inside the European Union, but these are the same principles that need to be applied if we leave the EU. From outside, we must design ways of working with our European partners, including the EU, as well as with countries across the globe.

A decision to stay or leave the EU cannot become a decision to change the UK's values, and as part of an internationalist movement the Co-operative Party will continue to champion peace, economic and social justice, fairness and environmental responsibility, and to call for the UK to be committed to those values outside or inside the EU.

# RESPONDING TO THE UNDERLYING CONCERNS WHICH LED TO BREXIT

While academics, politicians and journalists alike have poured over the result of the referendum in 2016 to reach differing conclusions on why a slim majority voted to leave the EU, there is little disagreement that the debate dramatically exposed divisions in our society and revealed many communities who feel disenfranchised. An absence of genuine information or trust in facts being deployed by both campaigns created a gap in which misinformation and supposition could thrive and exploit these divisions.

There is an urgent need to address these very legitimate concerns that many leave voters have, as well as addressing any potential impact of Brexit.

## **REGIONAL INEQUALITY**

There is growing geographical imbalance in the UK—with decision-making highly centralised in Westminster. The UK has wide disparities in income, productivity and living standards. Many of our most deprived communities have borne the brunt of austerity since 2010 and have also experienced the severe impact of policies like the Bedroom Tax, which has contributed massively to divisions in society.

The leave vote was highest in these areas of lower social mobility, lower median salary, fewer professional job opportunities and lower average levels of education. While this tells an incomplete story, it points to a divided country. There are people and communities who feel pushed to the margins of an economy that doesn't deliver its rewards fairly, and deep divides in our attitudes, values and vision for the UK.

Yet it is these very communities that are likely to bear the brunt of the predicted impact of Brexit—a leaked Brexit analysis saw the North West taking a 12% hit to growth in the event of a no-deal Brexit, and in the North East this rises to 16%.

## PROPOSALS

- The Economy policy paper sets out proposals which seek create an economy where wealth and power are shared, including ideas around community wealth building, growing the co-operative sector and tackling low paid, insecure work. This includes ways to address the very real lived experiences of households who have seen no rise in real wages, the loss of the traditional skilled manufacturing jobs in many parts of the UK, and the erosion of protections in the workplace.
- The solution to regional inequality is not a purely economic one. Westminster feels as remote as Brussels to many communities in the UK. To tackle the disconnect felt by many, decisions and decision-making should be closer to the people most impacted by them. Meaningful devolution from Westminster to national governments, city regions, metro mayors and local authorities should be a priority, and in the scenario where leaving means EU powers come to the UK, they should not simply reside in Westminster but instead be devolved to the lowest possible level.
- New ring-fenced community budgets should be created, as an emergency fund for communities most affected by Brexit. These should be in addition to proper funding for local government, with decisions on how the money is spent devolved to a level as close to the community in question as possible—not merely a separate budget for local government to spend as they see fit. These local budgets could be spent on local economic growth strategies, community cohesion and capacity building.
- The principles enshrined in the EU's policy on territorial cohesion should be adopted within the UK whether we remain in the EU or not—these principles set out the need to manage the negative impacts of concentration of wealth and population in cities, tackle poor connectivity and develop place-based policies.

# FEARS OF IMMIGRATION

According to research by academics at LSE, of the 20 places with the fewest EU migrants, 15 voted to leave.

Conversely, 18 of the 20 places with the most EU migrants voted to remain. In many of the strongest leave areas, there were hardly any EU migrants at all.<sup>1</sup> Regardless, an Ipsos Mori poll during the referendum campaign showed immigration overtaking the economy as the single most important factor driving people to vote leave.<sup>2</sup>

As a proudly internationalist party, the Co-operative Party rejects the notion that the answer to a fear of immigration is to create a hostile environment for those people from other countries already living here, or to damage our economy and public services by reducing the opportunities for people to come from overseas to contribute to our economy and society.

Immigration has brought huge benefits to the UK. Foreign workers ensure the NHS has the skilled doctors and nurses needed, staff care homes, provide seasonal labour to pick farm crops and bring the talent to keep our financial services and technology industries competitive. Without them, as seen this year, food is left to rot in fields and the NHS struggles to recruit the skilled workers it needs to keep people healthy and reduce wait times.

However, there are clearly genuine fears which need to be addressed at their root—in households which haven't seen a pay rise for years, or communities where austerity has left public services and infrastructure creaking, it is not surprising that the arrival of even a small number of new migrant workers may be viewed with some suspicion or concern.

People worrying about the impact that any increase in immigration could have on their job security, wages or ability to access services cannot be blamed for their concerns. The answer—rather than creating a hostile environment for those new arrivals—needs to address these very real anxieties, from better jobs and better pay to proper funding for public services.

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1 <http://blogs.lse.ac.uk/brexit/2016/07/22/brexit-and-the-left-behind-a-tale-of-two-countries/>

2 <https://www.ipsos.com/ipsos-mori/en-uk/immigration-now-top-issue-voters-eu-referendum>



## PROPOSALS

- The Government should make the positive case for immigration while seeking to understand and address the reasons for the many real concerns from a lack of housing to an overstretched NHS.
- There should be a Royal Commission on immigration, with a view to developing a new immigration policy based on fact not fear-mongering, and with the principles of transparency, compassion, fairness and prosperity at its heart.
- As set out in the policy paper on education discussed at Co-operative Party conference in 2017, a focus on skills, vocational education and lifelong learning is key to supporting workers into better quality work. This should include proper funding of further education, parity between traditional academic and more vocational qualifications and reform of apprenticeships.
- The hostile environment should be ended, particularly in relation to areas of Home Office overreach—from immigration controls in GP surgeries, classrooms and housing enforcement to the limits on trade union activity for foreign workers whose visas are sponsored by their workplaces, where 10 consecutive days of industrial action sees them reported to the Home Office.
- A hostile environment for immigrants also makes them more vulnerable to exploitation. Undocumented migrants or victims of human trafficking fear criminalisation or deportation, pushing them into informal jobs, substandard accommodation, increasing rogue employers' power over them, and removing protections against abusive employment practices. Exploitation of immigrants should be prevented through separating immigration enforcement from the proper enforcement of working rights and housing standards, and modern slavery legislation should be strengthened to protect victims.

## INTERGENERATIONAL INEQUALITY

The challenges faced by younger generations are increasingly well documented— from stagnant wages and an inability to get on the housing ladder, to student debt and looming pension and social care crises. Data shows that 'millennials' are poorer than their parents' and grandparents'

generations—not only have incomes faltered, but the very house price increases which are keeping young people from homeownership are enriching older generations, increasing the intergenerational wealth gap.

However, the inequality between generations is not a purely economic problem. There is a growing divergence in attitudes, aspirations and values. Around three quarters of young people voted remain, while two-thirds of older people voted leave, and in 2017, age overtook income as an indicator of voting intention for the first time in modern political history in the UK.

However, unlike in previous generations where the cohort of young people voting was large enough to have a meaningful impact on electoral outcomes, demographic imbalances caused by our ageing population risk disenfranchising younger voters. For example, by 2031, 65 year-olds will exercise 73% more voting power than 18 year-olds<sup>3</sup>

## PROPOSALS

- The Co-operative Party reconfirms our commitment to lowering the voting age to 16 and give serious consideration to the case for further reducing it to 14.
- Compelling research in Wales has demonstrated the devastating impact of four or more Adverse Childhood Experiences (ACEs) on the outcome of an individual's health, prosperity and likelihood of being involved in drugs, violence (as victim or as perpetrator) and in poor health and low life expectancy. These impacts can be prevented or ameliorated through investment in early intervention and strong interagency working at every stage of life. Tackling these issues must be at the heart of a progressive social justice policy.
- The Well-being of Future Generations Act (Wales) 2015 requires Welsh public bodies to consider the long-term impact of decisions and created a new Future Generations Commissioner, who acts as a guardian for future generations. This is particularly important when the impact of the biggest decisions facing policymakers today will be felt long into the future. The rest of the UK should learn from Welsh best practice with the establishment of commissioners in England, Scotland and

Northern Ireland to ensure the interests of young people and future generations have a statutory consideration in future decision-making.

- The Equalities Act 2010 defines nine protected characteristics, including age. While young people are included in this characteristic, the different impact of policies depending on generation, and the differences in outlook and aspirations apparent in the EU referendum vote, mean there can be conflicts within this assessment. A policy may benefit one age group at the direct expense of another, for example. The Equalities Act 2010 should be amended so that assessments are made of distinct age-based equality target groups of children under 16, young people between 16 and 25, and older people aged 65 or over.
- Under the guise of combating electoral fraud, the Conservatives have introduced a number of bureaucratic requirements which make it more difficult for people to vote. Individual Registration, introduced ostensibly to respect the voting rights of the individual, has had the opposite effect and many people have faced new barriers to having their say at the ballot box. Previous generations campaigned for the “Right to Vote”, not just “a Right to Register”, and the government should make it easier for everyone to be registered and to be able to exercise their right to vote.
- Many young people feel powerless or alienated from the electoral process. Some of this can be addressed through reforming the way we register for and take part in elections. There should be a review of potential electoral reforms and their expected impact on youth participation and representation, including online voting, 24-hour polling stations, moving elections to weekends, automatic voter registration, quotas of young representatives, roles for young people within the House of Lords, political education in schools, and abstention options on the ballot paper.
- Leaving the EU will have significant adverse impact on many young people who take advantage of the ability to study, work and travel abroad, and who are anxious about the uncertain impact of Brexit on the wider economy and future job prospects. The government should seek to maintain access for British young people to programmes like Erasmus which enable them to study abroad, and ensure the level of current EU funding for youth work is at least matched.

# FAKE NEWS

One of the referendum's most memorable images was the leave campaign's large red bus promising £350m a week for the NHS if Britain left the EU. This notorious pledge has been largely discredited, deemed inaccurate given the UK's rebate; and does not form part of the Government's future spending plans.

But many believe that the promise of additional health spending at a time of NHS cost-cutting and closures swung the vote in many parts of the UK. An Opinium survey showed that 35% of leave voters believed this pledge, and a quarter of them now report feeling misled.<sup>4</sup>

However, the bus was the tip of the iceberg. As never before, the referendum saw online campaigning play a key role in spreading information, disinformation and misinformation. Brexit campaign groups spent £3.5m on services from Aggregate IQ who created adverts ranging from a repeat of the £350m NHS promise to misleading adverts implying that 76 million people from Turkey, Syria and Iraq would be granted visa-free travel to the UK, that the EU wanted ban kettles and data harvesting posts suggesting signing up could win you a £50m prize.<sup>5</sup>

## PROPOSALS

- Unlike traditional print materials, online images don't need to include an imprint—meaning no legal requirement to attribute material or tell you who published it. Our electoral laws need to keep pace with the digital changes that drive how we consume information, campaign and make choices. This means there should be a requirement for imprints on all online material, as exists for leaflets and newspaper adverts.
- The Electoral Commission found that the Vote Leave campaign breached electoral law during the referendum by overspending campaign limits. There should be stricter controls on campaign spending, the ability for the police to investigate and prosecute serious wrongdoing, and an increase in the

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<sup>4</sup> <https://www.independent.co.uk/news/uk/home-news/brexit-voters-poll-mislead-leave-campaign-nhs-claims-lies-remain-win-second-referendum-a7905786.html>

<sup>5</sup> <https://www.newstatesman.com/politics/media/2018/07/facebook-releases-brexit-campaign-ads-fake-news-inquiry-what-s-wrong-them>

maximum fine that can be imposed when rules are broken.

- Further reforms to give voters confidence that the news and campaign material they read is factual and published in good faith should be explored—including mechanisms for greater transparency in electoral funding and use of intermediaries, responsibilities for online platforms to monitor fake news or interference in elections, and a code of conduct for organisations selling campaigning services.

## REFERENDUMS

Referendums in the UK are rare—and too often seemingly cynically used to resolve splits within a ruling party, both by Labour and the Conservatives.

Referendums are otherwise used to reverse a decision taken by an earlier government on the basis of a previous referendum.

The decision to leave the EU reduced a set of complex issues and judgements to a single, simple yes/no question. It is easier to explain what people voted against than to be certain what they voted for.

In the UK, there is no constitutional authority for requiring the government to follow the terms of a referendum which has force as an advisory mechanism, although making a constitutional point during a fraught debate on which there are strong views on both sides is difficult. A resolution of the peculiarities of the UK's constitution needs to wait until Brexit is resolved. Nevertheless, away from any specific campaign, this is clearly an issue requiring further examining and resolution.

- As a parliamentary democracy, clearer rules are required for when a referendum can be used, whether or not the government of the day is bound by its decision, what kind of majority might be required, and what protections need to be put in place to prevent the government of the day using referendums to avoid its responsibility to resolve an issue within its own party.

# THE CO-OPERATIVE SECTOR

## CO-OPERATIVE SECTOR SUPPORT

The Chief Executive of the Co-operative Group says that for Brexit to work for its members, farmers and communities, “it needs to be a ‘co-operative Brexit’ in the broadest sense”<sup>6</sup>—meaning working together and applying our movement’s values and principles to avoid a cliff edge that would put our economy and communities at risk.

To us, this means that not only should Britain’s co-operative businesses be protected from any potential ill-effects of leaving the EU, but that we should be helping the sector to grow as part of a post-Brexit economy. Co-operative ways of working create a fairer society, where consumers and workers are empowered and where people work together for the benefit of their wider community—so in the context of communities who voted leave feeling left behind, a more co-operative economy also provides an antidote to their feeling of disconnect.

## PROPOSALS

- It is imperative that any Brexit deal does not make it harder to do business as a co-operative or mutual enterprise, and that the sector is protected and supported to thrive and grow. The Government should assess and understand the impacts of any potential Brexit deal on the UK’s current and future co-operative businesses—and provide a clear guarantee that co-operative ways of doing business will not be harmed.
- As outlined in the Economy paper, funding and support should be given to at least double the size of the co-operative sector, including:
  - Create a level regulatory and legislative playing field so that the

- co-operative sector is not held back by outdated or punitive rules
  - A new co-operative development agency
  - Changes to procurement rules for public bodies
  - Ensuring all businesses pay their fair share of taxes and introducing country-by-country reporting so that international corporations cannot get away with paying less tax than co-operative and responsible enterprises.
- The co-operative movement is international, and although the UK may be withdrawing from one of its most significant global relationships as we leave the EU, the movement is well placed to continue as a means of dialogue and collaboration. The UK's co-operative movement should be supported to work with co-operatives in other countries and international co-operative organisations.

## AGRICULTURE

The co-operative sector is thriving in our countryside—in fact agricultural co-operatives are the second largest part of our movement by turnover. Over 140,000 British farmers are members and co-owners of over 400 agricultural and farmer co-operatives.<sup>7</sup>

This is the case across the entire food value chain. In farm inputs, covering anything from animal feed to machinery, for example, Fane Valley Co-operative Society is 100% owned by 1,250 farmer shareholders and is one of the largest feed manufacturers in Northern Ireland.

Co-operative structure mean farmers can save money through economies of scale, collective purchasing and tax efficiencies. Working together means sharing knowledge and best practice. For example, Anglian Farmers is owned by 3,500 shareholder farmers and allows them to benefit from economies of scale such as their 14,000 mobile phone contracts and £2.19million of tyres.

Collaboration also means more control of crucial parts of the supply chain and marketing. Berry Gardens, for example, is a co-operative wholly owned by its growers—together they are able to be the UK's leading stone fruit and

berry production group. Similarly, the Seven Hill Farmers is an agricultural co-operative owned by farmers in the North York Moors National Park who rear lambs using traditional farming methods. Thanks to working together as a collective, the farmers have been able to negotiate deals to large customers which couldn't have been achieved alone—for example, they supply ASDA with 1,200 lambs a month from September to December each year.

Brexit challenges many of the foundations upon which the UK's agricultural industry is based, from potential loss of subsidies to border delays; potential barriers to markets because of changes to tariffs; difficulties for EU citizens who provide significant labour, from skilled roles to seasonal fruit picking; currency fluctuations affecting margins; and the risk of our high food and environmental standards being eroded in exchange for favourable trade deals outside the EU.

As a significant upheaval looms large for agriculture, co-operation is more important than ever. Co-operative approaches provide mutual protection, access to new markets, ways to retain more added value throughout the supply chain, shared best practice, cost savings and efficiencies and a louder collective voice for the industry. Co-operatives like Fonterra in New Zealand, for example, helped to mitigate the shock of the removal of subsidy.

As we reimagine British food and agriculture post-Brexit, there is an opportunity to explore a new vision for how our food is produced, where it comes from, how we support rural communities, and how we protect the environment.

Co-operative approaches provide a counterbalance to the growing consolidation of ownership of farms and manufacturing in the hands of a few big agri-businesses or conglomerates. Our countryside is becoming increasingly commercialised, with bigger farms and bigger profits, while ordinary farmers, workers and rural communities are left behind. There is an opportunity to learn from Norway, where agricultural policies emphasise decentralisation and a varied farm structure.<sup>8</sup>

Agricultural subsidies also need reform, and leaving the EU's Common Agricultural Policy is an opportunity to work with the UK's food and farming



sector to design something new, aligned with co-operative values. Currently, the Single Farm Payment, which makes up the majority of subsidy paid out, is a payment per hectare for land ownership—resulting in payments to big agri-business and already wealthy landowners. For example, in 2016 the Duke of Northumberland benefited from £475,030 of EU farm grants, while estates owned partly or wholly by the Queen received £557,706,<sup>9</sup> while many tenant and contract farmers find that the payments go to their landlords instead.

## PROPOSALS

- EU-born workers make up 17% of the agricultural workforce, more during high season when the sector hires large numbers of seasonal workers to help harvest. A Britain outside of the EU needs to ensure EU citizens rights are protected—both for citizens working and living here now, and for future workforces. Seasonal visas should be straightforward and transparent, so that fruit is not left rotting in fields because of labour shortages, under a new seasonal agricultural workers scheme. To ensure workers from abroad, particularly low paid, low skilled or seasonal, are not exploited and that wages and conditions are not undercut, modern slavery legislation should be strengthened and properly enforced.
- The UK has some of the highest food and farming standards in the world—a fact that British farmers are very proud of and which should be maintained. If agriculture becomes a bargaining chip in trade negotiations, these high standards are put at risk with prices undercut by lower quality food from overseas. Furthermore, any reduction in standards which result in divergence from EU standards means a greater need for lengthy customs checks and certification of products and production facilities which would be time consuming for producers wishing to export food.
- The UK's exports to other EU member states accounted, in recent years, for 60-65% of its total agricultural exports.<sup>10</sup> For Brexit to cause the least damage to the UK's agricultural and food production sector, there should be as few impediments to tariff-free trade with the EU as possible.

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9 <https://www.ft.com/content/beddf8fc-a29b-11e7-b797-b61809486fe2>

10 <https://www.nfuonline.com/assets/61142>

- Wholesale removal of subsidy in New Zealand, while often feted as a model for the UK's agricultural sector, did not create a more diverse and equitable system. Failing farmers' herds were bought up as the industry consolidated in response to the shock. However, the growth of co-operatives as a way for New Zealand's remaining smaller farmers to work together and achieve greater heft in export markets is a useful lesson. Agricultural subsidies should instead be reformed—gradually and collaboratively with the industry to enable farmers to plan ahead and phase in any changes. A new subsidy regime should mean an end to payments based on landownership—this currently just reinforces wealth inequality and vested interests, and results in the inflation of land prices while failing to reward labour inputs, innovation or good environmental stewardship. Instead, Norway's model of supporting diverse ownership and small- and medium-sized farms, accompanied by payments which reward public good such as boosting natural capital would make an appropriate starting point for a new direct payment regime.
- Co-operative models in agriculture help farmers to mitigate risk, achieve economies of scale and invest collectively in innovation and efficiencies. Some of the funds currently spent on direct payments to landowners should be put into an agricultural co-operative development fund, which would provide loans and grant funding for existing co-operatives to grow and new co-operatives to start up.
- Supermarket purchasing practices can put excessive downward pressure on the income that farmers receive for their produce. As the Co-operative Group does through their British Dairy Farming Group, supermarkets should be encouraged to pursue responsible buying strategies which take into account factors such as cost of production. The codes of conduct which govern how supermarkets and their processors treat their suppliers should be strengthened, and supermarkets who exploit dominant market position or engage in race-to-the-bottom price wars, at the expense of farmers being able to make a decent living, should face investigation.

# FISHING

There are 65 co-operatives in the UK's fishing sector, with a collective turnover of £48.1m.<sup>11</sup> Co-operative structures, as with farming, allow fishermen to pool risk and access bigger markets. It also enables the sector to work together collaboratively to protect the long term sustainability of the UK's seas. For example, fishing co-operatives could play an important role in reducing competition for diminishing stocks by enabling the negotiation of systems of control and management that ensure a viable future for fisheries, and for the fish stocks they rely on.<sup>12</sup>

However, while many fishermen say that EU rules under the Common Fisheries Policy have weakened the UK's industry, there remain structural problems for the sector even if the UK reduces the number of European boats fishing in the UK's waters. Just three companies own nearly two-thirds of England's fishing quota meaning small-scale fishing is being choked out and coastal communities are suffering.<sup>13</sup>

## PROPOSALS

- Whatever agreement on fishing in UK waters is agreed in Brexit negotiations, the underlying inequalities in distribution of quotas needs to be addressed if coastal communities and small-scale fishermen are to succeed. Fishing quotas should be distributed based on social, economic and environmental criteria. This should be accompanied by greater transparency of the UK's Fishing Quota Register so that the ultimate owner not just the vessel is clearly listed, and a mechanism to investigate if any single private business secures an uncompetitive proportion of quotas.
- Support should be given to existing fishing co-operatives to grow, and to new co-operatives to start up. This should be targeted at those coastal towns where the fishing industry has been in steepest decline.

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11 <http://image.guardian.co.uk/sys-files/Society/documents/2012/06/27/UKcooperativeconomy2012.pdf>

12 <https://www.thenews.coop/wp-content/uploads/s2-BickleCato-129.pdf>

13 <https://unearthed.greenpeace.org/2016/05/15/investigation-big-fish-quota-barons-squeeze-out-small-scale-fishermen/>

# FOOD MANUFACTURING AND RETAIL

The UK's food industry faces significant uncertainty as a result of Brexit. Currently held up as embracing high environmental, quality and welfare standards, many are fearful that trade negotiations and changes to customs arrangements put these at risk with the Food Ethics Council warning of the "real possibility we will see a race to the bottom and lowering of food standards amid a desperate desire to secure trade deals."<sup>14</sup>

From manufacture and processing, to bakeries, butchers and retailers, co-operation sits at the heart of British food and drink. Arla, for example, is owned by 3,200 UK dairy farmers and is Britain's largest cheese producer and the leading supplier of fresh milk to the UK's big retailers. And the Co-operative Group is the largest consumer co-operative and the fifth largest food retailer in the UK. As a co-operative, they uphold ethical values in the way they source products, supporting UK farming and upholding high animal welfare standards, as well as championing Fairtrade and social justice on the world stage.

British consumers care about cost, quality, provenance and availability of fresh produce, all of which are potentially damaged by a hard Brexit. Changes to standards and additional customs checks would delay fresh food coming into the UK, resulting in shorter shelf-life for food or less choice altogether. A drop in skilled, unskilled and seasonal labour caused by EU citizens leaving the UK risks the UK's food production and manufacturing ability, meaning consumers would also be unable to rely on being able to 'buy local'. A key area of focus in Brexit negotiations therefore needs to be about trade, borders, labour markets, food standards and support for British farming.

## PROPOSALS

- Just over 40% of food and drink processing workers in 2017 were born outside of the UK elsewhere in the EU15, and labour shortages as a result of uncertainty around Brexit are already causing price

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14 <https://www.theguardian.com/environment/2017/dec/05/brexit-poses-huge-risk-to-britains-food-standards-report-says>

15 <http://migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-labour-market-an-overview/>

inflation for food in supermarkets. As with the UK's agricultural sector, employers in food and drink manufacture, processing and retail need the rights of current and future EU citizens living and working in the UK to be protected, and straightforward and transparent processes for seasonal visas for EU and non-EU citizens.

- British consumers increasingly want to 'Buy British', and reducing food miles would have many positive environmental outcomes. However, anything that affects British farmers will filter through to supermarket shelves, so a clear post-Brexit agricultural strategy which supports British farmers, gives them the security to innovate and diversify, and maintains high welfare, environmental and food quality standards should be developed, as detailed in the section in this paper on agriculture.
- Food security doesn't mean national self-reliance—it is unrealistic to imagine that the UK can produce enough food to cover its own consumption and would result in undesirable outcomes for British consumers who are used to seeing avocados and bananas on supermarket shelves. Rather than just the availability of sufficient food, food security means sufficient safe, nutritious and affordable food where both producers and consumers are resilient to volatile markets. A food security strategy must be developed which focuses on cost, provenance and quality of food, and our future relationship with Europe should seek frictionless trade to minimise Brexit's impact on food security. One option could be to reduce tariffs on the import of foods that are not domestically produced such as oranges and olives so that these products remain affordable without impacting British farming.
- Public food procurement policies should be shaped to favour buying local, seasonal British produce, as explored by 'Six Steps to Build Community Wealth'.

# MITIGATING THE IMPACT OF BREXIT AND IDENTIFYING OPPORTUNITIES

## MAKING TRADE FAIR

As outlined elsewhere in this document, Britain's trading relationship with Europe and the rest of the world is of utmost importance—whether in food, agriculture, the environment, manufacturing or jobs and the wider economy. The UK needs to seek frictionless trade and regulatory alignment to reduce the negative potential impacts of Brexit.

Trade is more than just a transaction of goods across borders—it's can be a way to create positive change to important issues like the environment or tackling global poverty. The UK has been a global force for good in championing fair trade, tackling debt and leading the world on international development. This must not change, and new trading relationships should be used as an opportunity to promote fair trade, international development, environmental protection and sustainability.

- If the UK is removed from the Customs Union, the next government must 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.
- Trade agreements should be assessed on their potential social, economic, environmental, gender, human rights, labour, development and regional impacts, in line with the Sustainable Development Goals.

# EU CITIZENS

European citizens living and working in the UK are an important part of our community. Many European citizens who have made the UK their home report feeling unwelcome and anxious since the referendum result, and the Government's 'settled status' proposals have done little to allay their fears.

A no-deal scenario risks families being broken up, people losing their jobs and homes, and others left in legal limbo. The 3.6 million EU citizens living in the UK make a huge contribution to our society and should not be used as bargaining chips. The UK should continue to welcome EU nationals to work and contribute to our economy and society.

## PROPOSALS

- The rights of EU nationals in the UK should be protected, including the right to bring non-EU family members to be with them in Britain, and reciprocal rights should be sought for UK citizens in the EU. The process for any visa applications should be streamlined and straightforward, and developed in consultation with migrant rights organisations.
- The 'pay to stay' £65 fee proposed by the Government for EU citizens to retain the same rights they current enjoy under a new 'settled status' is inappropriate and unfair. The application scheme should be free for EU citizens.
- The Government's proposals for settled status for EU citizens emphasises workers and has a requirement for non-workers to demonstrate self-sufficiency to be eligible. Those citizens also have to demonstrate that they have "comprehensive sickness insurance" to be eligible for permanent residency. This creates a significant financial barrier for non-workers from the EU, such as older people, people with disabilities, carers or other family.

# ENVIRONMENT

The co-operative movement has always stood for an international approach to tackling the world's problems, and nowhere is this more important than in our approach to climate change and the environment.

The issue of climate change is too big to be tackled alone, and the UK must go back to leading the global fight against climate change and continue to work with our nearest neighbours in the EU.

80% of the UK's environmental laws come from the EU<sup>16</sup>, developed collaboratively over the last forty years, and the government is answerable to the European Court of Justice should they not be upheld. Without these laws or this accountability, Britain may end up with significantly weaker standards and a weaker system for enforcing them. This would be a betrayal of our obligations as a responsible global player.

## PROPOSALS

- The UK should continue to advance international action on climate change by playing a leading role in pressing for and delivering international agreements. This is best achieved through as close a relationship with our European neighbours as possible.
- The UK should aspire to be a global leader in setting and enforcing environmental standards. This means at least matching EU regulations, but also being an exemplar of innovation and future developments. Our laws should remain aligned with or ahead of all future environmental legislation in Europe, and all future trade deals should ensure that environmental protection is incorporated.
- The proposed post-Brexit environmental watchdog lacks teeth. There needs to be a strong statutory body with the power to hold the government fully to account for environmental performance. It should be properly resourced, have full prosecutorial power, be co-ordinated across all four nations and be at full capacity before Brexit happens, if it is to be effective. Climate change prevention, mitigation and adaptations should be included in the watchdog's remit.
- The Environmental Principles and Governance Bill due later in 2018 should ensure that principles are forward-looking and able to play a formative role in guiding future decisions and policy development.



# EQUALITIES AND HUMAN RIGHTS

Whilst much of the focus on the UK's withdrawal from the EU has been about economic and trade matters, it is important not to lose sight of the kind of country we want to be. Fairness and equality are at the heart of our co-operative vision for Britain, and we're proud that it was a Labour & Co-operative Government who introduced the Human Rights Act in 1998 and the Equality Acts in 2006 and 2010.

As a member of the EU, we benefit from additional protections. Many of our laws have been strengthened as a result of EU law, including on data protection, human trafficking, the rights of victims of crimes, disability rights, workplace discrimination and equal pay. Although many of these have already been written into UK law, the protection against a future government weakening or withdrawing these rights is lost when the UK leaves the EU, and there remain some omissions.

## PROPOSALS

- The omission of the EU's Charter of Fundamental Rights from the EU Withdrawal Act risks stripping away rights and protections after Brexit as well as creating legal confusion and gaps in the law. The Charter and its protections should be fully incorporated into UK law.
- The EU Withdrawal Act should be amended to include a principle of non-regression of equality rights to ensure no loss of rights and no risk of equality rights being undermined in the future, alongside a commitment to keep pace with developments in equality and human rights law by ensuring UK courts have regard to relevant EU case law after Brexit day.
- Britain must ensure its cross-border partnership with neighbours like France to protect children and tackle human trafficking are maintained after Brexit to help continue the fight against modern slavery, trafficking and exploitation. Europe's policing and judicial agencies like Europol, Eurojust and the European Arrest Warrant are critical to ensuring joint investigation and the sharing of information which tackles human trafficking. EU protections for victims of trafficking should be maintained after Brexit.

# WORKING RIGHTS

Many of our workplace rights come from, or are strengthened by, EU regulations. From the Working Time Directive, which prevents workers being forced to work excessive hours and ensures paid lunch breaks and holidays, to parental leave and equal pay, we cannot risk these hard-won rights being lost or watered down.

Under the EU Withdrawal Act, employment and equality law could be changed through regulations, meaning little scrutiny of any potential changes by MPs. While the Act does transfer the rights we enjoy at work into British law at the point we leave the EU, the legislation doesn't protect those rights after that point—meaning new laws or court judgments could put them at risk. The Co-operative Party stands with the Labour Party and trade union movement to reject the notion that our future economic success will be a deregulated, low wage adjunct at the fringes of Europe.

## PROPOSALS

- All workers' rights that come from the EU should be maintained on the basis of 'EU plus, not EU minus', so that in the future as EU rules develop and improve, rules in the UK at least keep pace ensuring workers in the UK continue get the same or better rights as their European counterparts. In particular, the EU Working Time Directive underpins our rights to reasonable hours, lunchbreaks and holidays. None of these important working time regulations should be weakened.
- The government needs to properly invest in the enforcement of workers' rights, including abolishing fees for employment tribunals.
- Future governments should only be able to amend workers' rights through primary legislation, ensuring full debate and proper scrutiny in Parliament.
- The European Pillar of Social Rights, proclaimed in November 2017, puts forward principles which underpin a shared commitment to deliver fairer working conditions, equal opportunities and social protection and inclusion. These principles should be adopted in the UK and enshrined in future legislation.
- The requirement for all employees to have a written statement setting out their pay and conditions (as set out under EU Written Statement

Directive) should be strengthened so that it also encompasses bogus self-employment, agency workers and zero hours contracts.

- The EU's posted worker directive, while imperfect, does guarantee that British workers can work overseas while retaining the rights and pay enshrined in UK law. This should continue to be the case for workers employed by British companies but posted overseas. There is some concern that the directive enables firms registered in lower-wage parts of the EU to undercut wages in the UK—there should be tight controls on companies seeking to abuse the directive to exploit their staff or undercut local wages should the directive continue to apply in the UK after Brexit negotiations.
- EU initiatives monitor and enforce mechanisms on equal pay. On leaving the EU, there is currently nothing in place to ensure the UK maintains its own commitments. There should be proper supervision and enforcement mechanisms in place before the UK can leave the EU so that the gender pay gap does not widen after Brexit.
- The economy paper sets out proposals for empowering employees in their workplaces, from workers on boards to profit sharing initiatives.

## FINANCIAL SERVICES AND FINANCIAL INCLUSION

The City has been the focus of discussions about a post-Brexit financial services sector. Trade deals are negotiated based on keeping London as the financial centre of the world, while little discussion is taking place on what that financial centre should look like.

It is important to ensure that the UK's financial services can continue to access the European market. Britain's trade surplus in financial services in 2015 was £63bn<sup>17</sup>, employing over 2.2m people and contributing £176bn to the UK's economy.<sup>18</sup>

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17 <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7628#fullreport>

18 <http://www.cityam.com/263446/financial-and-professional-services-industry-contributes>

However, it is also important to reflect on what kind of financial sector we want, and how, in the context of the vote to leave the European Union, this can be achieved. Five banks hold 85% of all current accounts—all shareholder owned and run for private profit. Their personal banking services are combined with riskier investment banking activities where the bulk of profits are made.

As the UK experiences spiralling levels of personal debt, a steep decline in personal savings and concerning levels of financial exclusion with 1.7 million people without any access to banking, personal banking is too important to be sidelined by bigger money-making ventures.

A close relationship with the EU helps to keep some of the less scrupulous profit-maximising elements of the financial services industry in check too. In the wake of the financial crisis, the EU led the way in introducing new requirements for the banking sector to prevent further crises. While these can be improved to make implementation less onerous, proper regulation and oversight of financial services is an important role played by the EU, and one best achieved working together, given our global financial system.

## **POLICY PROPOSALS**

- As described in greater detail in the Economy Paper, the UK needs a more diverse banking sector, to ensure a stable, resilient and inclusive financial system that serves us rather than the other way around. This should include strengthening credit unions, supporting the expansion of existing building societies and removing hurdles for new building societies to be created, and the establishment of a new network of regional mutual banks.
- There needs to be continued regulatory alignment, developed through dialogue and co-operation. The UK should seek not simply to be a rule-taker, but to work with the EU and its member states to shape future regulations and initiatives.
- Credit unions provide an invaluable service, ensuring everyone can access fair and affordable financial services. Regardless of the outcome of Brexit negotiations, the UK should work to ensure regulatory proportionality, so that credit unions, building societies and other innovative banking models which seek to create a more inclusive system are not hit with the same blunt regulatory instruments as

the large, international profit-maximising banks. Working with credit unions, co-operative banks and building societies across Europe, the UK should be a leader in developing a fairer set of rules in the UK and across Europe and should support the sector to grow.

- The EU developed a cap on bankers' bonuses to curb the excesses of the financial sector after the crash in 2008. The principle of a cap on excess bonuses in the sector is something which should be maintained after Brexit but the rules can be redesigned and strengthened to make it easier to cut bonuses in the event of mismanagement, remove loopholes which banks currently exploit, reduce the cap further and introduce pay ratios in the sector.

## PROCUREMENT

Under existing EU directives it is possible to include social value considerations or, under Regulation 77, reserve contracts for co-operative and third sector providers. 2014 EU directives on procurement introduced further principles around consideration of social and environmental impact, making it easier for SMEs and encouraging public policy objectives. In many areas of procurement thinking in Europe, the UK has helped to shape more ambitious and progressive policy.

However, there is scope to go further. The devolution of resources and the changes to procurement rules that may arise as a result of Brexit provide opportunities to rewrite the rules of the system to better reflect public and community value in spending.

There are limits on what can be done because of the World Trade Organisation's Government Procurement Agreement, and that access to public tenders is high on the EU's agenda and already forms part of their trade agreements with Canada, Singapore and elsewhere. It is important to keep many rules aligned with the EU, such as on good governance, transparency, anti-corruption and fairness, to ensure confidence in UK firms seeking contracts in Europe and enable an easy trading relationship—but there's scope to lead the way and show best practice.

## PROPOSALS

- 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.
- The Social Value Act should be strengthened 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.

## CONSUMER RIGHTS

The Co-operative Party has championed the rights of consumers throughout its history. Co-operative MPs 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.

## PROPOSALS

- Regardless of Brexit, there are a number of new and strengthened protections that the Co-operative Party promotes, which are explored in more detail in the Economy paper, from consumers on boards and a new consumer ombudsman to collective action and access to better advice.

- In response to Brexit, the UK should seek to maintain existing consumer protections including trading standards, no roaming charges for using mobile phones in other EU countries and access to healthcare abroad. Brexit must not be used as an opportunity to water down any consumer protections.
- The UK should maintain relationships with EU and European national regulators post Brexit. These relationships are currently governed by the Consumer Protection Co-operation Regulation—the UK should seek to maintain and strengthen these relationships.

# politics for people

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