

the co-operative party

2019 Policy consultation - background briefing

Community, place and power

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See also: Discussion paper – Community, place and power

Context

We are living through turbulent and polarised times. Just as the foundations of the UK's economy have shifted – eroding job quality and security and leaving former industrial towns and regions behind – the fundamentals upon which our society have for so long been based are being contested too.

The EU referendum shone the light on a growing divergence in views and values across geographies and generations. The rise in hate crime, gang violence and anxieties over community cohesion point to a break down in some of the ties that bring people together and the institutions that provide support and services.

Cohesion and community are more than an issue of race, faith, generation or poverty. Strong communities come from a place of shared values and a common understanding of fairness and social responsibility. They are fuelled by participation and enabled by responsive, trusted, and properly funded local institutions.

The challenges to strong and cohesive communities are often local in their characteristics - so the solutions are often local too. While deprivation, for example, remains a key influencer of cohesion, the fact that some areas have high deprivation and high cohesion shows that local action can build resilience.

There are many great examples of co-operative councillors taking the lead on this. For example, the Elephant Project in Greater Manchester is an innovative project to involve people with experience of disadvantage in decision-making. And the Bevy in Brighton and other community pubs are providing a space for people to come together and access services such as the Post Office and advice.

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. While the country is a very different place to when the Co-operative Party was founded a century ago,

empowering ordinary people to take control over the things that affect their daily lives remains at the heart of the Party and the movement.

And as well as looking at those bottom up initiatives which build stronger communities, this policy consultation seeks to answer wider questions about how power is distributed around the UK, and how to rebalance this to give citizens and communities a greater say and stake.

As Parliament debates how powers should be transferred from the EU to the UK, the debate on devolution has reignited. The EU Withdrawal Bill sparked a discussion on whether Westminster was part of a power grab, retaining control over aspects of law-making which are otherwise devolved to Edinburgh, Cardiff and Belfast, such as agriculture.

But devolution is not just about the nations of the UK - it's also about devolved decision-making within Scotland, Wales and Northern Ireland and within England and the regions of England.

Given the rallying cry of take back control during the referendum campaign, to many communities whether they voted to leave or remain, Westminster feels as distant as Brussels. An illustration of this frustration is the result of a recent BBC poll in Wales, 44% of Welsh voters want an Assembly with greater powers.¹ Meanwhile, in England, the political system remains highly centralised by international standards. Despite attempts to decentralise, devolution remains piecemeal and incomplete.

It's time for a co-operative vision for devolution – not simply what to do with powers when, or if, they're devolved, but the bigger picture. What powers should be devolved? How do we ensure co-operative values are at the heart of future devolution deals? How do we ensure that devolution genuinely empowers communities, ensuring power isn't just passed from aloof political institution to another without a real community stake in any new settlement?

Last year's Brexit and economy consultation papers went some way to answering the question of how we can rebalance our economy beyond the M25 but from the policy discussions held by local parties, the hundreds of submissions to our consultation and the debate at our annual conference, it is clear that we need to explore this topic further, looking at power, decision-making, cohesion and subsidiarity, from a starting point of community empowerment rather than top down reorganisation.

Our existing policy platform

Guides for co-operative councillors

To date, much of our work in local government has been focused on providing practical advice and support to our growing cohort of co-operative councillors across a variety of policy areas. These have given our councillors the tools they need to be the co-operative difference in their local communities, and include:

- Standing up for private renters: a guide for councillors
- Modern slavery briefing for local councillors

¹ <https://www.bbc.co.uk/news/uk-wales-politics-43230062>

- Credit unions and local government: working in partnership
- 12 Campaign Ideas and Issues for local manifestos
- People's Bus campaign pack

By us, for us

This report outlined a series of co-operative ideas for Labour and Co-operative councillors, members, policy makers and 'Metro Mayors' working in areas covered by devolution deals. They are practical suggestions looking at locating decision-making and governance as close as possible to those affected by those decisions and explores the threats and opportunities of devolution.

Britain's Relationship with the European Union

'Britain's Relationship with the European Union' was the paper from last year's policy consultation, approved at annual conference in October 2018. While the paper focuses on mitigating the impact of Brexit and supporting the co-operative sector, it also looks at regional economic imbalance, overcoming fears of immigration, and generational inequality.

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.

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

And 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.

Local decision-making

The UK urgently needs to rebalance its economy. This cannot be achieved from the top down – every region needs to lead the economic regeneration and growth itself. This means meaningful decentralisation and a degree of fiscal devolution, with decision-making going beyond the town hall to the communities affected.

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.

Community wealth building

Local authorities and anchor institutions play an important role in place-making and economic growth – not purely through their policies but also in their behaviour as employers and in the way they procure goods and services. Local authorities should seek to implement locally relevant aspects of community wealth building approach, as set out in 'Six Steps to Build Community Wealth' including:

- Procuring goods and services more locally;
- Paying the 'real' Living Wage;
- Seeking to procure from co-operatives;
- Developing a resilient and diverse local economy by growing the local co-operative sector.

Funding and advice should be available to ensure local government officers understand co-operatives and are able to support local co-operative development. A new co-operative development agency should be able to work closely with public bodies to develop co-operatives at a scale which can take on public contracts, or support smaller co-operatives to work together to jointly bid for contracts.

Pension fund investment in local economic growth

40% of the UK's wealth is held in private pension funds – this is unevenly distributed and adds to overall wealth inequality. Higher rates pension contribution relief should be restricted and tax relief currently available to pension funds should be made dependent on meeting social outcomes in investments, with a focus on employment creation, local economic growth and infrastructure investment. The Manchester Pension Fund already leads the way in this area, investing in infrastructure and housing in the greater Manchester region.

Strengthen the Social Value Act

The Social Value Act is a tool which public institutions can use to support community wealth building. This piece of legislation must be strengthened and enhanced to give local authorities and public-sector institutions greater scope to procure for social and long-term value rather than simply on a short-term assessment of cost. This should include:

- Giving public commissioners a duty to 'account for' rather than just 'consider' social value, with measurable targets and clear steps outlined if these are missed;
- Public bodies should be required to publish social value priorities and how they weight contracts;
- Extending the scope of the Act to include contracts of a lower value.

In addition, new procurement rules should be developed which acknowledge the benefits of co-operative and social enterprise procurement. There needs to be strong and clear guidance on the types of co-operative, mutual and social enterprise models covered by Regulation 77 (public Contracts Regulations 2015) to ensure that they deliver the social value intended and do not allow for privatisations via the back door.

High streets and business rates

High street retailers are significantly impacted by online retailers who are able to provide the same products for less because of not having to pay rents or business rates. Many big online retailers and marketplaces register much of their activity overseas or in tax havens, further reducing their costs as their corporation taxes remain very low.

Business rates tax economic activity, creating a perverse disincentive to doing business, and because they are only paid by bricks-and-mortar businesses, high street stores and cafes pay a disproportionate share of corporate taxes based on their profits compared to the large multinationals. Business rates should be scrapped in favour of a more progressive, much fairer form of business taxation including a land value tax.

High streets and cash machines

Cash machines around the UK are closing at a rate of 300 a month, and there are over 3,000 communities in Britain that no longer have a single bank branch, especially in smaller towns.¹² These are vital not just for consumers, particularly those who can't or don't want to bank online, but also for SMEs who rely on local branches to manage their business banking.

To ensure branches are not replaced by phone and internet banking only, new Access to Banking Standard should be introduced to protect the continued existence of the "last bank in town", supervised by the Financial Conduct Authority and penalised when banks fail to uphold that standard, with the funds from any fines spent on financial inclusion and development of credit unions. A review of ATM charges should take place, with a view to reforming them or abolishing charges altogether.

Regional banking

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.