



**co-operative  
party**

# **A PLAN FOR DEMOCRATIC PUBLIC OWNERSHIP**

**OWNING<sup>THE</sup>  
FUTURE**



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**Anna Birley**  
Policy Officer

# INTRODUCTION

**As patterns of travel change in response to this crisis, the business model for privatised railways has not been able to keep pace. The need to make a profit and the need for people to stay home and travel less are incompatible, but trains continuing to run is essential for getting key workers to workplaces like hospitals, police stations and supermarkets.**

As passenger numbers fell off a cliff as lockdown began, the Government suspended rail franchise agreements in England to avoid train companies collapsing.<sup>1</sup> Far from a return to public ownership, the government is socialising the train companies' losses, while their profits in better times remain for the benefit of private shareholders.

Power and water companies' commercial models are not invulnerable either. While customers struggle to pay water bills through this crisis, water companies have asked for a financial bailout and additional leniency on tackling leaks. Centrica, owner of British Gas, has warned of a spike in defaults from cash-strapped households and businesses, and the power generators have seen a drop in consumption from offices and factories being closed. Power companies have asked for financial support to make up lost income from bills.

Even before Covid-19, privatisation had failed – and now as we emerge from this crisis, we have a responsibility to design something better. The future of our utilities and transport must be accountable. They should be operating in the public interest, not that of private shareholders, and they must be a key part of tackling the climate crisis.

Rather than profit being extracted from a system which is paid for by the public both through bills and tickets, as well as through taxpayer funded subsidies and bailouts, there should be a refocus on adding value – to the quality of services, communities, the environment and the public purse. Democratic public ownership enshrines accountability in essentials we rely on day-to-day; ensuring that the voice of customers, staff and the taxpayer are at the heart of how these industries are run, and that services are shaped around the interests of the people who use and work in them.

The Co-operative Party has written extensively on plans for democratic public ownership – this chapter is not to repeat those same arguments, but to explore specific areas where this crisis has heightened the need to expand ownership and accountability.

There is a window in which investment in infrastructure can boost our economy and help to rebalance unequal regions. Ensuring new, good quality jobs are created in the parts of the country where jobs have been lost due to this crisis, as well as areas which have been suffering the effects of deindustrialisation, is key. And this imbalance exists also in the quality of infrastructure and services that different localities experience. While the high speed debate continues, pacer trains are still operating in parts of the North of England and electrification upgrades are still not forthcoming.

It is also important not to let this crisis give the government an excuse to lose sight of the climate emergency. Investment in green technology is critical, and for a just transition the benefits of this investment should be shared by communities not captured for private investor gain. The co-operative movement has ably demonstrated its ability and willingness to play its role in the transition to renewables, with a proliferation of community energy projects generating power from solar, wind, tidal and hydro projects across the country. For our post-Covid economic recovery, we must learn the lesson from these successes, which were cut short by unsupportive government policy changes, so that we can use co-operative answers to answer both the climate crisis and the growing socio-economic inequality in the UK.

And finally, lockdown has highlighted the inequalities of digital access – both in terms of affordability and infrastructure. Working from home is impossible without a decent broadband connection, and learning from home when your parents can't afford a WiFi connection or laptop is limited and will widen educational inequalities. Community-led solutions have shown that there is a better way: our task now is to make it easier for communities and co-operatives to lead a change, while also reforming a broken and monopolistic telecoms market. ●

<sup>1</sup> <https://www.theguardian.com/world/2020/mar/23/covid-19-government-suspends-rail-franchise-agreements>

# UTILITIES AND INFRASTRUCTURE



**A** decade of austerity and three decades of privatisation and underinvestment have left us with creaking national infrastructure. We are long overdue an update – but beyond this, investment in better infrastructure could play a major role in our post-Covid economic recovery, boosting jobs and giving a long-needed upgrade so that we have transport and utility infrastructure fit for the 21st Century and ready to tackle the climate crisis.

## **Infrastructure investment and economic rebalancing**

The size of any boost to the economy and living standards will depend on where the money is spent, which types of infrastructure are prioritised, and how. Historically, much spending has been skewed to London and the South East, and public spending rules have favoured areas that are already economically successful. These factors help to explain the widening productivity gap between London and many other regions – while the Government recently announced a new fleet of tube trains for the Piccadilly line, travellers in the North of England still have to rely on ageing, polluting pacer trains. This is not to say that London doesn't have huge infrastructure and funding challenges that need to be met – but that we should level up the investment and target it to grow every region.

We need a green investment programme that will invest in modern, 21st century infrastructure, including low carbon and public transport, water and energy, initiatives to improve energy efficiency and new, good quality green jobs. Energy efficiency should be a top national infrastructure priority, as should social infrastructure – sections of the economy which are vital for regional growth which are traditionally overlooked when national

investment decision-making happens like nurseries, school buildings, affordable housing and health and social care facilities.

## **A new generation of community energy**

Community energy sees ordinary people come together to own their part in our green energy transition, installing solar on rooftops, wind turbines in rural communities, and other innovative renewable technology. In community energy, the investment in infrastructure comes from a community share offer, meaning local residents are investing in, and benefiting from the success of, the technology.

Through this crisis, as the big private energy companies seek bailouts from the government, community energy projects have stepped up and helped their communities be more resilient in the face of crisis. For example, Egni Sir Gâr Cyfyngedig in Camarthenshire has dedicated over £42,000 of interest payments to local food banks. South East London Community Energy have launched free energy advice sessions for households struggling to manage their bills during lockdown and is helping to distribute the pre-payment meter vouchers.

However, as with the wider energy sector, community energy has seen a significant impact from Covid-19, with future plans for projects on hold and significant uncertainty. Community energy should be at the heart of future energy policy, as a key part of a greener, more resilient recovery package for the sector. This builds on the new spirit of co-operation that has blossomed during lockdown, and channels it towards tackling the climate emergency and widening ownership in the energy sector.

Now more than ever, the Government should recognise the role that communities are already playing in the transition to a low carbon economy, and the value that community energy brings to the urgent decarbonisation of the sector. This includes:

- The reinstatement of Social Investment Tax Relief for community energy
- Greater funding for new projects, including funding for urban areas to mirror the recently introduced Rural Community Energy Fund
- Zero or below-market interest loan facilities for community energy projects
- A Community Smart Export Guarantee
- Energy efficiency funding, designed in a way to ensure it delivers for the most vulnerable customers
- Reversing the recent VAT increases on Energy Saving Measures, including solar panels and battery technology, ultimately reducing VAT on these to zero
- A Community Feed-in Tariff, giving long term investor confidence in schemes; – Removing punitive business rates for roof-top solar
- Reforms to enable community energy groups to become energy suppliers.

### **Accountability**

Transport, utilities and telecoms infrastructure are owned by investors, and profits and decision-making are distant from the customers, employees and communities that rely on them. Equally, distant and difficult to understand regulatory processes do not empower the consumer to challenge mismanagement, give employees a voice in their workplaces or communities the ability to decide how profits are redistributed.

In energy supply and generation, the role of communities, co-operatives and councils should trump that of private profit-maximising energy companies. The unfair advantage given to the Big Six energy companies should be turned on its head in a new, transparent and fair system where co-operatives and councils can offer affordable, green energy to their communities, and make use of assets like the roofs of public buildings to enable a new generation of renewable community energy.

As the ageing infrastructure for our energy networks transition to greener new technology, this should pave the way for distributed local renewable generation, especially community energy – and to ensure this transition benefits communities there should also be a shift to democratic, accountable regional models of public ownership too.

This applies in the water industry too. The UK is the only country in the world to have fully privatised its water and sewerage systems. We would be better served by accountable, democratic regional structures owned by their billpayers and workers, with any surplus reinvested, redistributed or spent on

social and environmental outcomes.

Democratic public ownership provides a 'buffer' against a future unsympathetic government. Even a glance at the history of many British industries shows that just as a government which champions public ownership can transform parts of our industry for the better; a government intent on privatisation can reverse any gains made and cause deep damage. By virtue of the collective strength of the customers, employees and communities having a powerful and meaningful voice, their interests cannot be side-lined so easily in the future. And widening ownership and promoting participation help to ensure the full benefits of public ownership are achieved – productivity gains, a more responsive service and greater accountability.

### **Connectivity**

Lockdown and social distancing have accelerated the shift to working from home, digital organising, socialising online and accessing services and information on the internet. The need for a decent, affordable internet connection is more important now than ever – and the digital divide has widened still. While many young people forced to learn from home thanks to this crisis are able to access a wealth of online resources and log into lessons with their teachers remotely, their low income peers do not have broadband connections or laptops at home and are falling behind. Poor internet access in fact further contributes to the poverty premium, as many of the cheapest goods and services are increasingly only available online. In rural areas with poor connectivity, this crisis has been especially isolating and working and learning from home are impossible.

Everyone should be able to get online – and the fact that this isn't possible shows the problems in the current monopolistic private provision of telecoms and broadband infrastructure. The Government's own figures show that market competition in the broadband sector has largely failed. According to their research, major providers are competing for a slice of just 75% of the UK's broadband market, on the whole ignoring the rural areas which they anticipate being unprofitable. Instead, there should be new, accountable mixed stakeholder models to delivering the national phone and broadband infrastructure.

Communities and co-operatives are already paving the way to find solutions and deliver a better, more affordable service from the bottom up. Community efforts to install broadband where private companies have failed mean many rural communities now enjoy access they would otherwise have been denied. This is no mean feat, as there are many barriers making community broadband harder than it should be – and work needs to be done so that their efforts are recognised and future projects are easier to finance and deliver. ●

# TRANSPORT

**Whether in a town, city or rural community, public transport brings people together, and enables access to services like the GP, post offices and banks. Buses and trains take people to work, to job interviews, to community meetings and family get togethers – as well as public transport being an important part of the response to the climate emergency and a key driver of regional economic growth.**

During this pandemic, public transport usage has plummeted as passengers heeded advice to stay home – but trains, trams and buses remain vital for taking workers to hospitals, supermarkets and other essential workplaces. As the economy reopens, it will be crucial to ensure public transport services are supported to adapt to our new reality, able to operate safely as passenger numbers increase and ensuring transport employees are properly protected.

## **Regional rebalancing**

Spending on infrastructure can have multiple benefits – as well as enabling the economy to get moving again safely and sustainably, done correctly it can play a significant part in rebalancing our economy too, ensuring jobs and investment are targeting in the places that are too often left behind. And importantly, done right this will be a bottom-up process, with local communities able to have a say in how the transport networks they rely on are modernised, with employees able to have a stake in their workplace and passengers able to play a role in running services to benefit them and the environment, rather than distant shareholders.

## **Accountability**

Rail services should run by accountable not-for-profit train service providers, replacing the private train operating companies. With Covid-19 hastening the demise of the failed franchising model, there is an opportunity to build back a better railway which is more accountable to those who work and travel on it.

Rail assets, such as track and land, and Network Rail's borrowing powers should be transferred into a new Guiding Mind, which would play a strategic role in developing investment and expenditure plans alongside the Secretary of State and the Department

for Transport. This new body would be democratic through passenger and employee voice on its stakeholder board, which would have a say on issues from remuneration and executive appointments to longer term strategic priorities and scrutiny of performance.

## **Buses and community transport**

For millions of people, buses are a lifeline – and before coronavirus, by far the most-used form of public transport. But under a privatised system that is dominated by just four large bus companies, every year sees routes cut, fares rise, and passenger numbers fall. This has been exacerbated by the current crisis, with a drastic reduction in travel, and social distancing rules impacting the number of people that can travel on any one bus – impacting fare income significantly.

For the community transport sector, the impact has been significant too. Community transport, as well as operating many bus routes, also operate school transport, services for young people and adults with special needs or disabilities, and patient transport for older residents. And as well as catering to many of the more vulnerable members of communities, the volunteers that keep services running are, in the context of this crisis particularly, often vulnerable themselves as many volunteers are older and retirees. Nonetheless, over the course of lock-down, and in the face of reduced funding and resources, we've seen community transport step up to give communities all over the UK the support they need to get through these difficult times.

There needs to be a stronger role for community transport organisations in shaping and running local services – and that means many of the regulatory and operation barriers that prevent the sector from scaling up their operations need to be removed.

Bus deregulation has failed and instead of the competition that was supposed to arise, many parts of the country have just one or two monopolies running services in their area. So there also needs to be a greater role for local, city region and regional government in delivering and properly integrating transport, especially bus networks. ●



# OWNING THE FUTURE

Unit 13, 83 Crampton  
Street, London SE17 3BU

020 7367 4150

mail@party.coop

 @CoopParty

www.party.coop

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