

A CO-OPERATIVE RECOVERY



**co-operative
party**

**CO-OPERATIVE
RECOVERY
PARTNERSHIP**

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FOREWARD

It is my absolute pleasure to introduce this collection of essays. They represent the culmination of over six months of work as part of the Co-operative Recovery Partnership – listening to experts and activists from around the country and exploring policy solutions to the challenges we face today.

In a series of roundtables, I met food co-ops, community pubs, worker-owned technology companies, village shops, solar installers,



**ANNELIESE
DODDS MP**

Chair of the Labour Party

co-working spaces, electric car clubs, architects, social care providers and many more, from every corner of the country. While the sectors and geographies represented may seem diverse, in fact they are united by a set of shared values, a shared belief that we are stronger together, and a shared aspiration for our country to be a fairer place.

Through co-operative and community ownership, the businesses and community organisations I met over the past few months have shown me that the most transformative changes are often those driven from the bottom up.

In my new role, as chair of Stronger Together, Labour's roadmap to bring Britain together and build a future to be proud of, these ideas couldn't be more relevant. As we rally together and begin setting out an exciting, hopeful vision for Britain under a Labour government, I want to be mindful of some of the recurring themes of the roundtables and examples I heard from. We talked a lot about trust, how working with communities rather than imposing solutions on them can help to build meaningful relationships. We discussed how co-operative models where employees have a stake and a say in their business can help to protect existing jobs and create new ones.

And while we talked about some of the barriers to community and co-operative ownership, we focused on the tangible, transformational

change happening now – using the tools already available and without waiting for Whitehall. In Dumfries, for example, the community were fed up of shops closing, buildings being boarded up and not being able to access the services they valued in their town centre. They organised – buying up the high street one building at a time through a community share offer, and breathing new life into it.

I met a member owner of Suma Wholefoods, a sustainable food company owned by its employees showing the difference it makes when people have a say and a stake in their workplace. And staff from the Co-op Group who are creating new apprenticeship programmes for underrepresented young people – tackling our jobs crisis and investing in skills.

And I met co-ops at the forefront of tackling our climate crisis too, like red co-operative ltd and the Carbon Co-op, retrofitting buildings and

supporting households to reduce their carbon footprint. Shrub Co-op in Edinburgh is working with their community to create a world without waste, and the Teviot Electric Car Club helps reduce car ownership and emissions by providing affordable low carbon car hire.

THROUGH CO-OPERATIVE AND COMMUNITY OWNERSHIP, THE BUSINESSES AND COMMUNITY ORGANISATIONS I MET OVER THE PAST FEW MONTHS HAVE SHOWN ME THAT THE MOST TRANSFORMATIVE CHANGES ARE OFTEN THOSE DRIVEN FROM THE BOTTOM UP.

From the skills crisis to the climate crisis, co-operatives like these are already helping us to rebuild our economy and communities, put under strain by a decade of Conservative government.

Covid-19 has had a devastating effect – not only do we need to recover from the heartbreak and loss, but we need to try to rebuild a fairer economy which delivers good quality jobs, successfully decarbonises, and which is more resilient to future crises.

Any approach to our recovery from the crisis and any work to deliver a fairer, more secure future must begin by facing up to why we have been hit harder, in many respects, than other countries. We need

ambitious, transformative policies that are rooted in what matters to people in their daily lives and that repair the damage done by the Conservatives.

All too often our economic framework doesn't reward responsible corporate behaviour either. Rather than incentivising and rewarding decisions which would yield larger financial gains in the long term, as well as tackling the climate crisis – like investing in green

innovation, staff training and research – our system often rewards short term decisions in the pursuit of high executive pay and big shareholder dividends.

When economic decision-making rests with a narrow cohort of shareholders and company executives, profits are unsurprisingly redistributed to themselves at the expense of wages growth, the climate and

the wider economy. Our legal system gives primacy to the interests of shareholders in company objectives and decision-making, entrenching this impatient shareholder model at the expense of other models that take a broader view.

What the past months of work with the Co-operative Recovery Partnership has clarified for me is how different this could be. There are businesses and community organisations all over the country already going against the grain – our co-operative movement was founded to do so. In Rochdale, in response to overpriced and poor-quality food, the original pioneers came together to create an alternative community-owned shop.

Co-operatives like this around the country demonstrate every day the difference that they can make. Collectively, they don't just impact their own customers, workers and communities; they impact how our wider economy functions. By their very form, co-operatives widen ownership to include us all – and the owners of an economy determines in whose interests it operates. Economies characterised by a bigger co-operative sector are more equal. The region in Europe with the lowest socio-economic inequality between rich and poor is Emilia Romagna – where co-operatives generate close to 40% of GDP.

Our Stronger Together roadmap could not come at a more critical juncture. Through the power of community politics, we can make a real difference to people's lives today, while we develop together the signature policy changes needed to achieve scale and enable communities to do even more. We don't need to start over from scratch, as these local examples already offer us a model to learn from.

Anneliese Dodds is the Labour & Co-operative MP for Oxford East, and Chair of the Labour Party. She has been tasked with leading Labour's policy review, Stronger Together.



INTRODUCTION TO THE CO-OPERATIVE RECOVERY PARTNERSHIP

The Co-operative Recovery Partnership was created in response to the Covid-19 crisis – not only looking at how we can come together to recover from the heartbreak and tragedy of the past fifteen months, but how we can rebuild our broken economy, interrupted livelihoods and underfunded public services.

Announced at our local government conference in Autumn 2020, the partnership formally kicked off six months ago at the start of 2021. As well as a factfinding mission to identify examples of best practice, the Shadow Treasury team and Co-operative Party jointly hosted three roundtables and issued a call for evidence from our membership and movement.

The roundtables covered a wide diversity of topics, ideas and examples, with co-operatives and community organisations represented from across the whole country. We are very grateful for attendees' time and expertise.

Roundtable one: High Streets and Community-led Local Economic Recovery

- Evie Copland, Chair of the Midsteeple Quarter, a community-led initiative breathing new life into Dumfries Town Centre through community ownership of high street shops and businesses.
- Vidhya Alakeson, CEO of Power to Change, an independent trust supporting community businesses in England to make places better.
- Hazel Tilley, co-founder of Granby Community Land Trust, who are creating a thriving, vibrant community in a neighbourhood of Liverpool that had been otherwise marked for demolition through affordable community-owned housing, public green spaces, supporting local businesses, a local market and jobs & training schemes.
- Wendy Hart and Hannah Slogget, founders and directors of Nudge Community Builders, who are regenerating Union Street in Plymouth through owning and running local buildings, and supporting the local community and businesses.
- Pippa Coutts, Policy and Development Manager at the Carnegie UK Trust, and author of a report on community asset ownership in towns.
- Cllr Joy Allen, Labour & Co-operative councillor and cabinet lead for Transformation, Culture and Tourism in Bishop Auckland, leading local identity and economic regeneration through their community-led Brighter Bishop approach.
- Cllr Tim Swift, Leader of the Labour Group on Calderdale council, which covers Hebden Bridge, an example of how community ownership can lead high street development.
- Keiran O'Neill, Labour & Co-operative candidate for MSP in Glasgow Maryhill and Springburn, which includes his community of Possilpark which is developing a Community Improvement District.
- Paul Iseard, Stella Howe and Donna Bate from Portland Works, a community-owned affordable workspace in a former cutlery factory in Sheffield.

- Chris Tomlinson, founder of the Bike Foundry co-op and Matthew Cox, from the Stirchley Co-operative Development, co-operatively managed, sustainably constructed and affordable workspace, housing and co-operative business space near Birmingham
- Ricky Davies, from the Radcliffe Market Hall, a community benefit society, and Cllr Jane Black, Cabinet member for the Cultural Economy for Bury. Radcliffe Market Hall is a community-owned market which has helped transform an unloved space into a thriving centre of the community.
- Meleri Davies, Chief Officer of Partneriareth Ogwen, a community-led effort to develop the community and economy in North-West Wales, through managing community asset transfers and town centre properties.

Roundtable two: Co-operatives and a jobs-led recovery

- Rose Marley, CEO of Co-ops UK
- Deb Oxley, CEO of the Employee Ownership Association
- Glenn Bowen, Director of Enterprise at the Wales Co-operative Centre
- Sharon Lowrie, CEO of Be Caring, an employee-owned care provider in Newcastle, Manchester, Leeds and Liverpool
- Laura Mwamba, Director of Business Development and Innovation at Be Caring
- Neil Smith, Managing Director of Kinetic, an employee-owned company
- Stephen Gill, CEO and CTO of VME Co-operative – who recently transitioned to employee ownership
- Julia Houlston Clark, CEO of Wales Restorative Approaches Partnership – a co-operative social enterprise delivering training and

developing social capital and community capacity

- Jo White, Executive Director at Co-operative Futures, providing business consultancy to co-operatives and community owned enterprises for over 20 years.
- Alison Scowen, Senior Public Affairs Manager at the Co-operative Group, leading on apprenticeships. The Co-operative Group recently pledged £500k to an apprenticeship drive for underrepresented young people.

Roundtable three: Co-operatives in a Green Recovery

- Emma Bridges, Chief Executive Officer of Community Energy England
- Afsheen Kabir Rashid MBE, Co-founder and Co-CEO of Repowering London and Chair of Community Energy England
- Amie Armillei, Member Owner at Suma Wholefoods and Co-operative Group National Council member. Suma specialise in sustainable, ethically produced goods, and are a worker-owned co-operative run on equal pay.
- Cllr Tom Hayes, Labour & Co-operative councillor on Oxford City Council and Cabinet Member for Green Transport and Zero Carbon Oxford
- Cllr Rishi Madlani, Labour & Co-operative councillor in Camden, and executive member of SERA
- Dan McCallum, Co-founder of Awel Co-op, community owned wind-farms, and Egri, community owned solar energy in Wales
- Jonathan Atkinson, a co-founder of Carbon Co-op, an energy services and advocacy co-operative that helps people and communities to make radical reductions in home carbon emissions.
- Aneaka Kellay, leads community engagement for the Carbon Co-

op, helping to grow its 150 household members. She has over ten years' experience in environmental organisations and co-operatives.

- Jim Lee, Development Manager at Energy4All, and a board member of Highland Community Energy
- Alun Evans, leads the Zero Waste Hub at Shrub Co-op, a co-operative in Edinburgh empowering the community to live a low carbon life and delivering innovative circular economy ideas.
- Andy Maybury, Project Manager at the Teviot Electric Car Club, a co-operative providing affordable by-the-hour self-service low carbon car hire.
- Sonia Sinanan, Operations Manager at the Ecological Land Co-operative, which develops affordable and low impact smallholdings for agriculture.
- Charlie Baker, red co-operative ltd, a worker owned retrofit and building design company based in Manchester. Charlie trained as an architect and is an expert in low carbon retrofit.

Reflecting on the contributions from members and wider co-operative movement, there were some clear themes in the submissions to the Partnership.

Many focused on the impact of the crisis on their own town centres and local communities. High rents, absent landlords, burdensome business rates and the impact of online retail giants were highlighted as key issues. But as well as highlighting the challenges that their local high streets were facing, submissions put forward a range of innovative and interesting ideas – reimagining vacant shops as space for co-working, as places to learn, as centres of employment and entrepreneurship with opportunities for apprenticeships and new co-operative development, as green spaces, pocket parks and greenhouses, shop fronts for co-operative care and fostering services.

There was strong support to bring in urgent global tax reforms to close the loopholes that allow multinational companies to get away with paying less than their fair share of taxes – helping to support local bricks and mortar shops by levelling out an uneven playing field.

There was a suggestion to create a co-operative industry scheme which would support unemployed electricians, plumbers and builders to convert empty properties and bring them back into use. Others came to the same conclusion from a different starting point, highlighting the need for co-operatives to equip themselves with the skills and expertise to retrofit homes and businesses to reduce our carbon footprint. Some great examples were shared, such as the Homes for a Pound scheme in Liverpool which helped to regenerate Granby Street. In total more than 2,500 people have applied to be part of the Homes for a Pound scheme, which requires families to not sell their house for five years after buying it - one of a range of measures Liverpool City Council is using to bring a total of 6,000 empty houses back into use. This echoes the contributions from Hazel at Granby Street CLT who talked at our roundtable about the way in which the community have led the regeneration of her neighbourhood through community-owned housing, local markets and greening.

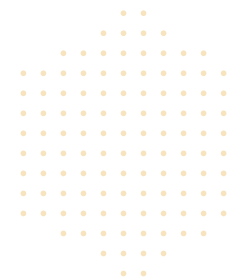
Another high street suggestion was to support small and micro businesses on high streets to join forces as co-operatives, pooling their resources and benefiting from being able to offer each other mutual guarantees to stay open even through hard times, as well as providing financial, legal, HR and marketing support. Models for mutual support were echoed throughout many submissions – co-operatives to support care staff, to provide back-office functions for self-employed workers, to enable smaller firms to take on apprentices together, in the construction industry and replacing exploitative employment agencies.

Others explored the role co-operative models can play in making the services we rely on more accountable and inclusive. Co-operative schools which give students, staff and parents a say, and instilling co-operative values in the curriculum. Public utilities operating in the

public interest, rather than for private profit. Co-operative social housing models so that tenants and staff have a stake in their homes and workplace.

Finally, submissions kept coming back to the basics that we should all be able to take for granted – a roof over our heads, access to good quality, affordable food, a decent wage and rights in our workplaces. Basics like a post office, access to cash machines and educational opportunities. In the sixth richest economy on Earth, these things ought to be a given. Righting these wrongs — rebuilding common decency both into the very heart of our society and into the way we do politics — has to be a top priority to underpin everything else we do.

Alongside these ideas shared online and at roundtables, this collection of essays offers a deep dive into some of the issues raised and explores co-operative solutions to the challenges of our times. As we work to recover from the Covid-19 crisis, these ideas — grounded in lived experience and co-operative values — offer practical but radical ways to reshape our economy. By tapping into the power of communities, and empowering them to shape and own their own future rather than out of touch solutions dreamt up in distant corridors of powers, we can not only recover from the crisis but create something fairer, greener, more resilient and more innovative.



LEVELLING-UP: CO-OPS AND SOCIO-ECONOMIC INEQUALITY



ANNA BIRLEY
Co-operative Party

Even before Covid-19, the UK was one of the most unequal countries in the developed world. The past fifteen months have deepened and amplified inequality, both in terms of health and mortality inequalities, but also in terms of the kinds of households most impacted by lockdown measures and the economic impact of Covid. In particular, the pandemic has widened inequality in education, training, wages, employment and health – impacting women, communities of colour, younger generations and disabled people especially.

Poverty was on the rise before the crisis, with average income dropping year on year, while the average income for the UK's richest 20% or people increased by nearly five per cent between 2017 and 2018. And within that top 20%, the wealth gap is extraordinary too. The richest 1% are worth about £547 million pre-crisis, and the UK is home to the fifth most billionaires in the world. To put that into context, the wealthiest 100 people in the UK have as much money as the poorest 18 million.

This inequality isn't just bad for those at the bottom of the income scale who are experiencing a decline in living standards – it affects everyone whether we realise it or not. A more equal society is a more economically successful one, and a more unequal society will be more prone to shock, feel its impacts more deeply and take longer to recover. It's no surprise therefore that the UK's economy was one of the worst hit in the developing world. The inequalities that defined it made it fragile and vulnerable – and unless we make some very different choices through our recovery, we will feel the negative effects of this crisis for longer.

And we can't simply work ourselves out of this crisis either. As well as measuring up poorly in terms of inequality, we lag behind our neighbours on productivity too. The independent reported in 2017 that British workers were 27% less productive than their German counterparts. Since 2008, British productivity has essentially flatlined, running almost 20% below its pre-financial crash trend.

The problem is cyclical – low productivity keeps wages low and exacerbates inequality. Inequality damages our economy and future perpetuates low productivity. However the flipside of this is that the converse must apply. That higher productivity and greater equality go hand-in-hand, and that this can create a virtuous upwards spiral too.

In the co-operative movement, we know from centuries of experience that inclusive business models and a democratic economy are the tonic for falling productivity. Companies and organisations in which employees have a real influence, and especially when this comes with a genuine ownership stake, are more productive than organisations where this is not the case.

Widening ownership is the antidote to inequality too. The conditions that enable co-operatives to thrive also help create a narrower gap between the rich and poor and reward responsible corporate behaviour. This can be seen in communities like Emilia Romagna in Italy, where co-operative enterprises generate close to 40% of GDP in the province

resulting in the lowest socio-economic inequality of any region in Europe.

In the UK, the co-operative sector is worth £37.7 billion to the economy each year – which although laudable is a small proportion of the UK's economy which remains dominated by private interests. This isn't to say that a larger co-operative sector isn't possible. In Italy, co-operatives are worth an estimated EUR 136.5 billion. In Norway, more than 40% of people are co-operative members. Seven in ten people in Quebec, Canada, are co-operative members. 90% of Japanese farmers belong to a co-operative and co-operatives account for 36.4% of all retail sales in Denmark.

Despite the benefits, co-operative growth and expansion in the UK are hindered by a legislative and regulatory framework that is designed for

privately-owned businesses. While member finance and community share offers have been very successful in financing community energy, co-operative pubs and other projects and enterprises, the unique structure of co-operatives means they are often excluded from traditional investment methods. This unequal playing field places the sector at a competitive disadvantage.

A government serious about growth needs to put its money where its mouth is and invest in co-operative expansion. And if we are going to take seriously any rhetoric on “levelling up” co-operative growth is even more critical. Too many regions of the UK have not benefitted from the economic growth that London and the South East have enjoyed. Economic and political power have become increasingly concentrated in the capital, creating an unequal country where opportunities and wealth are stacked in favour of those living and working within the M25.

Investment in co-operative growth can be targeted in those areas of the country with the greatest economic challenges, and those which have been hardest hit by Covid to stimulate and support sustainable economic growth that doesn't depend on the whims of private investment or Whitehall funding decisions.

This work has started already in places like Greater Manchester and South Yorkshire, where the metro mayors have led investigations into their local economies and developed recommendations to support the sector. The Greater Manchester Co-operative Commission has proposed a co-operative enterprise zone, for example. These commissions show how answers can be developed locally, led by and responsive to local economic need and aspirations. Similar work is set to begin in West Yorkshire, Cambridgeshire and other mayoralities and council areas.

To build a fairer, more resilient and more productive economy, this has to happen across the country. Co-operation must become the mainstream option. This won't happen without intervention – at a bare minimum, the barriers to co-operation need to be taken down. But to have

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a transformational effect, we must make the case for more proactive intervention. Investing in co-operative development, and levelling the legislative and regulatory playing field, would enable one of the economy's most resilient sectors to lead our recovery, ensuring productivity rises, our vulnerability to future shock is reduced and we create a fairer distribution of wealth.

Anna Birley is the Co-operative Party's policy officer and managed the Co-operative Recovery Partnership. She is a Labour & Co-operative councillor in south London and sits on Labour's High Streets Commission.



BUILDING TRUST THROUGH COMMUNITY-BASED CO-OPERATION

I often refer to my political career as being a roller coaster of events. From finding my feet in the community back in the late noughties, to becoming a local councillor in 2012, then onto proudly representing my hometown of Leigh in Parliament from 2017 to 2019; before going full circle back into the community. The reality is that my political career has mirrored the roller coaster of political events that have consumed the UK over the past 10 years.

When I was first elected as a local Councillor in 2012, we were faced with the worst cuts to local government budgets. Local political leaders knew we had to do things differently in order to ensure the most vulnerable in our communities were not impacted by the worst of the cuts. That's where the concept of the Wigan Deal was born. The aim of the initiative was to enable the voluntary sector, guiding them to become social enterprises. It was hoped that these organisations become sustainable, whilst delivering services to the community that our public services could no longer afford to do. But it wasn't enough!

The 2019 General Election shone a light on Leigh. It is apparent that de-industrialisation has left a gaping wound where a lack of investment has failed to ignite the inclusive growth we desperately need. Coupled with cuts to public services and the future fallout from the pandemic, never before has there been a time where we need to do things differently.



JO PLATT
General Manager
Leigh Spinners Mill

For too long, towns like Leigh have been neglected! Power, resources and funding are tightly controlled by Whitehall and communities across the country have little say in, influence over, or even any knowledge of the decisions affecting their daily lives. Some



say that those areas have been “left behind” and too slow to respond to a rapidly changing country. I say they have been held back – held back by a system that gives them no voice and no choice.

The answer from this Government to my own area of Greater Manchester is to point to our city Mayor. On the face of it, it is exactly what was needed, where power, resources and funding are handed back down to local level. Unfortunately, however, the reality is far from the promise. Responsibility was gladly handed down, but the powers did not follow.

Nothing illustrates this more than the recent pandemic. The Government have consistently failed to entrust our regions with responsibility. The track and trace debacle, snubbed local expertise in favour of private tracing, opting to centralise and out-sourcing crucial provision to fight the pandemic to two private call centre operators. It was a dangerous dismissal of the expertise and knowledge that we already have at local level at a time when we needed it most.

Gone are the days when Westminster can dictate its “we know best” attitude. The one-size-fits-all policy approach no longer works. The constant lockdown of our smaller businesses back in 2020, with no financial incentive, was testament to that.

However, the pandemic did show us a different way. People got together, they checked on their neighbours, they created food kitchens and community supermarkets, and they ensured that the most vulnerable did not go without. They did this, not because a political party told them to, but because in times of difficulty, people co-operate and work together collectively to meet their shared needs.

Community- based co-operation doesn't wait for permission or funding. It just gets on with it. People will work together for the benefit of their community.

Throughout my political career the community has shown me how they can fight back and how we can improve our local economies in the face of diversity. Be it in Local Government, or in Parliament.

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This has always been at the heart of my politics.

As a Co-operative Party member for over ten years, the Co-operative movement is just as important to me as my Labour Party badge. Standing for a sustainable society, a culture of citizenship with responsible business and, driving forward the change we so desperately want to see.

2020 was a dark time for many, but it reaffirmed my commitment to work for the town I hold so dear. I now work for a charity based in the heart of Leigh, where that fight back is alive and kicking.

We have recently set up a co-operative to oversee development of our grade-II*- listed Leigh Spinners Mill. We aim to renovate the heritage, in order to create space and opportunity for businesses wanting to get

a foot on the ladder. The space we offer is affordable, with business rates low or non-existent.

There is already a culture of co-operative principles, with businesses, charities, and social enterprises all delivering a service that is key to our area. The very fact that we have coined the phrase “Millage” (Mill – Village) is testament to that.

The best part of this project is the shared values that the mill instils. It is a busy and vibrant site with an eclectic mix of activities taking place on a daily basis. We have over 30 tenants ranging from sports, a café, artists, a community cinema and other small commercial ventures.

The ethos of the mill is contagious. For example, there was a private members gym occupied by a group of friends who were serving police, fire and other public service officers. Their work place gyms had long gone with the cuts. What became apparent was the need for them to extend their gym, not just to a group of friends, but to their wider colleagues in order to tackle the growing mental health issues that consume those in demanding roles.

Another example is a marketing business that operates at the mill. The pandemic was a worrying time for them and other small businesses, but given the demand from other mill tenants, they have been busy developing web sites and other marketing literature in order to ensure that their neighbours remain relevant as lockdown took its toll. Community wealth building at its best!

This is nothing new. Community wealth building will be happening in towns, villages and cities across the country, unrecognised and not supported. It is this that our movement needs to embrace, to ensure that a bottom-up approach is enabled and sustained to grow. In effect, as we do in the Mill – give the space and opportunity to business and enterprise and watch it grow!

Fortunately, we also have a great local authority, Wigan Council, which

is also expanding their ambition, putting community wealth building at the heart of how it operates, including their supply chains, their workforce and their assets with the shared goal of creating an inclusive economy.

With many local businesses either leaving Leigh to set up and network in our thriving cities, the opportunity to work local and network collaboratively to ensure our local economy thrives, whilst tackling inequality, has never been stronger.

In the midst of the most turbulent political times in living memory, it is now that the communities we serve need the leadership, the stability and the investment to reunite the country.

I believe that the Labour and Co-operative Parties can develop that plan – a plan to give back power back to communities, to strengthen those powers with adequate resourcing and most importantly, to be unafraid to entrust our communities, our businesses, local authorities, Mayors and devolved assemblies with crucial decisions.

The people of our towns, villages and cities have pride and ownership of their communities. They know what they want and what they need to do. We must work together to embrace that.

Jo Platt is the former Labour & Co-operative MP for Leigh, a town in Greater Manchester and one of the ‘red wall’ seats that Labour lost in 2019 for the first time in almost a hundred years. Jo is one of the Commissioners on the Greater Manchester Co-operative Commission and heads up the community-led regeneration of Spinners Mill.

HOW CAN CO-OPERATIVE GROWTH EMBED RESILIENCE IN THE ECONOMY?



ROSE MARLEY
Co-operatives UK

Lessons from nature

Living on a ball of molten rock hurtling through space involves dealing with immense challenges and uncertainties. The chances of complex life evolving at all in these conditions seem incredibly small. Yet here we are.

As Chris Packham documents in his BBC series 'Animal Einsteins', co-operation is a critical component of survival in the animal kingdom. Everywhere we look in nature, including in human societies, we find evidence that co-operative behaviour has been a vital evolutionary adaption, allowing life to flourish in very difficult circumstances. Our human story, with its dramatic changes in climate and geography, from savannah to tundra, warm period to ice age, is largely one of resilience born of co-operation and mutual aid. When we've worked together for a common good, we've survived and thrived.

These co-operative behaviours are as essential today as they ever were. No aspect of our economy – not our markets, our businesses, our households, or our state – would be conceivable without them. Yet so many of the dominant institutions in our economy seem to subordinate our natural co-operative instincts to self-aggrandisement, egotism, domination and greed. And we are only just beginning to understand the consequences, in terms of human and planetary wellbeing and it doesn't look good for our future if we carry on the same trajectory.

Co-ops are different. Here people are consciously creating economic institutions that work with the grain of our natural co-operative instincts. Co-ops are fundamentally and unambiguously shared endeavours in pursuit of common goods. By design, they share power and wealth.

Given these lessons in nature, we might expect co-op growth to add resilience in our post-COVID economy. Given ballooning household and SME debt, an impending wave of job losses and business failures, shameful data on poverty and warnings we'll miss our emission reductions targets, resilience matters. And given the evidence that co-ops do indeed increase resilience, they matter as well.

Co-ops are very resilient

There is remarkably consistent evidence from the UK and around the world that co-ops tend to be more resilient than other businesses. In the UK, co-op start-ups are almost twice as likely to survive the first five years as new starts generally.¹ Resilience is also a quality seen in established co-ops. Most co-ops in the UK are more than 20 years old and 25% over 50 years old.² By comparison, the average age of a business in the UK is just 8.5 years.³ Research also finds that co-ops are more resilient and better at preserving decent livelihoods in downturns.^{4 5}

The latest survey data from the UK co-op sector, suggests that the model has performed very well against the challenges of COVID. Almost two thirds of co-ops are still optimistic about their future and are as ambitious as ever. Of the 67% of co-ops who had ambitions to scale their co-op before COVID, 73% still have the same ambitions now, while 15% are even more ambitious. Meanwhile the number of co-ops who are “seriously concerned” about their finances has only risen by just 1.3% in the past year (to 6.1%).

Why are co-ops resilient?

In our recent sector survey, the vast majority of responding organisations identified clear benefits of having been a co-op during the pandemic. This include having the support of committed members and being able to respond to the needs of customers and communities. The ability to draw on capital contributed by members or on reserves was also commonly identified.

Co-operative purpose, ownership and governance all dictate long termism. Co-ops exist to provide livelihoods and meet communal needs, not to generate returns for investors, and power inside co-ops is distributed accordingly. In an economic shock it's the members calling the shots, in their collective, long term interests. There are no shareholders demanding layoffs in order to protect short-term profitability and return on investment.

For decades co-ops have been choosy about financiers, while patiently building up and investing their reserves and making use of members' capital wherever possible. Recent research into community shares has added further credibility to the claim that the co-operative approach to financing enhances resilience, with 92% of co-ops that have

raised capital this way still trading.⁶ Co-ops have aimed for long term value creation, rather than jacking up on debt just to grow fast and max the quarterlies. The signs are that during the recent economic shock, this has paid off.

Distributive by design

Resilience was an underrated quality pre-pandemic, when fast moving disruption in pursuit of profit seem to produce ‘success’. COVID has shone a light on the inequalities in our society and prompted a reassessment of how we live, work and consume. The pandemic demonstrated how precarious the situation is for millions of households and businesses in the UK operating insecure jobs with no safety nets. Or how easily our supply of basic necessities can be disrupted. And, we were given a taste of how dramatically our lives will really need to change to avert environmental disaster.

What really matters is not just how resilient individual co-ops are, but how co-op growth can embed economic resilience on these most critical of terms: individual and household, community and place, supply

CO-OPERATIVE PURPOSE, OWNERSHIP AND GOVERNANCE ALL DICTATE LONG TERMISM. CO-OPS EXIST TO PROVIDE LIVELIHOODS AND MEET COMMUNAL NEEDS, NOT TO GENERATE RETURNS FOR INVESTORS, AND POWER INSIDE CO-OPS IS DISTRIBUTED ACCORDINGLY.

chain and industry, society and planet.

Co-ops are, in the words of Kate Raworth, 'distributive by design'.⁷ The model is the best we have for distributing wealth and power through day-to-day economic activity. This is absolutely critical for transitioning to an economy that engenders widespread wellbeing within safe planetary boundaries.⁸ In terms of economic resilience, nothing is more important.

Turning from planet to people, because co-ops tend to be very resilient, the jobs they support are as well. And it's not just any jobs, but decent, empowering, wellbeing-enhancing livelihoods, especially in co-ops where workers are members.^{9 10 11} When I think of Be Caring, the UK's largest care workers' co-op, Drive, a driver-owned taxi platform, or Essential Trading, a worker-controlled warehousing and logistics firm, I



see how a proliferation of co-ops could address scourges like working poverty and mental ill-health, which undermine the economic resilience of millions in the UK alone.

Worker ownership also strengthens local economies and supply chains. It roots operations, jobs, investment and decision-making in places, which is critical in an era of mobile and itinerate capital. The conversion of healthy businesses to worker ownership adds resilience by limiting the number of successions that fail, or fail to deliver for local economies and communities.¹² Evidence from Italy shows that with the right support, it is also possible to use co-operativisation to save jobs threatened by business failure. Encouragingly, researchers found "*out-standing*" survival rates for Italian worker co-ops created out of "*once troubled firms*".¹³ This is an area Co-operatives UK is actively exploring with local policymakers, including Labour and Co-operative Mayors in Sheffield City Region and Greater Manchester.

Co-ops come in all shapes and sizes. There is currently growth in multi-stakeholder co-ops that empower both the users and providers of a service. The multi-stakeholder model is an increasingly popular structure for platform co-ops. For example, Signalise is a revolutionary new app for Deaf people allowing interpreters, health staff and the Deaf community to all work together, putting these people first, not shareholders.

Co-operation between firms is also proven to enhance economic resilience. The strongest examples of this in the UK and worldwide are farmers' co-operatives,¹⁴ including Fair Trade co-ops in the global south.¹⁵ But it's not just farmers. In the UK, Open Food Network (OFN) is a co-op of farmers, growers, retailers, shoppers and buyers, who share a digital platform that facilitates food businesses and markets, such as online farmers' markets. The co-op helped thousands of businesses and consumers to adapt to the shock of COVID, with the weekly turnover of OFN shops increasing by more than 1200% from mid-January to mid-May 2020.¹⁶

Co-ops are also a powerful tool for communities to secure essential services and support economic life in response to market failures. We estimate that at least 3,500 UK co-ops are instrumental in this regard, including local consumer co-ops, credit unions and community businesses in rural areas and deprived neighbourhoods. It's telling that the most rural parts of the UK, the Outer Hebrides, Orkney Islands and Shetland Islands, have the highest ratio of co-ops to people.¹⁷

Our largest consumer co-ops, who've been embedded in their communities for more than a century, were at the heart of many mutual aid efforts during the pandemic. For example, Midcounties Co-op mobilised more than 1,000 volunteers and 100 community groups to make over 100,000 home deliveries to support vulnerable members. Meanwhile The Co-op Group, the most recognisable of retail co-ops, will come out of this pandemic paying front-line colleagues the Real Living Wage, while doubling the amount it gives to local communities.¹⁸

The potential for communities to use democratic ownership to safeguard things they care about is spectacularly borne out in the resistance to the European Super League. There's a surge in interest in fan-ownership and co-op models, such as FC United of Manchester. Since 2012 £155 million has been raised in community shares to save or revitalise over 400 local assets and businesses. This further demonstrates the enormous potential of co-operation to embed resilience in local economies.

So it's no surprise that co-ops are a critical component of community wealth building, which is in part about local resilience in the face of tight public spending, dysfunctional economics, environmental emergency and social crisis.

Conclusions

Co-ops enhance economic resilience because they are a vehicle for shared endeavour and the distribution of power and wealth. As such they harness a powerful evolutionary adaption that has been critical to


human survival for a million years and more.

Many of the weaknesses in our economy, especially in terms of social justice and environmental sustainability, exist because our dominant economic institutions subordinate this co-operative adaptation to more corrosive behaviours, like egotism and greed.

Yet in 2021 less than 1% of UK businesses are co-ops. Choosing a co-op model is not the 'go-to' way to do business. Most business advisors don't understand the model. It's not in our school curriculum, banks struggle to serve new co-ops effectively, the co-op option is not even listed on the GOV.UK 'start a business' page. This is all compounded by the fact that government-funded business support doesn't cater to co-ops in key areas like capital raising, strategy and organisational development.

Governments national and local can play an instrumental role in putting this right:

At a minimum, the co-op sector should benefit from spending on business support in proportion to its size, with at least 1% of funds nationally used in ways that cater to co-ops in key areas: raising finance, business strategy and organisational development. This would result in millions of pounds of new funding for co-op business support that currently goes elsewhere.

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- At least 1% of finance deployed by the British Business Bank, the Scottish National Investment Bank and the Development Bank of Wales, should be specifically structured to cater to new and existing co-ops. This would result in millions of pounds driving investment in co-ops that currently goes elsewhere.
 - The UK government should act on the 2019 recommendation of the Financial Conduct Authority and undertake a review of co-operative and community benefit society law, with a view to bringing forward reforming primary legislation for the first time since 1953. It should

also act on its 2018 commitments and address a host of non-legislative dysfunctions across government that disadvantage co-operative and community benefit societies.

If resilience is a policy priority, then creating fertile conditions for co-op growth really should be as well, if we are to follow the evidence, co-ops really do have the key components to rebuild our economy for a fair and equitable future for all.

Rose Marley is the Chief Executive of Co-ops UK, the network for Britain's thousands of co-operatives, working to promote, develop and unite member-owned businesses, having been a social entrepreneur for the past 20 years.



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HOW EMPLOYEE OWNERSHIP CAN SAVE JOBS

The theory of the Employee Ownership Association (EOA) and its insight partner Ownership at Work is that employee ownership succession saves jobs by rooting them in the communities they serve, more resiliently, for the longer term.

In good times: through giving employees a stake and a say these businesses share profits promoting a highly responsive, innovative, and motivated workforce which helps grow the business, protecting existing jobs and creating new ones.

In tough times: EO firms have shown they respond well to challenging external factors, often making shared sacrifices if required – typically with leaders showing the way – to protect jobs and stay afloat.

Therefore, the answer to how employee ownership can really make an impact to save jobs, and create new jobs, is:

- To grow more employee ownership by raising awareness, and grow the knowledge of those needed to support it.
- To diversify finding new ways and models to deliver an employee ownership stake that help to sustain businesses as part of the recovery and renewal of the UK economy.

Employee ownership delivers better outcomes for individuals, the business and the economy.

In 2018 an independent panel of 20 leading business organisations

recommend that the UK should support the growth of employee ownership. The panel concluded that “there was significant and valuable dividend to be obtained from creating greater amounts of employee ownership in our economy.”

Evidenced in the testimonies of more than 80 employee-owned businesses that employee owned businesses, through offering a meaningful stake and a say, was that employee ownership aligned the interests of owners, managers and workers, behind a shared goal and ensure that employees can:

- Enjoy higher engagement, motivation and wellbeing;
- top up their salaries by sharing in the capital value they create;
- and work within transparent governance regimes that lock in benefits for the long-term.

All these gains cement employees' sense of fairness and happiness at work and unlocks discretionary effort of individuals, working to a common goal and 'taking ownership' of issues and opportunities, impacting on productivity and efficiency and innovation. In addition, the independence of the business sees it plan based on long-term stewardship of value, which enables resilience.

It became known as the “Whoosh” effect by many. Aber Instruments,



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Employee Ownership
Association



a supplier of advanced systems for use in the brewing and biotech sectors, which transition to EO in 2008, had coined this phrase. At one point a struggling business, where the employee owners agreed to take a 10% pay cut during a difficult trading period, saw this action in the interest of the business pay off. It was followed by a two-year period in which revenues grew by 30%. Later when the original founders staff realised “they don’t have to just do what the founders’ mission was – they can run with it now ... when that happens, you get a ‘whoosh’ effect.” Employee ownership has become popular as succession solution for SMEs, and family businesses that have no natural succession. While the sector is still small, about 600-700 business, it is growing, more than 220 of those have been since the start of 2020.

The shared stories and good practice recently saw the EOA define the building blocks of good employee ownership as - good governance, good engagement and communications, and good leadership. Something businesses have said this builds a sense of trust in the business that helps it stand up to shocks.

Chris McDermott, Managing Director, Cambridge Weight Plan, felt this when dealing with the shock of the pandemic. “The trust in each other to do what was needed was paramount our recovery, like a scaffolding around our wounded business, helping us heal and get back to full fitness quicker than we could have ever hoped for”.

While Union Industries suffered its own shock. When a fire destroyed its new facility, the sense of ownership felt by its employee owners saw them arrive in their droves in the early hours of the morning when news broke on social media. The production line was up and running in the car park within hours. Despite this and the work to get the facility open again, with the pandemic breaking in the middle, not one order was missed and they have since reported their best trading year to date.

Growing more businesses that give employees a stake and a say

While employee and worker ownership is seeing increased growth, for regional economies to really benefit, this needs to happen a scale, not incrementally as it is currently doing so.

There are several that barriers that need more attention:

- A lack of access to finance both for transitions and growth – EOA members have reported a lack of consistency from banks, because the understanding of employee ownership and willingness to lend, depends on an not on clear policy. Access to finance is improving, but there is a way to go.
- A lack of awareness and knowledge from professional advisers – the offer of support to explore the worker co-op model as businesses are starting out or at early evolution or about employee ownership at the point of succession is not routinely offered and sometimes advised against. Worse still, some only advise to use EOTs for the tax benefits, missing out on the purpose and benefits of employee ownership.

- A general lack of awareness – while awareness is growing as the sector grows, this is mainly through the EOA and its members and stakeholders championing employee ownership, it is not routinely part of teachings about business at universities, or part of advice at business organisations.
- A lack of communicated cross-party government support and ambition. When you read Hansard there is cross-party support for employee ownership dating back to the seventies. However, there is a lack of consensus on the 'how' and this risks employee and worker ownership becoming a political football.

In 2018, two other things happened that inspired the EOA and Co-ops UK to ask government to trust in them to deliver the how. Firstly, the Main Street Employee Ownership Act, saw both sides of the aisle come together in the US to support the growth of employee ownership. Then, Scotland set a target for five-fold increase in the number of employee owners, with a government supported plan that supported businesses looking at succession to explore employee ownership and for advisers to increase their knowledge and support.

This inspired a plan to address the lack of support in English regions and the #1MillionOwners campaign was established. The Scottish five-fold increase ambition was echoed, but instead with a focus on the individual, to deliver one million employee and worker owners in the UK by 2030.

Shortly an English economic region will pioneer this approach to work collaboratively with the EOA and Co-ops UK, to address the barriers and create awareness, develop knowledge and support the capacity of the region to grow employee and worker ownership.

New ways and models to offer an ownership stake

Meanwhile, the work of Ownership at Work with Author Nigel Mason has seen them put forward a number of options of innovating new ways of growing employee owned businesses in both small and large organ-

isations, borrowing from great policy and share schemes that already exist in the paper Equity for All.

More recently as the UK moves into a period of adjustments where SMEs with start having to pay back bounce back loans, Ownership at Work teamed up with the FSB to explore a Debt for Equity solution. The Office for Budget Responsibility's worst case scenario estimates that £34 billion of BBLS and CBILS loans could default. The paper "A Shares for Debt Recovery Plan", outlines routes through which bounce back loans – 100% state underwritten facilities worth up to £50,000 launched at the start of last year's lockdown – could be converted into EOTs in order to ensure the survival of viable businesses and help close the UK's productivity gap.

The paper aims to minimise the effect of individual SMEs failing altogether, which would see government not just shouldering the cost of the original loan, but also lost tax revenues from businesses and employees, who might then require additional support through the benefits system.

Martin McTague, FSB National Vice Chair, Policy & Advocacy Chairman, said: "Many small businesses will be contemplating whether it is worth carrying on with their levels of debt, or if it is worth starting again."

While it is acknowledged that it is not suitable or desirable for all businesses, it was felt that it could be used alongside other measures. Martin continues: "Writing off the debt for small businesses in return for employee stakes in the business means that balance sheets instantly become healthier, jobs are maintained, and businesses get the boosts associated with employee ownership."

Nigel Mason, Ownership at Work fellow who authored the paper, said: "In times of adversity, we must look for opportunity. With great policies and share schemes already in place, it is about innovating to offer businesses the chance to be part of the UK's recovery rather than lose jobs

to pandemic debt.”

Conclusion

To truly make grow a more inclusive and resilient economy by growing employee and worker ownership, the need is for visible cross-party support and buy-in from politicians and policy makers, and increased investment.

It seems that many people are quietly supportive of the ‘what and the ‘why’ of employee ownership, what this article shows is that when it comes to the how, there are answers that are tried, tested, and planned for, or that have the potential to be innovated.

Deb Oxley is the Chief Executive of the Employee Ownership Association, representing organisations which are employee owned, or transitioning to employee ownership, across the UK.

LEARNING LESSONS FROM ITALY'S MARCORA LAW



**MARCO LOMUSCIO &
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Introduction

Worker-recovered enterprises – henceforth WREs – are business takeovers co-operatively managed by workers of former investor-owned firms in distress, whose crisis is most often due to conjunctural reasons or inheritance and succession issues. In these cases, either in presence of conflict-ing actions or through negotiated agreements, the company is transferred to the employees – all or part of it – and converted into a worker-owned and worker-managed enterprise.¹ Commonly in the form of worker buyouts, ESOPs or employee ownership trusts, WREs provide effective solutions to business crises and business transfer issues, by granting fair workplace conditions and prospects of economic and financial sustainability. WREs also play an important role in contributing to local-scale economic development since they mobilise endogenous resources within the specific territorial communities in which they operate.^{2 3 4} Well-known examples of WREs are Italian worker buyouts and Argentinian Empresas Recuperadas por sus Trabajadores.

WREs have existed in mature capitalist economies since the 1950s, as in the case of Italian worker co-operatives and worker buyouts. In response to the harsh consequences of WWII, inspired by socialist experiences – first and foremost, self-management in former Yugoslavia – and by regional co-operative traditions, workers drew on co-operatives to fulfil unmet social needs. Besides the establishment of de novo co-operative enterprises, workers found in the co-operative form a suitable organizational structure to manage business takeovers in firms threatened by poor management or inheritance issues. There, workers created democratic governance schemes

based on the one person/one vote rule, implementing equal profit-distribution practices and participatory workplace conditions.

More recently, the WRE phenomenon drew international attention and media coverage due to the 2001 Argentinian economic crisis. In the late 1990s, Argentina experienced a long economic downturn, culminated in the 2001 Argentina's financial default.⁵ Through collective engagement, community meetings and assemblies, dismissed workers and their families reacted to the ongoing crisis by taking over and restarting business activities. At least 13,500 workers forced open firms' gates and successfully restarted more than 300 economic activities as WREs, by achieving recoveries and conversions in absence of managers and owners, and by enduring labour conflicts and occupations.⁴ Similarly, the number of WREs exponentially grew in Western countries throughout the 2008-10 economic crisis, albeit in ways not as conflicting as those experienced in Argentina and, indeed, often with the support of public authorities. In Italy, 99 new WREs out of 329 arose from 2011 to 2020 – 66 of them from 2014 to 2020.⁶ In Britain, 227 out of 369 employee-owned firms had been established in a period that ranges from 2014 to June 2019, nearly 60% of the total number of registered employee-owned firms.⁷

The Marcora Law and its legislative framework

The first-ever recorded Italian WRE of the post-WWII era dates to 1952, a

glassmaking plant in Tuscany. However, before the late 1970s, the employment of worker co-operatives to solve business crises was marginal. With the late 1970s Italian manufacturing crisis getting worst and the related increasing socio-political tensions, the adoption of WRE solutions to business crisis began spreading all over the country. On the one hand, workers were attracted by employee ownership solutions since they could safeguard jobs and productive know-how, and leverage more democratic, open and human-centric economic organizations than traditional organizational forms. On the other, trade unions, political parties and institutional investors saw in WREs the possibility to mitigate the rising unemployment and social tensions, and to preserve national industrial assets in face of globalizing forces.


On the 27th of February 1985, the Italian parliament issued the law 49/1985, also known as Legge Marcora or Marcora Law, aiming at providing legal and financial support to WRE projects all over the country. The



law was named after the Christian Democrat industry minister Giovanni Marcora, who inspired the parliamentary debate on WREs.⁸ The law has granted workers committed to WREs projects both low-interest debt capital and/or direct financial participation to new co-operatives' share capital. The Marcora Law has allowed workers to invest their unemployment benefit and severance indemnity in recovering the firm in which they had been employed and converting it into a co-operative. The financial resources gathered by former employees could benefit from additional funds, supplied by institutional investors such as Cooperazione Finanza Impresa (CFI) and Foncooper – whose competencies have been assigned to regional subsidiary agencies from 2001 onwards – in a workers/state 1:3 ratio.

The Marcora Law has applied only to those firms that, by explicitly leveraging the concept of mutuality, have been converted into co-operatives and recorded in the General Registry of Co-operatives.¹ The Marcora Law was reformed in 2001 (law 57/2001), after an infringement procedure issued by the European Commission based on non-compliance with the State Aid Directive. According to prosecutors, the provisions the law granted to co-operatives were too distortive, “too excessive and prejudicial to market competition”.¹ The legal controversy caused CFI and Foncooper to stop funding new co-operatives from 1995 to 2000, and it was finally resolved with a correction of the contribution ratio to 1:1 – the ratio that regulates the maximum amount of resources invested by public agencies into each WRE project compared to resources brought by workers. Additionally, the reform modified the maximum lifetime of investments granted by CFI to WREs, whose duration cannot exceed 10 years nowadays.¹⁹

As properly emphasised by Vieta and co-authors in their 2017 report¹, the Italian legislative framework that rules WRE conversions is complexified by fragmentation and stratification of rules and by an intertwining of responsibilities that is not always clear. Apart from the Marcora Law, several other legislative measures apply to the establishment and funding of a new WRE. The Civil Code norms duties and functioning of co-operative firms and federations of co-operatives, their governance structures and tax rules. Bankruptcy and insolvency laws apply to former investor-owned enterprises and regulate firm assets' dispossession – unless workers obtain firms'



ownership before insolvency procedures, a rare event. The provision of unemployment benefits and their conversion into new co-operatives' share capital pertains to the social security domain and its laws. Additional financial support is assured via traditional credit lines, issued by economic development agencies and private credit banks at national, regional and even local levels – which are not always in compliance with the application of the principle of subsidiarity.

Italian WREs and worker buyouts

Besides its financial aspects, the Marcora Law provides a facilitated route to business restorations and takeovers through worker co-operatives. However, the path defined by the Marcora Law is not the only one accessible for transformation and takeover operations: historical evidence shows there are other options for worker-led business takeovers. On the one hand, it is not mandatory for worker co-operatives to take over a closed business by applying to the Marcora Law, its legal framework and funds. Workers can accomplish business takeovers even without any support from institutional investors and their resources, as successfully done by worker co-ops before the Marcora Law had been issued. On the other hand, worker-led business takeovers do not necessarily adopt a co-operative legal form, as in the case of limited and public liability companies. Indeed, in marginal cases, business takeovers can take conflicting paths due to occupations or other forms of non-negotiated intervention, at least in their transition-to-WRE phase. WREs that opt for negotiated, non-conflictual transition are known as worker buyouts.¹ In these cases, workers rely on resources and legal support offered by the Marcora Law to purchase or rent the assets of former investor-owned firms through the establishment of a new co-operative. In Italy, the application of the Marcora law is by far the most frequent and common solution adopted by workers in recovering and converting firms, and in statistical terms, these non-conflicting worker buyouts are clearly prevalent¹.

At the time Vieta and co-authors edited the EURICSE report, 202 out of 257 registered Italian WREs had been financed by CFI and Foncooper as negotiated workers buyouts – nearly 80% of the total WRE population.

These firms mainly located in historically co-operative regions, such as Tuscany, Emilia-Romagna and Veneto. In 2014, 131 out of 257 WREs were active firms and 69% of them concentrated in manufacturing sectors. These firms employed on average 36 employees, and their average lifespan was approximately 14 years.¹ As of 2021, the active WRE population is made up of 125 firms, 82 of which were already active in 2014. 66 new WREs arose between 2014 and 2020, but only 43 of them are currently active firms. For further details about territorial, demographic and organizational dimensions of Italian WREs, please check the EURICSE report [pdf].

The Marcora Law in numbers

The management of Marcora Law measures is mainly entrusted to CFI and regional agencies, which offer financial and counselling solutions to WREs in the form of worker buyouts. From 1986 to 2001, the Italian state provided 355 million euro to 796 co-operatives through its agencies, where 80 million euro directly managed by CFI and invested in 159 worker buyouts' share capital in support of 5,964 workers.¹⁰ As of December 2014, Vieta and co-authors estimated a direct involvement of CFI in 80% of Italian WREs on behalf of 12,700 workers: “as a second tier co-operative and financing institution, CFI is financially sound, enjoying 84 million euro of its own share capital, net assets of 98 million euro, total loans to co-operatives of 106 million euro, and current capital reserves of 15 million euro”.¹ In February 2021, the CEO of CFI stated that his agency has supported 329 worker buyouts from 1985 onwards; 99 of them, established between 2011 and 2020, have been granted a 35.2 million euro public investment.⁶

In a period that ranges from 2007 and 2015, CFI invested 84 million euro in Italian worker buyouts. A parliamentary-commission report issued in 2017 documented that this 84-million-euro investment generated over 576 million euro in tax revenues, 6.8 times the invested capital. Besides the measures implemented exclusively by CFI, the overall investments granted by the Marcora Law from 1985 amount to 240 million euro, 35 of them to be invested from 2021 onwards.⁸ Since its inception, the Marcora Law has granted financial resources that can be translated into an investment of

14,000 euro ca. per worker.¹⁰ This is striking evidence in favour of WREs and worker buyouts: in Italy, unemployment benefits on average require a 40,000 euro of public contribution per worker and even so they do not generate as high tax revenues as WREs do.¹

As a final note, we would like to point out that the richness of data on Italian worker buyouts is not adequately counterbalanced by the same amount and quality of data on Italian WREs as a whole. Indeed, CFI and other agencies data refer only to negotiated worker buyouts which were granted by their resources. However, Vieta and co-authors estimated that about twenty per cent of Italian WREs have not made use of resources and support of the Marcora Law¹, and risk remaining untraced.

Bullet Points

Italian WREs are:

- Democratic and co-operative organizations, which safeguard employment and grant fair workplace conditions
- Sustainable enterprises, whose economic and financial performances are comparable or even superior to traditional firms
- Viable solutions against business closures and unemployment throughout economic crises
- Collective and multi-stakeholder experiences that boost and support local-scale economic development
- Remunerative investments for public agencies, since they reduce expenditure in unemployment benefits while providing returns of investment in the form of tax revenues

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HARNESSING THE POWER OF COMMUNITY OWNERSHIP TO SAVE OUR HIGH STREETS



VIDHYA ALAKESON

Power to Change

Why this matters

Ownership matters. The public outrage, earlier this year, at plans for a European Super League was a powerful reminder of this. When owners are distant from the communities they operate in, this can have catastrophic impact. When local people have community ownership of places, spaces and institutions that are important to them it has a hugely powerful effect. They have a genuine say over the way in which they're run and can leverage this ownership to generate wider economic and social impact for their communities.

This is the case for our high streets too. They are spaces rich with the history of the local place; they act as important markers of civic pride and can drive or hinder wider social and economic regeneration. In recent decades, many of our country's most treasured high streets have suffered decline. Shuttered buildings are a commonplace and there is a growing homogeneity of big-chain retail stores, betting shops and fast-food outlets.

This decline has been further accelerated by the pandemic, as large and small 'non-essential' retailers have had to close their doors for extended periods since the pandemic hit.

Those with an existing online retail presence have been able to adapt most easily. One of the biggest winners during the pandemic is online retail giant Amazon, which has seen its stock price soar.

But none of this is new. For too long, this retail-dominated model of our high streets has been driven by property owners and landlords that have

never set foot on the high streets over which they have so much influence. This needs to change, if we are to build stable, sustainable high streets fit for the future. Successive governments haven't grasped the nettle boldly enough and acted to bring about the radical reform our town centres need.

Despite this, we're beginning to see, in pockets, the first shoots of a new civic high street, which adequately responds to the unique challenges of the twenty first century. In places like Plymouth and Dumfries,



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communities have taken control of their high streets. This hasn't been easy. It has required unrelenting energy and commitment and a willingness to take on vested interests.

Through this essay, I'll share their stories and draw out what this means for

our politics and policy. The high street represents a major arena on which, in the coming years, many of our most pressing social and political battles will be fought. Let's ensure we're fighting in the interests of our communities.

How did we get here?

Our land ownership and high streets' history is long and complicated, but it's worth considering some of the major structural shifts we've seen and how they've led to today's situation. One of the most important facts for us to keep in mind is that community ownership is not a new phenomenon.

For centuries, communal land was something that British citizens had access too. Large scale enclosure of land at the end of the 18th century saw much of this common land divided up and given to a handful of individuals. Guy Shrubsole, author of *Who Owns England?*, estimates that today half of England is owned by less than 1% of its population.

The history of the high street has followed a similar trajectory. Look back some 100 years, and you can find high streets which were civic spaces as much as commercial ones – with townhalls, meeting spaces, housing, and churches all part of the mix at the heart of a town. This began to change with the growth of consumer culture in 19th century and continued to accelerate during the first half of the 20th century.

This consumption- and retail-driven high street model (which helped increase wealth and living standards for many) began to suffer numerous setbacks after the Second World War - from the opening of the UK's first supermarkets in the 60s and the growth of out-of-town shopping centres in the 90s to the increasing ease and ubiquity of online shopping. In the noughties, researchers had begun to complain about Clone Town Britain. Arguably, this has become even more true in recent years, post-economic crash, as payday lenders and betting shops have moved into fill the void left by the closure of trusted household names like BHS, Woolworths and JJB Sports.

Today, there is deafening consensus across the political spectrum, and in different fields from local government to retail property owners, that the current model is dead. What there isn't consensus over, is what comes next.

The hurdles trailblazing places have faced along the way

Nudge Community Builders provide us a glimpse of what we'd like to see come next. Theirs is an inspiring story of a local community, bit by bit, transforming Union Street in Plymouth. The street was, back in the 70s, a bustling, busy destination for a night out. But since then it has seen decline, and rising property vacancy.

Hannah Sloggett and Wendy Hart, co-founders of Nudge, have over the past few years been working with residents to bring buildings back into use that the market initially wouldn't otherwise go near and breathing new life into their high street. Today, the challenge has flipped. Owing in part to their initial work to regenerate the area, there is now fierce competition for properties. This comes from potential owners that don't have the community roots and vision for the place that Nudge does.

- Through this process they have come up against several key challenges – including a lack of clarity on ownership. So often, they've asked: who owns the derelict buildings we are trying to bring into community ownership?
- Time and time again, they've struggled to get an answer. Often, the truth makes things no clearer, with complex multi-layered levels of ownership, which have often led to offshore trusts. This process is repeated for each space they want to take into community hands. Ownership is fragmented and remote as well as opaque.

This is one of the central challenges for the future of our high streets. Moving ownership into the hands of those who have the strongest interests to act in the long-term interests of the place- communities – will protect high streets for the long term.

Nudge have also struggled to move at the pace of private capital. When a building comes onto the market, it is deep pocketed investors that can

mobilise quickly to take a building into ownership. This is a complaint we hear regularly from community businesses. They have the ideas, drive and ambition for a high street that can benefit the wider community. What they don't have is ready access to capital.

Despite this, Nudge has persisted with its mission to transform Union Street. Today, they are responsible for a community-owned market, a café, and The Plot - an alternative shopping arcade in which local entrepreneurs can rent small spaces to develop their business ideas. They now have their sights set on re-imagining the Millennium Building, which over the years has existed as a dance hall, roller disco and much-loved nightclub. Two of these buildings were taken on during the pandemic, which hasn't deterred them in their ambition to transform the street. Nudge's activity across Union Street provides an important focal point which drives up footfall and spending at other businesses on the high street.

The Midsteeple Quarter is another inspiring example of a community-owned high street. The community started a community benefit company to begin buying up whole swathes of the Dumfries high street. They are bringing 8 underused High Street properties under community control and refurbishing these as a contemporary living, working, socialising, learning and enterprising quarter.

Both Midsteeple Quarter and Nudge have used crowdfunding and issued community share offers to give local people a say and stake in their high street projects. Hardwiring this community buy in is central to their success.

In Scotland, a more supportive legislative environment has also helped. There is a 'Community Right to Buy' which gives communities first refusal on land and buildings that would help support that community's sustainable development. We would like to see a similar policy introduced in England. The Scottish Land Fund also provides capital grants to local people to help them purchase and redevelop assets.

How policy change can help move these examples from the margins to the mainstream

I was delighted to see the Labour Party, earlier this year, announce its Commission on Rebuilding Our High Streets and that the Co-operative Party is represented in its ranks. I hope this marks the beginning of a substantial shift in thinking we haven't seen to date. Here, I lay out ideas the Shadow Chancellor and other commissioners might consider, borne from the experiences of community businesses across the country.

Community Improvement Districts

In so many cases, communities have taken control of spaces and places in spite of the system, not because of it. Some have been supported and enabled by local government or other property owners. But this benevolence doesn't exist everywhere. The odds are stacked against community ownership and control of town centres and high streets. So, we think we need a new institution at the neighbourhood level which gives power back to local people. In 2019, the Housing, Communities and Local Government Committee called for the establishment of Community Improvement Districts (CID). These would build on the existing Business Improvement District model but critically bring communities to the table to ensure that their views and solutions are part of shaping decision-making about high streets and town centres going forward. Since then, in Scotland, they have established the UK's first CID.

Labour and Co-operative-led councils in England should act now to provide energy and support to places wanting to pilot these new institutions. At the national level, the Labour Party should consider, through both the High Streets Commission and the Constitutional Commission, how these could be rolled out across the country. A key consideration will be how they complement existing forms of governance, such as parish councils and neighbourhood forums. A one-size-fits all model won't cut it. But we need national coverage to ensure community power is hardwired into our future high streets.

Local registers of ownership

The biggest owners of vacant units are real estate and property companies (one in four) and overseas investors (over one in five). Just one in ten vacant units are owned by the public sector or social sector. So, work needs to be done to address the opaque land ownership picture. The government, in 2016, committed to introducing a 'register of beneficial owners' for overseas legal entities that own land in the UK. Since then, work has been undertaken to assess the feasibility of such a scheme and draft legislation has been published. But we are yet to see action.

More recently, the government also proposed that there should be local public registers of ownership based on Land Registry data. But this data is too patchy. We need to put pressure on government to create these registers that it has committed to, as well as pressuring them to expand the scale and scope of data that are included in the registers.

A High Streets Buyout Fund

A greater level of ownership transparency would be especially helpful in the coming months. If, as predicted, vacancy rates increase further still, vulture capitalists will be on the hunt for depreciated property. They will have the capital to move quickly. We need a vehicle which can move at this same pace and has the necessary funding to compete on the open market - but with the ultimate aim being to get properties into community hands. This has been a missing part of the high streets puzzle for communities for some time. So, we are assessing the feasibility of a High Streets Buyout Fund which can do just this.

The Fund would work with a range of stakeholders, including retail property experts and community stakeholders, to develop terms of reference. These terms will guide the way in which the Fund will be used – such as the value, location and other characteristics of the property the fund purchases. More importantly, we envisage the fund working with local stakeholders to assess appetite for management or ownership of property in the near- to medium-term. Ownership is the ultimate aim, but for many groups medium and



long-term leases will be more appropriate, at least initially.

A one-time endowment would enable this investment fund to continue to purchase properties into the future. This is the sort of big, bold policy that a Labour government could help capitalise, which shows they're on the side of communities and local people, rather than footloose capital.

Conclusion

For decades, much of Britain's political conversation has seemed hopelessly stuck in an argument about the size of the state: you're either on the Left and want the government to intervene more and spend more; or you're on the Right, and want it to do less. The possibility that politics is also about empowering people and local institutions is largely ignored. However, events in recent years have opened up space for a political party to confidently occupy this space.

'Take Back Control' is one of the most recognisable political slogans of recent times. Whatever your views on the vote to leave the European Union, these three simple words captured people's imaginations. Across the country, in small towns and major cities, people feel a sense of powerlessness to affect change in their communities. They feel powerless to stop the decline of the places they call home, or the rapid gentrification of their neighbourhoods. A politics which puts communities in the lead can help push back against this feeling of powerlessness. Importantly, it can be electorally successful.

Our high streets are one of the places in which this rapid change is most visible. Putting communities at the heart of our high streets - in turn protecting and reimagining their histories, traditions and local character - provides a clear opportunity to demonstrate we've moved on from the old debates of left versus right. Now's the time to boldly put forward a politics of empowerment instead.

Vidhya Alakeson is the founding Chief Executive of Power to Change, an independent trust established in 2015 to support the growth of community businesses across the UK to strengthen communities and create better places – led from the bottom up.

CO-OPERATIVE LEADERSHIP AND LABOUR IN POWER: COMMUNITY WEALTH BUILDING APPROACHES FOR LOCAL GOVERNMENT



JOE CULLINANE
Leader of
North Ayrshire Council

The Covid pandemic exposed the fragility of our economic model. A system based on extraction rather than production has failed individuals, communities and the planet. It has left us exposed to the threat of a continuous cycle of social, economic, environmental and public health crisis'. If we don't heed this latest warning that the economy needs to fundamentally change; if we come out of the pandemic and try and reboot the extractive economic system as we did after the financial crash in 2008; then when will we ever make the break with neoliberalism and create an economy that works in the interests of the many.

The growing Community Wealth Building movement across the UK is borne out of the need for the sort of economic transformation that the aftermath of the pandemic demands. We know that central government will not deliver that transformation; we will get the rhetoric of a "Northern Powerhouse", "Levelling Up", "Build Back Better", a "Green Industrial Revolution" but none of it will address the pre-existing consequences of decades of neoliberal economics – low pay, insecure work and rising poverty. It won't expand democratic ownership of the economy nor will it tackle the obscene accumulation of wealth by the richest people in this country and across the world, an accumulation which has accelerated throughout the pandemic despite millions of our fellow citizens being placed on furlough, forced to live on reduced incomes and worrying whether they will have a job to go back to when the pandemic is over.

Community Wealth Building is local Leaders, such as its pioneer Matthew Brown in Preston, taking back control and saying we can do better than this. We may have faced a decade of cuts to Local Government through austerity and we may not have the powers that Local Government enjoys in other parts of the world because our political system is one of the most centralised in the world, but we don't have to accept this is how the economy is. The economy is a social construct and we can shape it in any way we want, starting with local economies and laying the seeds for the wider reconstruction of the economy by demonstrating the success of local initiatives to win broader political support for the ideas across the country.

As Joe Guinan and Martin O'Neill define it in their book 'The Case for Community Wealth Building', Community Wealth Building is about pursuing local economic development strategies that support collective ownership of the economy using a plethora of tools that are already available at a regional and municipal level such as procurement spend, the land and buildings the public sector own and our power as employers to offer economic opportunities to local residents that pay well, offer good terms and conditions and provide career progression pathways.

People across the Labour and Co-operative movement are increasingly aware of the success of the Preston Model, particularly after it helped the

Labour Party in Preston to buck the national trend at May's election and retain all 10 seats it was defending. Their progressive procurement policies have brought millions of pounds worth of work back into the local and regional economy, helping them to increase employment whilst their work on the real Living Wage has helped them ensure that more of the jobs that the repatriated procurement spend supports are well paid. And people will know about their ambitions to create new worker co-operatives and establish a mutually owned bank alongside comrades in the North West such as the Leader of Wirral Council, Jan Williamson. In North Ayrshire we are pursuing all of that in our ambitious, action-orientated Community Wealth Building strategy but it is the physical transformation of our communities that is starting to tell the early success story of Community Wealth Building in North Ayrshire.

One of the consequences of centrally imposed austerity on Local Govern-

ment has been everything being viewed through the lens of its monetary value, none more so than the land and buildings that Councils own. Not viewed through the economic and social value that those assets hold for communities, they have been viewed as assets that can be sold off, under the guise of 'property rationalisation strategies', to fill budget gaps. But once

a public asset is sold into private ownership, its public value is lost forever. That's why we have baked in a new approach to our land and buildings into our Community Wealth Building strategy and it provides an alternative for Council's to regenerate their communities from the bottom up.

The default position is no longer to sell off an asset but to explore alternative uses, either by ourselves or through transferring ownership to the community, that could put the asset into productive use, realising its economic and social value for the common good of our communities. Supported by an innovative Community Investment Fund, which we created in 2017 with £3million of funding and then devolved responsibility for backing the projects the fund finances down to our 'Locality Partnerships' which are made up of local elected members and local community representatives, we are seeing loads of community groups take ownership of land and buildings to deliver community-led regeneration projects. On the Isle of Cumbrae, we have a group taking ownership of the local Town Hall and with £3million of funding secured, including seed funding from our Community Investment Fund, plans to restore it into a functioning asset for the islands residents and visitors. In Saltcoats, a local karate club have taken ownership of a disused part of the town's Train Station and turned it into a training facility. In my own town, Kilwinning, a local group has installed an outdoor gym and new play equipment in the local public park and local

residents are flocking to the place in huge numbers to take advantage of the new facilities. Coming out of the pandemic, part of our Recovery Plan is

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a further £3million for the Community Investment Fund and a new £1million fund to support community groups with asset transfers of council owned facilities currently not in use.

We are using the land we own differently ourselves too, with a particular focus on using it as part of our plans to become a net-zero region by 2030. We have approved a tree planting programme that will see 108,000 trees planted over the next few years, with an associated training programme to provide opportunities for young people. We have also approved two council owned solar farms, which are going to be sited on former landfill sites, which will not only generate around two-thirds of the Council's energy needs but will provide a financial return of over £20million – money that will be reinvested in North Ayrshire not be extracted by the shareholders of multinational energy co-operations.

In fact, Community Wealth Building has reframed the way we value land

and buildings that much that we are not only halting the selloff of many council owned assets, but we are actively bringing privately owned vacant and derelict sites into Council ownership and using our massive council house investment programme, that will build 1575 new council houses, to convert some of these sites into new council housing for our residents.

In many ways, as Matthew Brown says, Community Wealth Building is a set of radical ideas, but it is also just common sense. It recognises the fundamental problems with the prevailing economic system and implements practical actions that address those problems. It is not a one-size fits all approach, it is flexible to the needs of an area but also the powers and resources that a Council may have at their disposal. It's a Labour and Co-operative agenda and with us out of power at Westminster, and at Holyrood, it's up to Labour and Co-operative Councillors across the country to take up these ideas, introduce them in your own area and help build the new economy from the ground up.

Joe Cullinane is the leader of North Ayrshire Council, who are undertaking a bold community wealth building strategy, developing transformative policies on housing, the environment, co-operative growth and workers' rights which point the way to a different, more collaborative, kind of local government.

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