

# **The future role of the third sector in social and economic regeneration: supporting evidence: mutuals and cooperatives**

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## FOREWORD BY ALUN MICHAEL MP

There are two separate strands of engagement through which the application of the Cooperative Ideal can make a significant contribution to the Government's agenda. The first is through cooperative or mutual enterprises – both in traditional form and in innovative enterprises which are proving relevant to the 'Information Age'. The second – which is sometimes overlooked within Government – is by refreshing public services through community engagement and innovation. Some Foundation Hospitals and other examples show that public service reform can benefit from such innovative approaches.

Cooperatives are based on the values of self-help, responsibility, democracy, equality, equity, and solidarity. This model can make a significant and growing contribution to the economy in the 21st Century.

A mutual or cooperative that is expressly established for the benefit of the community and does not distribute profits falls within the definition of a social enterprise and may sometimes be regarded as a voluntary organisation. This is an important distinction, because some commentators describe cooperatives as part of the 'social economy' and that can mask the important differences between the two principal types of mutuals – those for the benefit of members (usually financial) and those that exist for the benefit of a community. Those mutuals that distribute profits (dividends) to their members may do so on an equitable basis, but they are still a particular type of business rather than a part of the community or voluntary sector.

It is particularly gratifying that these distinctions are now clearly understood within the Treasury and the Office of the Third Sector – with the former reviewing the cooperative legislation that applies primarily to the business model. The cooperative and mutual element within the third sector has been focused on very distinctly in this review.

As a part of the wider third sector, as supporters of third sector organisations, or through the application of mutuality to public service delivery, cooperative principles have a key role to play in engaging local communities and supporting community development through their unique democratic structure.

Legislation passed in recent years, with the support of the sector and the help of the Treasury, has helped to modernise the cooperative business model in parallel with modernisation of company law. The Government is currently undertaking a review of the legislation governing the mutual sector.

This paper documents various case studies which demonstrates clearly how the cooperative model is working already and how it can play a growing role in the future. I hope that this paper can shed some light on this valuable and important work and encourage more individuals – inside and outside of Government - to consider this model as a way of operating.



Rt Hon, Alun Michael, MP

Cardiff South and Penarth



# INTRODUCTION

## THE FUTURE ROLE OF THE THIRD SECTOR IN SOCIAL AND ECONOMIC REGENERATION: SUPPORTING EVIDENCE: MUTUALS AND COOPERATIVES

**Cooperatives** 1.1 The International Cooperative Alliance (ICA) defines cooperatives as ‘an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise’.

1.2 Cooperatives are based on the values of self-help, responsibility, democracy, equality, equity, and solidarity. A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. In the tradition of their founders<sup>1</sup>, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others. Whether as businesses in their own right or as part of the wider third sector or as supporters of third sector organisations, they have a key role to play in engaging local communities and supporting community development through their unique democratic structure. They also provide an opportunity for innovative practice in public service delivery.

1.3 There are two ways in which the UK’s Cooperative traditions can make a contribution to the economy and to the delivery of public services:

- the first is through the work of ‘cooperatives’ – organisations which follow cooperative principles and are owned by their members, normally either those who work in the business or those who are its customers, or a mixture of these and other stakeholders;
- the second is through the application of ‘cooperative principles’ to new types of structures which not only deliver a business outcome but ‘empower’ stakeholder groups (residents, customers, clients, workers etc) through giving them a stake in the service or enterprise.

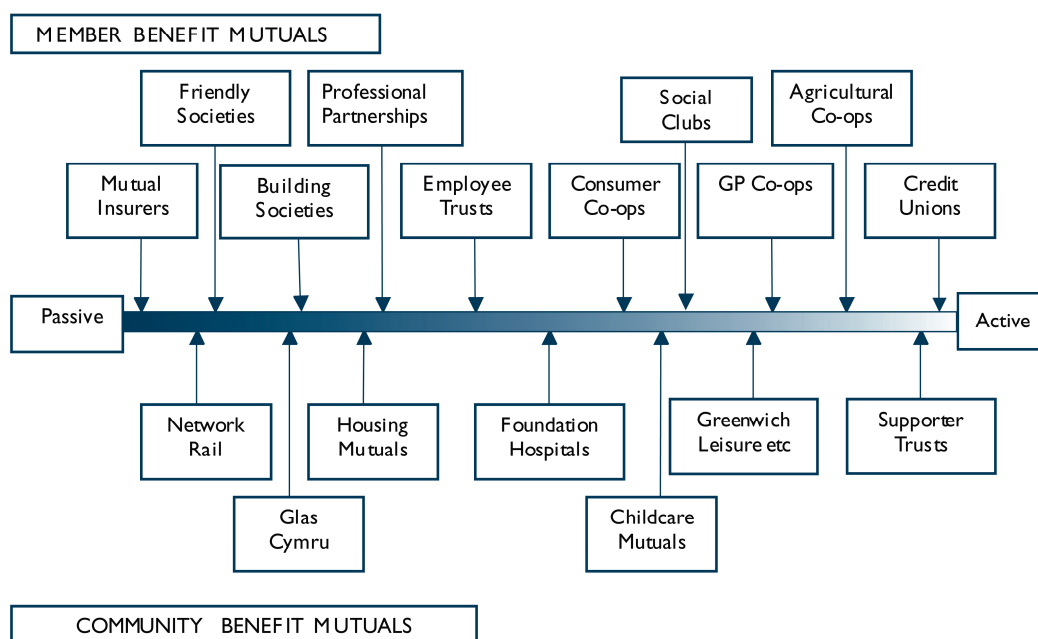
1.4 The range of mutuality in the UK is well illustrated in the table below<sup>2</sup>:

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<sup>1</sup> The Rochdale Society of Equitable Pioneers was a group of 28 weavers and others artisans in Rochdale. They opened their store on December 21, 1844 with a modest selection of butter, sugar, flour, oatmeal and a few candles. Ten years later the British Cooperative movement had grown to nearly 1000 cooperatives.

<sup>2</sup> In the Public Interest. Peter Hunt, Mutuo. October 2006

## The Spectrum of UK mutuality



**1.5** As voluntary organisations, cooperatives are often open to all persons able to use their services and willing to accept the responsibilities of membership. It is a principle of the Cooperative Movement that members should be able to actively participate in setting policies and making decisions. Those that serve as elected representatives are then accountable to the membership. Members also contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

### The cooperative ideal

**1.6** Many people involved in the cooperative movement consider cooperation to be a powerful principle (the 'Cooperative Ideal') which has application much more widely in the world - in the way international politics is pursued, and in support of international development in particular: helping local communities to develop a capacity to trade collectively may enable them to make the transition from a subsistence economy of dependence, to more viable and sustainable trading. Such a model has been encouraged by DFID, but also has relevance to community development within the UK.

**1.7** While the original UK model of cooperation (the Rochdale Pioneers) started a retail movement, they not only bought in bulk in order to sell cheaply to their members, but they also established key principles of the avoidance of exploitation – principles which the modern cooperative retail movement continues to reflect in support for community initiatives and a variety of campaigns on issues such as control of man-made chemicals, pollution and animal welfare. Nevertheless, the cooperative model of business is a significant part of the movement's contribution to the economy, and is seen as one which has continued relevance in the 21st century. The sector plays a significant role in enhancing financial inclusion, social cohesion, diversity and choice, both in the financial services sector and the wider economy.

**1.8** When agreements are entered into with other organisations, including government, it is important for a cooperative that this is done on terms that ensure democratic control by members and cooperative autonomy is maintained. Many cooperatives play a role in education and training for members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They also inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

**Legal form 1.9** In the UK the traditional corporate form taken by cooperatives is the 'bona fide cooperative' under the Industrial and Provident Societies Acts. Since the 1980s, however, cooperatives may also establish as other legal forms, including as companies (under the Companies Act), partnerships, unregistered unincorporated associations and even as limited liability partnerships. Legislation passed in recent years with the support of the Cooperative Movement and the Government – largely through Private Members' Bills brought forward by Cooperative MPs with Government support – has helped to modernise this business model in parallel with modernisation of company law. One example is the creation of a cooperative model for community benefit (a Bencom) which is parallel to the Community Interest Company.

**1.10** Members can usually receive limited compensation, if any, on capital subscribed as a condition of membership. Surpluses are allocated to develop the cooperative, benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the membership – especially community engagement. Cooperatives are often resentful of being described as 'not for profit' making the point that they have to be competitive to survive in environments such as the retail market. The difference with a company model is rather that primarily any profits are re-invested in the business or shared between the members or used for the benefit of members or the community rather than being distributed to shareholders. This can create some challenges for a cooperative business as it may be treated by the state as if it had a company structure. By its nature, it will not have the same financial flexibility for raising money.

**Profile of the sectors 1.11** As at December 2005, there were 8,132 Industrial & Provident Societies (IPS) registered with the Financial Services Authority, with around 19 million members and total assets of nearly £120 billion<sup>3</sup>. The most significant in terms of numbers and assets are consumer and worker cooperatives, cooperative consortiums, agricultural cooperatives and housing cooperatives. A breakdown of the significant IPS sectors is as follows:

<sup>3</sup> Review of the GB cooperative and credit union legislation: a consultation

	Number	Employees	Members	Turnover (estimated)
<b>Consumer Cooperatives</b>	34	111,205	8,256,000	£12.5 billion
<b>Worker Cooperatives</b>	373	2,067	2,072	£130 million
<b>Cooperative Consortiums</b>	247	402	178,500	£314 million
<b>Agricultural Cooperatives<sup>4</sup></b>	404	7,863	153,476	£4.4 billion
<b>Housing Cooperatives</b>	645	253	40,053	£98 million

**Mutuals** **1.12** Mutual societies are societies registered under the Building Societies, Friendly Societies and Industrial and Provident Societies Acts. Mutuals share certain defining characteristics: they are owned and/or controlled by their members and are not set up to make profits for external stakeholders or to primarily provide a return on capital; run democratically; set up to meet the mutual needs of their members and share any surplus with their members. There are many advantages in establishing mutual structures, such as the promotion of a citizenship culture and the encouragement of long term thinking in the community.

**Credit unions** **1.13** Credit unions are financial cooperative societies offering their members loans out of the pool of savings built up by the members themselves. Their members make decisions democratically in their collective interest through an elected board. Savings accounts, referred to as shares, are held only by members, no interest is payable and dividends are subject to a statutory limit, currently 8 per cent. Loans from credit unions may only be made to members and there is a ceiling on the amount of interest chargeable, currently 2 per cent per month.

## SUPPORTING THE SECTOR

**1.14** During the consultation phase of the third sector review, various views were expressed about the support needed by the sector. These included the views that if cooperatives are to continue to support local communities there needs to be greater recognition and awareness across all levels of government to the contribution they can make, with more encouragement given to groups that wish to organise themselves in this way. To do this, public funders should be clearer on the sources of finance and funding support that are available to both start up and develop cooperatives, where currently there is often confusion over the multiplicity of available funding streams.

**1.15** It is also important for any public body to understand the nature of the cooperative with which it is engaging. Consideration should be given, for example, as to whether a cooperative is a 'business' whose primary aims are successful trading, albeit for the benefit of 'members' rather than shareholders or investors. Or whether it is an organisation which has multiple stakeholders – for instance a leisure services cooperative which seeks to run a viable/profitable business while serving the interests of users, its employees, the local authority and the wider public interest. Finally, it may be an organisation for which the business side is merely a means to an end or which is run on a 'business-like' basis in a way that is closer to the operation of a charity or community association. Such an understanding can help to ensure that the best

<sup>4</sup> England and Scotland only. Does not include Wales or Northern Ireland

outcomes are achieved. All three are tried, tested and successful models but there is sometimes a reluctance to recognise this in the public sector, where the assumption can be that a cooperative is a more risky organisation with which to do business than, say, a company. In fact the reverse is often true.

**1.16** Many cooperatives often feel that, while they are hitting the ‘triple bottom line’, which is the aim of any community enterprise, they carry a variety of expectations and burdens which are not carried by their competitors operating simply as profit-making companies. It is a challenge for the public sector to ‘value’ and therefore to ‘place value on’ these factors and to quantify the ‘added value’ which often contributes to key Government aims. Quantifying such benefit is often a challenge in terms of procurement guidelines and accounting practice within the public service and is a topic that has come up time and time again during the consultation.

**1.17** Cooperatives also need support from government in the development of skills, especially those that help to identify and support community leaders, who are frequently crucial to the ongoing success of cooperative operations. Subsequently, once they have established themselves, cooperatives are often in the position of helping to develop the skills base of others within the communities they operate – particularly those that start off as volunteers.

**1.18** It is important to acknowledge that assets provide a key source to the ongoing sustainability for many cooperatives – offering opportunities to borrow money, develop business programmes and then providing a source of income. The Government needs to ensure that cooperatives continue to benefit from the transfer of assets to the community, recognising the significant contribution that can be made by cooperative models to wider policy outcomes, for example on employment and local regeneration.

**1.19** Finally, the potential contribution of the cooperative experience in governance is enormous if it can be developed fully in the context of public services. Foundation Hospitals can empower local people as well as those who work in the NHS to make a contribution and feel a share in the ownership of a valued and much-loved service. But there are concerns that the need to provide support and to nurture that public engagement – particularly through building capacity – has been underestimated by public policymakers.

**1.20** Work is now underway to make sure that both this experience and the financial arrangements necessary to release community capacity are fully understood. Similar understanding is necessary for the effective roll-out of other initiatives, for example in the fields of education (school governance), community medicine (nursing, out-of-hours doctor services) and other community development initiatives. Successful innovation through NHS Foundation Trusts, football supporters’ trusts, child care cooperatives, GP out-of-hours mutuals and local government leisure services mutuals show just how wide the range of benefit can be.

## Review of legislation

**1.21** Although the legislation governing the mutual and cooperative sector has, to date, provided a robust framework, increased expectations from members and global competitive pressures make it imperative that a legislative framework that can facilitate, support and encourage the expansion of the sector is in place. HM Treasury is currently undertaking a review of the legislation governing the mutual sector, particularly that relating to cooperatives and credit unions in Great Britain, in order to provide the sector with a cost-effective legislative framework which will enable it to compete more effectively in the modern economy and to continue to fulfil its valuable social role.

Details of the consultation can be found on the Treasury website<sup>5</sup>. The consultation closes in September 2007.

## CONCLUSIONS OF THE THIRD SECTOR REVIEW

**1.22** The final report of the third sector review, published in July 2007, concludes the work of the future role of the third sector in social and economic regeneration, setting out the results of the second stage of analysis and consultation, following the interim report in December 2006. The final report also sets out the areas where Government will build on its investments in the third sector to date.

**1.23** The Government has identified four major areas of common interest between itself and the sector: voice and campaigning; strong and active communities; social enterprise and public service delivery.

**1.24** The review also highlights three cross cutting themes where the Government wants to develop its partnership with the sector:

- working with a fuller range of organisations and supporting a wider range of activities by the sector, particularly community action and campaigning;
- a greater emphasis on investing in the long-term sustainability of the third sector's work; and
- a greater focus on local partnership working.

**1.25** These recommendations will have a positive impact on the mutual and cooperative sector. Other recommendations relevant to the cooperative and mutual sector include:

- the Office of the Third Sector will continue its strategic partners programme, which enables the Government to develop a more proactive joint approach to the needs and values of the sector, into the 2007 Comprehensive Spending Review (CSR) years. The programme was allocated over £14 million in 2007-08.
- the Department for Communities and Local Government will also develop a strategic partners programme for engaging third sector organisations, which provide a strategic voice and can support local action in the Department's policy areas.
- the Government will take forward the £30 million Community Assets Fund – announced in December 2006's interim report - to provide communities with the resources to develop community owned buildings, accessible to the whole community.
- the Office of the Third Sector and the Office of Government Commerce will continue to work over the 2007 CSR period with commissioners, pioneering the use of social clauses, and will draw together leading practice.
- the Government will invest in improving the evidence base on the third sector overall and this work will include building the evidence on the roles of the sector in public service transformation. As a first step Government will

<sup>5</sup> [http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/creditudions/consult\\_creditudions\\_index.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/creditudions/consult_creditudions_index.cfm)

commission a study into the potential role of third sector organisations in delivering employment services.

- the Government will invest in a new programme to build evidence across the third sector, backed by new investment from Government and the research community. Social enterprise will be one of the key workstreams of this programme.
- the Government will develop a third sector skills strategy and create a new body responsible for developing skills in the third sector. The Department for Innovation, Universities and Skills (DIUS) will draw up the strategy, in consultation with the Sector Skills Development Agency, the Office of the Third Sector, the Devolved Administrations and third sector workforce representatives, for implementation from the start of 2008-09.

**1.26** In addition, the interim report of the third sector review published in December 2006 also announced:

- a new £30 million Community Assets Fund to make it easier for communities and community groups to take on the management or ownership of assets. The fund will be administered by the Big Lottery Fund.

**1.27** A series of case-studies now follow. These are intended to be illustrative rather than a statement of what constitutes best practice and demonstrate some of the benefits that a cooperative approach can have.



## NHS Foundation Trusts (Foundation hospitals)

**2.1** NHS Foundation Trusts were set up as a new type of NHS organisation, established as independent, not for profit public benefit corporations with accountability to their local communities rather than central government control.

**2.2** NHS Foundation Trusts exist to provide and develop services for NHS patients according to NHS principles and standards and are subject to NHS systems of inspection. Transferring ownership and accountability from Whitehall to the local community means that NHS Foundation Trusts are able to tailor their services to best meet the needs of the local population and tackle health inequalities more effectively.

## HOMERTON UNIVERSITY HOSPITAL NHS FOUNDATION TRUST

**2.3** Homerton Hospital was set up as a Foundation Trust in 2004. Such Trusts have a significant amount of managerial and financial freedom. Their stated purpose is to devolve decision-making from a centralised NHS to local communities in an effort to be more responsive to their needs and wishes. Homerton's Board of Directors lead the day-to-day management of the Trust, delivering efficient and safe services for patients.

**2.4** The Council of Governors links the Board of Directors to the membership and wider community. There are currently 27 governors – elected on a rolling basis. Their role is to represent members and partner organisations; provide feedback to constituencies; provide their views to the Board of Directors, appoint chair and non-executive directors; approve appointment of chief executive; and receive the annual report and accounts. Members are people from the local community who have an interest in the hospital – currently 6000 registered. They receive regular newsletters; can vote in governor elections; participate in focus groups and attend lectures.

**2.5** Homerton is able to provide quality healthcare to the local population, and provide key specialist services in areas of local need because Homerton understands the issues well. It can also influence the wider commissioning environment, for example HIV services have been established at Homerton in response to very specific population need, supporting young women with HIV through pregnancy and childbirth in a seamless way.

**2.6** Governance arrangements have contributed most to the 'community aspect' - improving transparency and providing a mechanism to link local people with the hospital, so that they can feed into the forward planning of the services to be provided without focusing exclusively on finance and business activity. The structure also improves communication routes, for example, governors can help to explain how the primary care trust (PCT) initiatives, such as the stated desire to move services from secondary to primary and community care settings, will impact on the local community and what the changes might mean. Inclusion means patients feel more responsible and may be able to respond better to prevention and treatment – especially chronic disease management. But wider initiatives still fail to acknowledge, support, and reward this. Governors contribution to patient and public involvement has been really important. Their ability to comment directly on patient services where it matters and can have an impact, has been integral to many patient initiatives.

**2.7** Concern remains that, while the membership looks inclusive on the surface, recognition is needed that there are still groups of the local population who are poorly represented. This needs to be addressed, but is held back by funding and resourcing issues. Homerton's desire is to be rooted in the population it serves.

**2.8** Foundation Trust status has given Homerton more opportunity to get involved in the wider community regeneration debate, and legitimises it as a partner in the wider social/ institutional landscape.

## THE PRIMARY CARE FOUNDATION

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**2.9** The Primary Care Foundation is committed to developing and spreading best practice in unscheduled, emergency and primary care in the UK. The Foundation is working with Special Health Authorities (SHAs), providers and PCTs to support organisations in delivering high quality effective care, including through new mutual organisations. It offers to extend the democratisation of the NHS into Primary Care, giving patients, GPs and administrative staff membership of new bodies the delivery of out-of-hours services.

**2.10** The introduction of the General Medical Service (GMS) GP contract in 2004 meant the legal responsibility to maintain out-of-ours cover was transferred away from General Practices to primary care trusts. Some PCTs are able to deliver out-of-hours services through new structures based on GP cooperatives, and involving a wider range of stakeholders in the interests of the community.

**2.11** A key challenge for the provision of public services is to connect them with the people – the users, employees, patients and the wider community. Mutual ownership structures can help to deliver this. There are many advantages in establishing mutual structures, such as the promotion of a citizenship culture and the encouragement of long term thinking in the community. Mutual structures enable appropriate levels of involvement to be enjoyed by all stakeholders while giving public sector professionals the freedom to manage time and resources effectively.

**2.12** The Department of Health has been consulting with GP cooperatives and other leading mutual organisations as well as with Cobbetts' Solicitors, who are developing a new legal framework, to ensure that stakeholders are properly represented in the new mutual NHS structures.

### Community engagement and social enterprise through cooperative structures

**3.1** In 1999, the Football Task Force recommended a number of measures to enable supporters to become more involved in the running and future of their clubs.

**3.2** In response, the Government launched Supporters Direct, one of whose functions is to 'promote and support the concept of democratic supporter ownership and representation through mutual, not-for-profit structures'. The preferred structure, is the Community Benefit Society registered under the Industrial and Provident Societies Act 1965. There are now over 100 Supporters Trusts, 61 of which hold equity in their clubs. Of those 61, 12 hold more than half of the equity and thus describe their clubs as 'supporter owned'.

#### BRENTFORD FC COMMUNITY SPORTS TRUST

**3.3** The Supporters Trust for Brentford FC is the Brentford Football Community Society Ltd (known as "Bees United") and has in excess of 1600 members. Bees United owns a majority (60 per cent) shareholding in Brentford FC and aims to:

- strengthen bonds between the club and the local community;
- promote football as a focus for community involvement and engagement;
- provide and maintain facilities for professional football; and
- promote inclusive coaching schemes (such as schemes for Asian players, for young women, and for disabled players).

**3.4** Hounslow Borough Council contributed £0.5million of the £6 million that Bees United needed to raise to buy the majority shareholding. Bees United are clear that the Council's decision to contribute was directly attributable to the community ownership of Bees United and of the high priority they give to community involvement. For example, under Bees United's ownership the club:

- hosts the Brentford FC Community Sports Trust, a registered charity whose aim is to encourage community participation in sport, for the health and social welfare benefits that it brings to participants. The Trust has 50 qualified sports coaches working in the local community all year round and attracts over 30,000 young people every year into its programmes .
- hosts the Griffin Park Learning Zone, which uses sports as a way of improving literacy, numeracy and IT skills in 7-14 year olds. In 2005-6 over 300 children from 17 Hounslow schools participated in the programme at Griffin Park.

**3.5** The club has been at Griffin Park for over 100 years and now seeks to build a new stadium nearby. The new stadium, to be built on a brownfield site, is intended to act as a vibrant community hub as well as providing a 20,000-seat arena for football, rugby and potentially other sports. The plans for it include:

- an indoor sports centre, to be run by the local authority;

- a health centre accommodating GPs, dentists, physiotherapists etc;
- a social enterprise business centre;
- an education zone along the lines of the Griffin Park Learning Zone; and
- housing, hotel and leisure facilities that will provide an income for the club.

## Housing cooperatives

**4.1** Housing cooperatives are similar to housing associations, but are jointly owned and run by their tenants. This means that the tenants take responsibility for arranging repairs, making decisions about rent and who joins or leaves the cooperative. Like housing associations, they are also known as 'registered social landlords' (RSLs), which means they register with the government housing agency, the Housing Corporation.

**4.2** Housing cooperatives bring four main benefits to their members:

- **Financial:** as tenants are able to control their rents (within their cooperative's financial framework), control their service charges, control value for money (the balance between the quality and cost of a service), and rent arrears. Any surpluses made by the cooperative can be used by the cooperative to improve the cooperative's housing;
- **Quality of service:** tenants are able to control the quality of repair service by choosing the contractor who carries out repairs, as well as control the quality of management because managers are directly accountable to them;
- **Social:** housing cooperatives build communities where people know and assist each other; they can help reduce vandalism and anti social behaviour; and they often organise other services for members, such as child care and social activities;
- **Personal:** housing cooperatives give members the opportunity of using skills which might otherwise go to waste; they create opportunities for people to develop new skills which are useful in other walks of life; and reduce dependency and give people a stake in where they choose to live.

## THE COOPERATIVE DEVELOPMENT SOCIETY (CDS COOPERATIVES)

**4.3** CDS Cooperatives is the largest cooperative housing service agency in London and the South of England dedicated to promoting, developing, and servicing housing cooperatives controlled by the people who live in them. It provides a comprehensive range of services for tenants, leaseholders and client cooperatives' members as well as the support cooperatives need to control their homes. This includes services such as: housing development and project administration; rent accounting and arrears control; financial planning and financial management, including the preparation of budgets, management accounts, annual accounts and business plans and general housing and property management.

**4.4** By comparison to mainstream rental and owner occupied housing, the cooperative housing sector in the UK is relatively small. In the housing association sector there are less than ten thousand cooperatively owned and managed homes compared to the 1.58 million managed by traditional housing associations. In the council housing sector, cooperative management by tenants has grown in recent years. Since the introduction of a statutory Right to Manage in 1994, 170,000 council tenants have formed tenant management organisations to manage their homes, the majority of which are cooperatives.

Moat Farm Coop won the top innovation award from CDS Cooperatives for a combined project in the environmental and neighbourhood community development categories for environmental improvements and for the establishment of a community gardening club. Members see the environmental improvements to their 36 home estate as a local contribution towards counteracting the planet's environmental problems. Environmental improvements were also complemented by the creation of a community gardening club open to both cooperative members and others living in the neighbourhood. The gardening club also helped a local school with design and technical advice for the building of a communal school garden.

[www.cds.coop](http://www.cds.coop)

**4.5** CDS Cooperatives is also pioneering the development of community land trusts and mutual home ownership, an innovative form of intermediate market tenure that is designed to be affordable in perpetuity. Subject to ministerial approval, English Partnerships has approved the provision of a site for a pilot project on the former Cashes Green Hospital site in Stroud, Gloucestershire.

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**PLAYTOTS CHILDCARE LTD**

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**5.1** Playtots Childcare Ltd began in January 1999. The service was set up as a worker cooperative and company limited by guarantee, by two childcare workers who realised that the local provision was far from satisfactory and had long waiting lists.

**5.2** Playtots is a nursery and pre school that also provides breakfast, after school and holiday club services. There are currently 17 members of staff and 58 children's places, which will soon extend to 70. Cost for the services is varied, starting from £2 per hour.

**5.3** Initially the service was given guidance and financial support from the Pre School Learning Alliance, the Local Authority and the Local Prison Charity Fund. After contacting Co-Active, the regional cooperative development body in their area, a successful bid was made for neighbourhood nursery funding. Support continued and more recently the service has received financial support for more staff training through Business Link. Problems were encountered along the way, but the founders overcame these by inviting organisations and individuals to become personally involved. They did this through encouragement to visit the service at various stages, explaining how far they had come and what help they now needed to meet their goals.

**5.4** Playtots Childcare Ltd has extended from its original 26 places for care in term time to its current size in only five years. In addition, its family support services include antenatal classes, childminder training, courses run by health visitors, drop-in sessions with a school nurse and an inclusion drop in is about to start to support children and families with special needs. Jobcentre Plus hold a session every two weeks. The centre has formed partnerships with organisations such as Social Services and the Childminders Association and this supports them in their bid for Children's Centre status.



# 6

## FINANCIAL SERVICES

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### HOPE CREDIT UNION

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**6.1** Credit unions are financial cooperatives run and controlled by their members. All members have equal rights – one member equals one vote- irrespective of the size of their investment or savings.

**6.2** HOPE Credit Union is fully owned and controlled by its members. Membership consists of all those with open accounts. HOPE's policies governing interest rates and other matters are set by the volunteer Board of Directors elected by and from the membership itself, and only a member of HOPE may deposit money within it, or borrow money from it.

**6.3** HOPE Credit Union is a member of UK Credit Unions Ltd (UKCU), a cooperative based national trade association for authorised and registered credit unions, credit union steering groups, savings groups, mutual aid societies and credit union support organisations. In April 2004 UKCU was launched with a remit to offer its services to any credit union in the whole of the UK. Each member credit union of UKCU holds one share. There are 12 Directors that make up the committee, all the Directors are volunteers and are not paid. The current Directors are from credit unions based around the UK, their credit unions range from small church based community credit unions to large employee based credit unions.

**6.4** HOPE is well placed to support the local community through its commitment to helping members improve their financial health. It typically pays a higher dividend rate on deposits, and charges lower interest on loans than most banks. Any revenues (from loans and investments) do, however, need to exceed operating expenses and dividends in order to maintain capital and solvency.



# 7

## COMMUNITY COHESION

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### TAMAR VIEW COMMUNITY CENTRE

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**7.1** Tamar View Community Complex Ltd was formed after the Ministry of Defence vacated and disposed of its surplus stock of married quarters on the Barne Barton Estate in October 1999.

**7.2** A small group of local residents came together with a view to put together a plan to purchase the complex and retain the facilities for the local community. This group went on to become the founding trustees of the charity, with the aim of providing quality family services for the local community while at the same time remaining a viable enterprise. The centre received start-up funding support from the South West Regional Development Agency (SWERDA).

**7.3** The centre now owns three large building on the estate and manages another in order to provide facilities for the community. It has established links with Plymouth City Council, Southwest Regional Development Agency, the primary care trust, Devon & Cornwall Constabulary, local schools, Plymouth Local Strategic Partnership, the Neighbourhood Renewal Team, and the Devon and Cornwall Housing Association.

**7.4** The centre generates sufficient funds to meet all its revenue costs and also re-invests in the community.



### WOLSELEY TRUST BUSINESS PARK

**8.1** Wolseley Community Economic Development Trust (Wolseley Trust) manages two business Parks and community facilities in the inner city area of Plymouth with a value in excess of £12 million. The two sites are provided under very supportive long term lease arrangements with Plymouth City Council and in return the Trust delivers significant economic, health improvement and community development outcomes. The Trust was developed originally to provide opportunities, support and a good location for local businesses to develop in a supportive environment in order to benefit people from the former local Plymouth Wards of Ham, (includes the North Prospect area), Stoke, Keyham (now part of the new Devonport ward) and Trelawney (now also part of the new Ham ward).

**8.2** The Trust itself is run as a democratic and community led organisation. The Management Board consists of nine members nominated and elected from the community, three Plymouth City Councillors and three representatives from the business community.

**8.3** The first Business Park in Wolseley Road opened in 1997 with 25 units and community facilities in an area of Plymouth in need of regeneration- a formerly derelict site was brought back into effective use. Since then, over 260 jobs have been supported from that formerly derelict site which was purchased by Plymouth City Council from Devon County Council, using Section 106 planning gain monies and a variety of external funding including Plymouth Task Force, the European Union (European Regional Development Fund) and the Single Regeneration Budget Fund.

**8.4** In 1999, Wolseley Trust was invited to develop a second site nearby- a former derelict hospital site now renamed the Scott Business Park. The Scott Business Park eventually opened for business in July 2003 and hosts a further 35 light industrial and office units which significantly increases both the local business and job creation impact and the revenue generating activities of Wolseley Trust. The site quickly became fully occupied and over 1200 jobs are supported from the Scott Business Park.

**8.5** The successful small and medium private businesses on site mean job creation for those living in the wards which form Wolseley Trust's catchment area, and preference is always shown to businesses demonstrating a commitment to local employment opportunities. The Trust also works with partners to try and make the links between businesses and local people looking for work.

**8.6** In January 2007 Wolseley Trust celebrated 10 years of successful trading, and currently has a turnover of over £1 million from which a net operating surplus of over £189,000 a year has been generated. From that net trading surplus the Trust has been able to directly provide up to £150,000 a year for the last three years for local community infrastructure support- operating the Jan Cutting Healthy Living Centre, for example, and commissioning services to help improve the health and welfare of local residents. The Trust also supports four other community businesses, including businesses that provide affordable and quality community catering and community nursery services.

**8.7** Wolseley Trust also aims to provide tangible benefits to the local community by using its trading surplus to support local community organisations and individuals, as

well as through the encouragement of community businesses. This project represents the biggest community driven scheme undertaken so far by Plymouth City Council and its partners and is the biggest in the South West of England.

**8.8** The Trust still works in close partnership with the Local Authority, and is able to assist other economic and community development both in Plymouth- for example helping to set up a local Community Land Trust and manage their assets whilst transferring the skills needed- and also farther afield through the Development Trust Association.

**8.9** Run as a democratic and community led organisation, the Trust is a significant social enterprise which has a nationally recognised successful track record for partnership working. It has also provided local people with the support and training they need in order to manage this significant community business.

## COMMUNITY BROADBAND NETWORK

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**9.1** The Community Broadband Network (CBN) was launched in 2004 and is developing a comprehensive set of services to benefit local broadband projects - Community Access Networks (CANs).

**9.2** The growth in low cost, high speed community operated wireless broadband networks across the UK is helping to revolutionise public communications, supporting economic development and bridging the digital divide. BT is now rolling out first generation ADSL broadband access to most of the country.

**9.3** There is also a case for a cooperative approach to providing comprehensive broadband services in an area in a way that engages local people in the use and application of the facility – expanding business use, promoting the attractions of the area to business and also helping to overcome digital exclusion – and a good example is the scheme led by Manchester City Council with the support of Co-operatives UK and a range of other partners and the encouragement of Government.

**9.4** However, many black-spots remain where basic services are still unavailable, as well as higher bandwidths. The Government is exploring the challenge of creating broader engagement in the development of new services and applications of ICT, and how to engage those who currently do not use the Internet. To achieve this, broadband access (both wired and wireless) has to be made as pervasive, accessible and cheap as possible. CBN offers one route towards technology development and community engagement.

**9.5** People involved in creating community-based networks have generated a wealth of knowledge in community ICT - community engagement, and issues around fundraising, can help support efforts towards greater digital inclusion. There are currently over 250 local projects at various stages of development, involving social entrepreneurs, small wireless internet service providers (ISPs), public sector innovators and others. Examples include:

- a network working on new applications for creative industries and community groups in South East London;
- community media in Cumbria;
- local TV in Newham;
- developing long-range ICT strategies in East Devon;
- organising the provision of high bandwidth services in rural Yorkshire.



# A

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# B

## THE THIRD SECTOR ADVISORY PANEL

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Chris Bain - Infrastructure National Partnerships  
Fran Beckett - Church Urban Fund  
Jonathan Bland - Social Enterprise Coalition  
Stephen Bubb - Association of Chief Executives of Voluntary Organisations  
Jeremy Crook - Black Training and Enterprise Group  
Kevin Curley - National Association for Voluntary and Community Action  
Stuart Etherington - National Council for Voluntary Organisations  
Anjelica Finnegan - v20 member  
Tom Flood - British Trust for Conservation Volunteers  
Olga Heaven – Hibiscus  
Dame Elisabeth Hoodless - Community Service Volunteers  
Bharat Mehta - City Parochial Foundation  
Baroness Jill Pitkeathly - Futurebuilders Advisory Panel  
Collette Marshall – Save the Children  
Dr Mohammed Raza - Muslim College  
Sir Jonathan Sacks - Chief Rabbi  
Joe Saxton - Institute of Fundraising  
Stephen Sears - ECT Group  
Dr John Sentamu - Archbishop of York  
Christopher Spence - Volunteering England  
Clare Tickell - National Children’s Homes  
Steve Wyler - Development Trusts Association





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