



**DEVELOPING  
CO-OPERATIVE AND  
SOCIAL ENTERPRISES  
IN BARNET**

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**BARNET CO-OPERATIVE PARTY**

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## **MAIN RECOMMENDATIONS**

### **Urban Regeneration and Employment:**

- **The Council should appoint a Co-operative Development Officer.**
- **The Council should examine setting up a Barnet Co-operative Development Agency.**
- **The Council should consider setting up a Barnet Community Re-investment Trust in partnership with the private sector.**

### **Finance Initiatives:**

- **The Council should continue to support community-based Credit Unions.**
- **The Council should consider helping to set up a Leaseholder's Credit Union for the Council's leaseholders. These would mainly be former tenants who have exercised the Right to Buy.**

### **Housing:**

- **The Council should continue to develop its Tenant Participation Programme and should pro-actively encourage the setting up of Tenant Management Co-operatives.**
- **The Council should encourage primary housing co-operatives to develop Affordable Housing for Key Workers in the Borough.**
- **The Council should assist leaseholders who wish to establish Right to Manage companies or Commonhold Associations under the new Commonhold and Leasehold Reform Bill.**

### **Social Care:**

- **The Council should encourage the setting up of Care Co-ops to provide domiciliary and residential care.**
- **The Council should encourage the development of childcare co-ops, breakfast clubs, food co-ops/box schemes and LETS.**

### **Internet and Communications Technologies**

- **The Council should consider using the facilities offered by Poptel and the Phone Co-op.**

### **Externalisation of council services:**

- **Where the Council decides to externalise any of its services a co-operative option should be considered first.**

### **Social Enterprise in London:**

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## 1 Introduction.

When most people think of the Co-op, they think of a corner shop or possibly the Co-operative Bank with its emphasis on ethical trading. But the Co-op is part of a world-wide movement committed to the principles of self help, social responsibility and member democracy. Recent years have seen the decline in the retail movement in Barnet. There were many more shops than there are now. That trend is likely to be reversed but not substantially. At present, the main co-operative activities in the Borough are:

- Consumer Co-operatives. Two Co-operative Group food super-markets, two funeral homes and one shoe retailer (Shoefayre).
- Credit Unions There are three Credit Unions of which two are Community based and one which is Employee-based (Barnet Staff).
- Housing Co-operatives There are two Housing Co-ops: - the Tally Ho Housing Co-op and Co-operative Home Services.
- Worker or Employee Owned Co-operatives supermarkets The largest of these in Barnet is the John Lewis Partnership with its Waitrose Food subsidiary. It is likely that there are other Worker or Employee Owned Co-ops in the Borough but there is no data available on them.

### (1.2) New Co-operative opportunities.

The purpose of this paper is to look beyond the retail sector and to examine other areas where new co-operative initiatives could be beneficial.

They are:

- Urban Regeneration and Employment appointment of a co-operative development officer.  
Barnet co-operative development agency.
- Finance Initiatives: community-based credit unions  
credit union for the council leaseholders  
community re- investment trust  
local exchange trading systems (LETS)  
and other community finance initiatives.
- Housing; tenant management co-operatives, fully mutual housing co-ops ,right-to-manage companies and commonhold associations.
- Social Care: domiciliary and residential care, mothers and babies creches, breakfast clubs and food co-ops.
- Internet and Communication Technologies Poptel and Phone Co-op.
- Externalisation of Public Services co-ops to be given priority

## **1 Introduction (continued)**

### (1.3) Where does the Council fit in?

Co-ops are about self help, self reliance and independence. By definition, they are member-based democratically controlled organisations. To be sustainable, they must provide their members with an economic benefit or fulfil a genuine social need. As grass roots organisations, they can only be created from the bottom up. No government whether national or local can create co-ops. Only the individual members can do that. But the Government can help by ensuring that the legislative and regulatory framework in which co-ops operate is supportive not restrictive. At local level, the Council can act as a facilitator and also provide short term grants or loans. The Council can help to bring like-minded people together and through its information system ensure that people are made aware of the potential opportunities for mutual co-operation. As far as grants are concerned, these should be confined to covering the cost of start up: i.e. to pay for advertising, hall hire, office equipment, stationery and postage. Co-ops should aim to be economically self-supporting as soon as possible. Once established, financial support should take the form of loans not grants. Councils should be prepared to use the services provided by co-ops but only where they comply with Best Value standards. These caveats apart, there are many opportunities for Barnet Council to help in the development of the social economy in the Borough. These are outlined below.

## **2 Urban regeneration and employment.**

(2.1) In our view, the Council should appoint a Co-operative Development Officer within the Economic Development Department with the task of developing community enterprises and the social economy in general. Several local authorities have also established CDAs (Co-operative Development Agencies) for this purpose. These agencies also act as a channel for community re-investment funds and as a mechanism for creating local multi-stakeholder partnerships. We recommend that the Council considers the establishment of a Barnet Co-operative Development Agency. As Barnet has a very large number of small businesses, this sector is very important as far as employment is concerned. It is likely that small businesses will be the main generators of new jobs in the future. Whilst most of the growth is likely to be in the private sector, we believe that it is also important for the Council to stimulate community-based employment initiatives including assisting employee-owned firms to get started. As well as providing much-needed employment, these organisations can assist in capacity-building in socially excluded areas and make a positive contribution to the renewal of the social fabric.

### **Recommendation.**

- **Council should appoint a Co-operative Development Officer.**
- **Council should consider the setting up of a Barnet Co-operative Development Agency.**

### **3 Finance Initiatives.**

#### (3.1) Community-based credit unions.

We congratulate the Council on its success in promoting credit unions. Credit unions are mutual financial co-operatives owned and run for the benefit of their members. They are very important for combating social exclusion. However we believe that if credit unions are to grow, they need to be put on a firmer financial foundation. To this end, we support the proposal for the setting up of a Central Services Organisation contained in the Treasury paper (PAT 14) Access to Financial Services. A CSO which was jointly owned by the entire credit union movement could enable credit unions to pool their liquidity in order to get a better return than at present. It could provide support for development, training and business planning. We urge the Council to support the establishment of a Central Services Organisation. Locally, we believe that the Council should continue to encourage the development of credit unions in the Borough.

#### (3.2) Council Leaseholders Credit Union.

Many people who exercised the Right to Buy their council flats are of modest means. A Leaseholder Credit Union would help people to save on a regular basis to cover services charges and major repair bills. These could be regarded as personal 'sinking funds'.

(3.3) The Council could also consider helping to set up a Barnet Community Re-investment Trust. Community Re-investment Trusts are not a new idea. One of the best known Trusts is the Aston Re-investment Trust in Birmingham. Here funds from the private sector have been successfully invested in community enterprises. Another is ICOF (Industrial Common Ownership Fund). The funds for ICOF are supplied by private individuals. LETS (Local Economic Trading Systems) schemes are also worth looking at. These are essentially barter systems which use a form of local currency. People exchange skills or time. i.e. I paint your kitchen and, in exchange, you baby-sit for me. In some areas, these schemes have hundreds of members.

#### **Recommendations.**

- **The Council should continue to support community-based Credit Unions.**
- **The Council should encourage the setting up of a Council Leaseholders' Credit Union.**
- **The Council should facilitate the creation of Lets and other local community based financial initiatives.**
- **The Council should consider the creation of a Barnet Community Re-investment Trust.**

## 4 Housing.

(4.1) We would like to congratulate the Council on its successful introduction of the Tenants Compact and its publication of the 'Residents in Partnership' report. This is a major step forward in enabling tenants to have a meaningful say in the running of the Council's housing stock. In our view, this could also be the first step towards truly co-operative housing management. Where residents feel that they would like to run their own estates, they should be encouraged to do so. Depending on the capacity of the residents concerned, there is a whole series of options which could be considered. These range from tenant management organisations through to fully mutual par-value co-operatives where the tenants collectively own the buildings and the land on which they stand. Realistically, the latter option is some way off. However, if in the future the Council decided to undertake the Large Scale Voluntary Transfer of its stock, then the tenants should be given the option to transfer to co-operative ownership rather than to undemocratic RSLs like housing associations. As we understand it, the Council's present policy is to oppose LSVTs.

(4.2) In our view, the Council should pro-actively encourage the establishment of tenant management co-operatives. This has been done successfully in neighbouring boroughs like Camden.

(4.3) The Council should also consider entering into partnerships with primary housing co-operatives who may wish to develop Affordable Housing for Key Workers in the Borough.

(4.4) The Commonhold and Leasehold Reform Bill currently before Parliament also presents opportunities for co-operative development. In our view, the Council should help leaseholders to form Right to Manage companies where the residents wish to pursue collective enfranchisement. The Council should also promote the establishment of Commonhold Associations where appropriate. This would be particularly appropriate for blocks of flats where all the residents are Council leaseholders.

### Recommendations

- **The Council should continue to develop its Tenant Participation Programme.**
- **The Council should assist in the establishment of Tenant Management Co-operatives by providing training for tenants.**
- **The Council should encourage primary housing co-operatives to develop Affordable Housing for Key Workers in the Borough.**
- **The Council should assist leaseholders who wish to establish Right to Manage companies or Commonhold Associations.**

## **5 Social Care.**

### (5.1) Care Co-ops.

Care co-ops exist in many parts of the country including London. Generally, these are worker co-ops providing domiciliary care. Some of the larger ones are now moving into residential care. Because of the effect of the VAT regulations, most of the care workers are self employed and use the co-op as a diary service. Many work part-time. This is particularly important for people like carers who are not able to work full-time because of their other responsibilities. The co-ops also provide younger people with an introduction to the world of work and as a way for women to re-enter the labour market. They are often, in effect, intermediate labour market schemes. As far as their clients are concerned, they are able to offer greater flexibility and personal service. One of the common complaints from older people is that the '*Council sends a different person every week*'. This is even worse where care services have been contracted out to the private sector. For this reason, we urge the Council to encourage the setting up of care co-ops to supplement the Council's own provision.

### (5.2) Mothers and Babies Co-operative Creches.

There are several examples of successful childcare co-operatives being set up in various parts of the country. These have often developed from informal mothers and babies groups. We believe that these types of initiatives should be encouraged. They are important in themselves but they can also provide confidence-building for the young mothers concerned and provide valuable part-time employment. They can be the first step towards full-time employment.

### (5.3) Breakfast Clubs.

We welcome the Council's policy of promoting breakfast clubs. This imaginative innovation combines the improvement of the nutrition of young children with the enhancement of educational achievement. But it is important that these are sustainable developments which will be able to survive changes in the political control of the Council or the ending of the financial support from their private sector donors. It is also important that the parents should make some contribution to the running of these clubs otherwise the Council would be merely encouraging a climate of dependency. People should be encouraged to help themselves. For this reason, we believe that the Council should encourage the development of these clubs into parent-run co-operatives.

### (5.4) Food Co-ops.

Foods co-ops enable people on low incomes to buy basic foodstuffs at low prices. In some areas of the Borough, the provision of retail food outlets is inadequate. The only facility is often the local convenience store. Frequently these stock only tinned or frozen goods. They do not sell fresh fruit and vegetables because these goods are perishable and the stores do not have sufficient turnover to merit stocking them. The lack of fresh food can result in their customers suffering from a poor diet. Foods co-ops can buy from

## **5 Social Care. (continued)**

supermarkets in bulk and resell them to their members at cost. Unlike consumer co-ops, no surplus is generated and no dividend paid. For small groups 'box schemes' are more suitable. Here the members place their orders in advance, the volunteers purchase the goods from a supermarket which they then deliver in a box to the members' homes. These schemes are particularly suitable for the elderly or house-bound. In the successful SRB6 bid for Grahame Park, it was suggested that a food co-op or community market could be set up. To date, there are no food co-ops in Barnet. We recommend that the Council encourages the setting up of food co-ops in socially excluded areas.

### **Recommendations.**

- **The Council should encourage the setting up of Care Co-ops to provide domiciliary and residential care to supplement existing services.**
- **The Council should encourage the development of childcare co-ops, breakfast clubs, and food co-ops/box schemes.**

## **6 Internet and Communications Technologies**

(6.1) The operating system Linux is the largest of the new technology co-ops. This open access system was founded by Linus Thorvald in 1992. It provides a mutual alternative to the private sector operating platforms offered by Microsoft and AppleMac. Nearer to home, the services provided by two UK co-ops may be relevant to the Council's activities namely:-Poptel and The Phone Co-op. Poptel is a well established ISP (internet service provider) with many well-know clients including the Labour Party and several trade unions such as Unison. It is a workers co-op. The Phone Co-op which has been established more recently is a consumer co-op. This enables its members to obtain discounts on telephone charges. Recently, it has been able to offer some telecomm hardware products like pre-programmed phones and small telephone exchanges. The latter could provide cost savings on the Council's direct exchange lines.

### **Recommendation**

- **That the Council considers using the facilities offered by co-ops like Poptel and the Phone Co-op**

## **7 Externalisation of Public Services.**

(7.1) We are opposed to any further privatisation of public services. However, mutualisation is quite another matter. Where a Council has decided to withdraw from direct service delivery, we believe that the latter option should be considered. Elsewhere, when Council services have been transferred to mutual or not-for-profit organisations, a substantial

## **7 Externalisation of Public Services. (continued)**

improvement in the quality of service has often been obtained. These bodies are able to raise loans on the open market and are not limited by PSBR restrictions in the same way that local authorities are. Greenwich Leisure Ltd is good example of this. When the London Borough of Greenwich was faced with the possibility of having to make substantial cuts in their leisure services they decided to transfer the management of those services to a multi-stakeholder 'not-for-profit' company. This is run on co-operative principles. It has been extremely successful and the quality and range of services provided have been considerably improved. Subsequently, it has established a consultancy arm to advise other local authorities which are seeking an alternative to privatisation. Greenwich Leisure was highly commended in the recent Co-operative Commission Report.

(7.2) Another example of successful externalisation is to be found on Humberside. Here the council transferred its entire sheltered housing stock to a 'not-for-profit' company for a nominal sum. At that time, all the residents were local authority tenants so Humberside Independent Care Associates were able to use the rent stream as a guarantee to secure a bank loan. Substantial improvements were made to the stock including the complete re-building of some of the blocks.

(7.3) Recently, Barnet Council transferred its sheltered housing to the mutual sector. Upgrading the homes to the requirements of the Care Standards Act would have placed an enormous burden on the Council's resources. Whilst we support the aims of the Care Standards Act, we also believe that to place unfunded mandates of this kind on local government is unreasonable. As mentioned above, Council borrowing is restricted by the Treasury limits on the PSBR. Because of this, the Council decided to transfer the homes to the housing association sector. We understand the Council's reasons for doing this. However, we believe that a co-operative solution would have been preferable.

(7.4) Mutualisation does raise issues of governance, accountability and ownership. On governance, care should be taken not to create a democratic deficit. Housing associations, for example, though making a very important contribution to the community are not democratically controlled. On the other hand, Co-ops are. This is where they are different from all other mutual organisations. They are directly controlled by their members or stakeholders. Ownership matters too. Councils should ensure that mutualisation does not become the first step towards privatisation. For this reason, we believe that Councils should retain the freehold of any land or buildings transferred. This would enable them to ensure continuity of use.

If, in the future, Barnet Council was to consider mutualising any of its other services, we recommend that a co-operative solution should be considered first.

### **Recommendation**

- **Where the Council decides to externalise any of its services a co-operative option should be considered first.**

## 8 Social Enterprise in London.

(8.1) Many issues involving social enterprise can only be approached on a London-wide basis. That is beyond the scope of this paper. In our view, the Council should work closely with the Greater London Authority, other London Boroughs and organisations such as Social Enterprise London, the London Business Link and the Learning and Skills Development Agency. In the recent GLA Draft Economic Strategy, there are several proposals which relate to the development of social enterprise. We believe that the Council should work closely with the proposed 'Team London' and the Investment Commission. The proposed Centre of Excellence or University of Regeneration is most welcome. The Knowledge Centre for Social Enterprise currently being set up by SEL and the London Business Link should provide a much needed data base on the current activities of social enterprises in the London area.

## 9 Conclusion.

The recommendations included in this short report, if implemented, would substantially strengthen the social economy in Barnet. It would also help to combat social exclusion by enabling disadvantaged groups in the community. We urge the Council to consider them when drawing up its programme for the new Council which will take office after the municipal elections in 2002.

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## 10 SOURCES

### Publications

Residents in Partnership; The Barnet Tenant Compact  
National Strategy for Neighbourhood Renewal  
(PAT 14 -Access to Financial Services)  
Draft Economic Development Strategy; London Development Agency  
Commonhold and Leasehold Reform Bill; Consultation Paper  
Putting New Heart Into Grahame Park TPAS  
The Co-operative Advantage: The Report of the Co-operative Commissions  
Enterprise Empowerment Accountability the co-operative agenda for Labour 2

### Organisations

The Co-operative Group (CWS) Ltd  
The Co-operative Party  
Social Enterprise London  
Industrial Common Ownership Movement  
Sunderland Care Co-op  
Humberside Independent Care Associates Ltd  
Poptel  
The Phone Co-op;

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