



Towards co-operative councils: empowering people to change their lives

Edited by Steve Reed MP and Kitty Ussher



Kindly sponsored by: **The co-operative**

Contents

TOWARDS CO-OPERATIVE COUNCILS: EMPOWERING PEOPLE TO CHANGE THEIR LIVES

Preface **1**

Rt Hon Ed Miliband MP, *Leader of the Labour Party*

Foreword by the leaders of Labour's co-operative councils network **3**

Introduction: Give people the power to live better lives **7**

Steve Reed *MP for Croydon North*

Section 1: Reshaping the relationship between citizens and the state **11**

Ben Lucas, *Head of RSA 2020 programme*

Cllr Keith Wakefield, *Leader of Leeds City Council*

Stella Creasy MP, *Labour and Co-operative Member of Parliament for Walthamstow*

Dame Tessa Jowell MP, *Labour Member of Parliament for Dulwich and West Norwood*

Section 2: Housing and community-led regeneration **23**

James Kennell, *Director of the Economic Development Resource Centre at the University of Greenwich Business School*

Gareth Swarbrick, *Chief Executive of Rochdale Boroughwide Housing*

Martien Kuitenbrouwer, *President of the Board of Amsterdam West District Council*

Section 3: Schools and education **32**

Cllr Nick Forbes, *Leader of Newcastle City Council*

Mervyn Wilson and Sean Rodgers, *Chief Executive, and Lead Member on Trust Schools at the Co-operative College*

Gary Phillips, *Headteacher of Lilian Baylis Technology School*

Section 4: Children, families, youth services and social care**41**

Cllr Richard Watts, *Executive Member for Children and Families, Islington Council*

Kevin Ford, *Chief Executive, FPM*

Christine Megson, *Consultant on integrated public services*

Lord Victor Adebawale, *Chief Executive, Turning Point*

Section 5: A changing role for councils, councillors and council staff**55**

Cliff Mills, *Principal Associate, Mutuo*

Cllr Sharon Taylor, *Leader of Stevenage Borough Council*

Cllr Jim McMahon, *Leader of Oldham Council*

Frances Rehal MBE, *Independent consultant*

Allison Ogden-Newton, *Chair of the Transition Institute*

Kevin Jaquiss, *Partner at law firm Cobbetts LLP*

William Davies, *Assistant Professor at University of Warwick, and an Associate of the Centre for Mutual & Employee-owned Business, University of Oxford.*

Section 6: Co-operative neighbourhoods and community budgeting

77

Cllr Paul Brant, *Deputy Mayor of Liverpool*

Toby Blume, *former chief executive of Urban Forum*

Cllr Sue Murphy, *Deputy Leader of Manchester City Council*

John P. Houghton, *consultant and activist*

Section 7: Jobs, business and the local economy

90

Gareth Thomas MP, *Chair of the Co-operative Party and MP for Harrow West*

Kitty Ussher, *former MP and Treasury Minister; Research Fellow, Smith Institute.*

“If we want every single person in Britain to feel that they have a stake in how Britain is run, it is essential that this includes local government, our public services and our high streets.”

Preface

Rt Hon Ed Miliband MP

Foreword for ‘Towards Co-operative Councils’

One Nation Labour means ensuring that every single person has a stake, that prosperity is fairly shared, and that we protect the institutions which express our common life as a nation. Ultimately, it is a vision of a country bound together, sharing a common purpose, and where those three principles run through every part of society and public life.

If we want every single person in Britain to feel that they have a stake in how Britain is run, it is essential that this includes local government, our public services and our high streets.

Making our councils more co-operative may yet be a good way to do that.

This book contains a few inspiring examples of how that is starting to happen.

As Tessa Jowell writes, when Lambeth Council told the Loughborough Estate it could not afford solar panels, a group of residents got together to organise a co-operative to do it themselves. Lord Victor Adebawale, Chief Executive of social care provider Turning Point writes about a group which trains teams of residents to speak

to their neighbours to find out what the elderly residents actually want and need, whether it is a Family Support Group like in Brandon or an art and social activity club for vulnerable people in Basildon. Sharon Taylor, Leader of Stevenage Borough Council writes about involving residents in deciding how to spend their Local Community Budgets, whether it is on nurseries, scouts, or bingo.

There is a hard-headed case for this kind of bottom-up decision making. Often it is the best way to make sure that change reflects what residents want, or to make sure that services are protected.

But it serves our values too. At the heart of One Nation politics is a belief in binding people together as a community. Often the services that are chosen or protected are the very services that do that.

In that way, co-operative councils can be a direct means to building One Nation. Instilling an ethos of the common good, emphasising what we share, and beginning to rebuild the ties of community and solidarity that encourage people to spend time together and look after one another.



“Customers trust mutuals more than either government run organisations or private businesses”

Foreword

The Labour Party that many of us grew up in had at its heart the concept that public ownership is the same as ownership by the state. The reforms of new Labour, whilst moving away from the pursuit of ‘common ownership’ as a defining objective, did so with the clear presumption that this was because it no longer sought wholesale nationalisation as an industrial strategy.

In fact, this post-war interpretation of the old clause IV in Labour’s constitution is a narrow one. Sidney Webb, the author of that constitution, had a far wider definition of what common ownership meant. He stated in an article in the Observer on 21st October 1917:

This declaration of the Labour Party leaves it open to choose from time to time whatever forms of common ownership, from the co-operative store to the nationalised railway and whatever forms of popular administration and control of industry that in particular cases commend themselves.

Sidney Webb was writing with particular reference to industry at a time when the welfare state and wide-scale public services didn’t exist. But his words have wider application to all forms of organisation.

It is the central contention of this publication that public policy outcomes, particularly at a

local level, would be improved by revisiting what is meant by Sidney Webb’s phrase “whatever forms of popular administration...that in particular cases commend themselves”.

Specifically, we seek to demonstrate how stronger cooperation between service users, service providers and other interested parties can deliver better outcomes for citizens. This involves modernising the concept of the co-operative to provide a well-understood mechanism through which people who care about a particular public service issue are enabled to come together, wearing whatever hats they self-identify with (including as employees), to create a structure or process that best achieves what it is they individually and collectively want. This can work on a large scale, or a small scale, across different traditional policy disciplines, and the public-private boundary, break through silos, make communities more resilient and aspirational, and focus ruthlessly on results.

The purpose of this publication is to move the debate forward about how this can best be done and review examples of how it is already being done. It seeks to support Labour’s emerging co-operative council movement to share best practice and develop its ideas to show how we can deal with the problems confronting



communities today. We have trawled the country for innovative examples of local policy in action. In some cases these will be operating under a co-operative brand. In others, people are knowingly or unknowingly applying the same principles but using different language. There are contributions here from council leaders, grassroots practitioners, local government cabinet members, chief executives, national politicians, private sector consultants, third sector bodies, and academics.

What they share is an intuitive understanding that problems are best resolved when everyone who has an interest in resolving them are all sitting round the same table with their respective roles clearly defined and mutually respected. If there is a single thread that runs through every contribution to this pamphlet it is the need to end the old binary power relationships between council and citizen, with the former as the entity doing things to the latter. Instead it offers an optimistic view of the benefits that can be realised through aligning the incentives and harnessing the energy of all the players involved. This works best when power is shared more equally between the provider and user of services, rather than being vested wholly in the service provider. That principle of handing power to the people is core to progressive politics and provides the title of this publication.

Section one of this pamphlet - entitled 'reshaping the relationship between citizens and the state' - develops

these ideas further. We then hone in on particular policy areas, exploring how principles of co-operation and empowerment, particularly in the face of budget cuts, can achieve results in housing and community-led regeneration (section two), schools and education (section three) and children, families, youth services and social care (section four).

The fifth section - entitled 'a changing role for councils, councillors and council staff' - explores the organisational side of the same question: what does it mean if a whole council becomes 'co-operative'; how does co-production work; how are basic requirements such as access to services, safeguarding, and probity guaranteed; what organisational and decision-making structures are needed; where are the barriers and what is the response of employees and their representatives to such profound change?

We then explore the implications for neighbourhoods themselves, in particular through the opportunities and challenges of community budgeting - both through devolving financial decisions to communities themselves, and also by pooling budgets across traditional institutional boundaries. Done well, it can improve resilience by giving communities the power they need to deal with the problems they are facing, and actively find their own solutions rather than become the passive victims of circumstances and decisions originating elsewhere.

Finally section seven considers the role for the private sector to achieve change, over and above that of potential provider, in an economic ecosystem that includes a co-operative council.

We hope that there is a *realpolitik* that comes through the stories that we tell. In some cases bottom-up co-operative solutions to local problems can be the best way to achieve change and protect people who rely on public services in the face of lack of resources from above. In other cases they can be a defensive mechanism, insulating communities against hostile changes taking place at a national level. In others, they are simply the best way to get anything done. Most importantly of all, we explore the cumulative effect on a community and the individuals within it of giving them the power to identify and act on their own priorities rather than forcing them to rely on the decisions of others.

We are grateful to all those who have given freely of their time to share their experiences with us, as well as to Mutuo for their support and sponsorship of the costs of this publication

The Co-operative Councils Network is new and its ideas are still developing. More than a think tank it is a 'do tank' because Labour councils, unlike the party nationally, have the power and

democratic mandate to put ideas into effect. We believe our work in local government has much to offer the party nationally as it works towards regaining the trust and support of the electorate at the next general election. Our starting point is that power and decision making must be shared more equally and exercised co-operatively if we want to achieve the best outcomes for citizens and their communities. There is much to be gained from putting the "public" back into public services and power back into the hands of the people.

“Mutuals matter. They are an important part of our economy and society”

Cllr James Alexander, *Leader of City of York Council*

Mayor Joe Anderson, *Mayor of Liverpool City Council*

Cllr Jas Athwal, *Leader of the Labour Group, London Borough of Redbridge*

Cllr Peter Box, *Leader of Wakefield Council*

Cllr Andrew Burns, *Leader of City of Edinburgh Council*

Cllr Julie Dore, *Leader of Sheffield City Council*

Cllr Tudor Evans, *Leader of Plymouth City Council*

Cllr Nick Forbes, *Leader of Newcastle City Council*

Cllr Mehboob Khan, *Leader of Kirklees Council*

Cllr Colin Lambert, *Leader of Rochdale Metropolitan Borough Council*

Cllr Jim McMahon, *Leader of Oldham Metropolitan Borough Council*

Cllr Jennifer Mein, *Leader of the Labour Group at Lancashire County Council*

Cllr John Merry, *Leader of Salford City Council*

Cllr Gill Mitchell, *Leader of the Labour & Co-operative Group at Brighton & Hove Council*

Cllr George Owers, *Leader of Cambridge City Council Labour Group*

Cllr Lib Peck, *Leader of Lambeth Council*

Cllr Mohammed Pervez, *Leader of Stoke-on-Trent City Council*

Cllr Kuldip Singh Sahota, *Leader of Telford & Wrekin Council*

Cllr Sharon Taylor, *Leader of Stevenage Borough Council*

Cllr Paul Watson, *Leader of Sunderland City Council*

Cllr Richard Williams, *Leader of Southampton City Council*

“Too many staff believe that their professional expertise means they don’t need to involve service users in decision making”

Introduction: Give people the power to live better lives

TOWARDS CO-OPERATIVE COUNCILS: EMPOWERING PEOPLE TO CHANGE THEIR LIVES

Steve Reed

Steve is the MP for Croydon North

Public services are at a turning point. The money's run out just as our ageing demographics and rising unemployment mean there is more demand for social support than ever before. We need to find ways to do different for less, because if we don't those people who need public services the most will find them salami-sliced away until they no longer exist - and the political right will take this manufactured failure as an excuse to extend privatisation.

In a very real sense, public services must adapt or die. The right does not believe in them anyway, but Labour's challenge is to stop simplistically defending what has been, and start championing what must become. Our debate too often confuses means with ends and we should not be afraid of questioning some of our own easy assumptions. Labour is the party of progress, but when it comes to public services we are too often the anti-change conservatives. That attitude will eventually not only kill the public services we want to defend, but also - if the electorate concludes we are out of touch - limit our chances of electoral success.

It's not just the shortage of resources that's driving the need for change. We need to face up to the fact that the model of public services we've grown used to since the second world war no longer meets the needs of the people it was designed to serve. Some people's lives are limited and constrained by top-down decision-making such that they are left with no control, sapping their self-reliance and stopping them aspiring for better. There is nothing socialist or socially just about locking poorer and vulnerable people into a life of dependency on the decisions of others.

Let's take as read that the welfare state as we've known it has delivered huge benefits. As a society we are healthier, wealthier and better educated than ever before. But there's been a downside too in the way that top-down decision-making has locked people into dependency. For example, thousands of our fellow citizens are left to live in inadequate homes on housing estates where the majority of adults of working age have no job and their children are born into a world believing there are few positive opportunities open to them. On some estates the only people young people see making money are the drug dealers and gang leaders. They may not know anyone in their family or neighbourhood who has a permanent decent job. Youth gangs may



be so prevalent that the only way young people can see to protect themselves against attack is to join one, and that leads them into an escalating spiral of criminality and violence that ultimately destroys their own future even as they destroy the community around them.

Instead of helping them out of this catastrophic life, existing public services lock them into it by attempting to help them survive in these appalling circumstances rather than by giving them the power they need to break out of it. This is an extreme example of how the current system does not work, but it is an example you can find in many of Britain's poorest inner-city areas and it seizes national attention whenever one of the youth gangs it breeds causes the violent death of a young person.

The last Labour government started to understand the problem. Their response was to offer people more choice over the services they used. This proved inadequate. Labour saw the way that consumer markets created products and services that people wanted and valued. They thought they could transfer this market-based model to the public sector and improve outcomes. They had cause to think this way. Privatised BT provided services the old nationalised BT had been incapable of. When my parents wanted a new phone they had a choice of three models and had to wait six months for it to be delivered, and even then our phone line was shared with another household. Many of us remember how nationalised British Rail was a by-word for dreadful services: trains routinely

ran late, rolling stock was dirty and old fashioned, customer service barely existed. When the provider has all the power and the consumer has none, services eventually stop responding to the needs of the user and operate instead at the convenience of the provider.

With its attachment to old-style nationalisation no longer tenable the Labour Party reacted by embracing the concept of markets without developing a balanced view of them. We forgot that state ownership is not the only form of public ownership, and that accountability to the state is not the only form of democratic accountability, and so we missed the fact that there were viable alternative forms of public ownership, accountability and control.

If consumers could choose between different public services, the logic went, then providers would be forced to meet people's needs because if they didn't consumers would go elsewhere. Only with public services it doesn't work like that. A year's lost education because a school is failing can never be recovered, and you can't change schools like you can change your brand of toothpaste. Failing home-care services can cause an older person to sink further into vulnerability and frailty. Failure to guide a young person away from a violent gang means they can turn into a criminal for life.

The public sector simply can't tolerate the level of failure that is necessary for competition to work,



and choice is dependent on competition. Choice also requires savvy consumers able to navigate an often complex marketplace to find the products and services that suit them best, but without support, the most vulnerable users of public services lack the capacity for this. Finally, even at a time of plentiful resources, choice implies the provision of options and that means inefficiency as the least successful options are rejected. Today, in a period of austerity, we do not have the luxury of resources to waste on providing services for people to reject. For example, giving parents choice over which school their child will attend means providing surplus places - without them, choice is meaningless. But the reality in London today is that by 2014, without massive new investment, there will be a shortfall of 80,000 permanent primary school places. Where's the choice if there aren't any places for your child to take up?

Choice and competition cannot deliver the sea-change that public services require any more than staying locked in the old top-down model can. Instead, we need to look at empowerment - giving citizens the tools they need to get the change they want. If we want services to better meet the needs of users, and be more accountable those same people, respond better to changing circumstances, give vulnerable people back control over their own lives and operate at maximum efficiency within the context of limited resources, then taking power away from providers and

sharing it with users offers a way forward. But doing that is not simple, it requires a revolution in public services because empowering users means turning public services upside down. It requires a total rethink of what a council is and what a council does.

Labour's co-operative councils are exploring how to make this change happen, not in theory but in practice. They are the vanguard of what public services must become and a test-bed of ideas for the next Labour government. The principle of cooperation between service provider and user is central to this approach, and it implies a relationship of equal power and mutual respect between both sides. This is fundamental and it requires a reshaping of the relationship between the citizen and the state so that the citizen is in control. With proper support, tenant control leads to better managed housing estates. Personalised care budgets lead to more effective services for vulnerable older and disabled people. Community-led youth services are better at steering vulnerable young people away from harm than services designed remotely by people from outside..

But handing power to the people is not straightforward because it means taking power away from those who currently hold it; they will often resist this change both individually and organisationally. Councils are structured to provide top-down services, and these structures need to change if we want citizen-led services to thrive. I speak to many professional staff

“Too many elected representatives seek power to take decisions about other people on the assumption that they, having been elected, know best.”

who help deliver public services. Too many believe that their professional expertise means they don't need to involve service users in decision making, and fail to recognise that the communities and individuals they serve have valuable assets and insights to offer too. Too many elected representatives exhibit the same behaviour, seeking power in order to take decisions about other people on the assumption that they, having been elected, know best. In this way, the people who use services become little more than passive recipients of whatever's on offer.

From the perspective of the user, this can become incredibly frustrating if services fail to meet their needs or respond to changing circumstances. Anyone involved in community politics has seen how frustrated people waste time and energy fighting the system instead of fighting the problem they want resolved. Needs change over time, but services are often slow to respond because the providers become comfortable running services in the way they've always done it. A gap grows between what people actually need and what they get, and the top-down approach means we do not react until that gap becomes a crisis. For too many people and households who rely on large numbers of public services their experience of the state is something that does things to them rather than with them, whether they like it or not. Those of us involved in running public services, whether as elected representatives or professional staff, need to learn to let go.

The co-operative revolution in public services has already begun. Examples of successful co-operation within services already exist right across the country and have existed for many years. The innovation is in expanding models of co-operation across all local services so people who rely on them can get back control of their lives. This is how we will help people unlock their destinies instead of locking them into dependency. What co-operative councils and co-operative public services are really about is handing power to the people so they can live better lives: what could be more Labour than that?

“Those of us involved in running public services, whether as elected representatives or professional staff, need to learn to let go”

1

Reshaping the relationship between citizen and the state

TOWARDS CO-OPERATIVE COUNCILS: EMPOWERING PEOPLE TO CHANGE THEIR LIVES

Introduction

The relationship between the citizen and the state needs to change if we want to move from top-down services to citizen-led services. The Tory slogan 'big society, small government' exposes their intention to roll back the state. Labour's goal is different. Rather than roll back the state, we want to change the role of the state so that it is under the control of the people who rely on it. This section explores citizenship and the role of the citizen when real power is put in their hands.

Ben Lucas kicks things off with a summary of some of the insights from the RSA's 2020 Public Service Commission. He argues that the old hierarchical nature of the relationship between the individual and their council needs radical re-engineering to put communities at the heart of how services are delivered. As well as drawing on the practical experience from the RSA's research projects in New Cross, Sunderland and Oldham, he also refers to the thinking taking place through public services and co-operative commissions elsewhere in the country. Cllr Keith Wakefield, leader of Leeds City Council, has recently led one such commission: he is clear that councils need to stop doing things to people and instead do things with people. He concludes that it's time to "see people as an asset rather than a liability".

Stella Creasy, MP for Walthamstow, explores the characteristics of a potential new relationship between the public and public service providers, showing how the government's approach of giving more power to the professional classes in service provision - for example headteachers and GPs - doesn't necessarily lead to better results unless devolution is truly egalitarian, involving users in a meaningful way. And finally Dame Tessa Jowell, MP for Dulwich and West Norwood, argues that political parties need to root themselves more deeply in the communities they seek to serve, creating their own co-operative relationship that strengthens both their ability and their mandate to represent people's views.

Ben Lucas

Ben is Principal Partner 2020 Public Services Hub and RSA Chair of Public Services

The co-operative council idea is attractive because it can help to create a more collaborative relationship between the local state and its citizens. We are by nature social animals; the challenge for politics is to fit much better into the social patterns of our lives.

The 2020 Public Services Commission, which I



helped set up and run, concluded that faced with the social, fiscal, economic and demand challenges of the 21st century we need a new public services settlement based on the idea of social productivity. What matters about public services is the social value they help to create. This is a product not just of the quality of the service, but of the quality of the relationship between the service and citizens.

Good public health and improved educational outcomes depend both on quality services and on the contributions that citizens, families and communities make, for example, in leading healthier lives and reading at home. As our final report argued:

“the new tests should be about how public services can: help create social value for citizens and communities; enhance citizen autonomy, capability and resilience; unlock citizen resource; and support existing social networks and build collective community capacity”

A co-operative, reciprocal model of local politics and public services is very different to a municipal, command and control one. Councils that want to create a socially productive relationship with their local citizens have to recognise that this is a big challenge - not least because of the multi-generational experience of municipal power. Far from being equal partners with local citizens, in the eyes of local people councils have often been the embodiment of city officialdom, interfering and bureaucratic organisations, exercising petty control over their lives.

For many people, the council is the body that decides: where to put yellow lines; whether to allow a loft extension; if your kid can go the school of their choice; how to deal with a nuisance neighbour; and whether you can have a house. So moving from how the council is currently perceived to where it wants to be requires not just a clear objective, but also a credible strategy. At the heart of this should be a process of building trust incrementally: first, demonstrating that the council can deliver on its word through being more locally responsive, before moving to the more ambitious territory of behaviour change, demand management and co-production.

Public bodies cannot simply switch to this new model without creating a basis for consent to the change. This is, after all, a fundamental departure, which jettisons both the paternalistic and consumerist traditions of public services in favour of an ethic of social citizenship, that has responsibility, resilience and reciprocity at its core. It puts new demands on citizens and communities to play their part in building a more productive future for their place. That is why a process of public engagement is needed.

Central government has failed completely to generate such a consensus. But a number of local authorities have sought to create local forums for debate and public engagement about the social and economic future of their places and the changes this will require in the relationship between citizens and councils.

“Councils have often been the embodiment of city officialdom, interfering and bureaucratic organisations, exercising petty control over their lives.”

Councils such as Leeds, York and Newcastle have run major commissions on the future of their cities, each of which have explored the central question of what sort of social contract is appropriate for their communities.

A more collaborative way of working with local communities should be based on understanding how social networks operate locally. What's important is not to try and impose new structures but rather to work with the grain of existing community behaviour and to build on this where possible.

There is no shortage of data in our cities, for example about service performance, employment and business formation, but what has been in much shorter supply has been anything which might add up to a social and economic asset map for local communities.

Methodologies for understanding social networks, mapping social assets and the critical role of local change makers/community catalysts have been developed by the RSA and the Young Foundation, amongst others. The RSA's Connected Communities research showed that in New Cross it was the pub quiz master who was most influential, in Oldham change makers include two mothers who created their own youth project for local kids in a deprived part of the town.

Sunderland have analysed its Telecare records to see who is most often in contact with the council, as the basis for a reference group for community engagement. Social network analysis can also help to determine which are the most trusted and effective public institutions in local communities - a sure start centre, post office, library, or fire station. These can then become hubs to help promote better engagement with local public services.

For councils to become more citizen focussed then the way they do politics must change as well. In the past, councillors have too often seen their role as being to make decisions on behalf of their communities in the town hall. This may be representative but it is far from co-operative. There is a growing interest in a new way of organising politics, which is more collaborative, and several local authorities are experimenting with forms of community leadership. Here the role of the Councillor is to help build community capability, to be a voice for the community, to help resolve tensions and issues within the community and to provide a catalyst for community growth.

The role of a community leader is both to ensure that local citizens are getting the responsive, quality services that will help build their communities, but also that local residents

“A more collaborative way of working with local communities should be based on understanding how social networks operate locally ”

understand their part of the deal in terms of making their own contribution, whether that's in making sure their litter is in the bin or keeping an eye on their elderly neighbour. Labour Councils like Sunderland, Oldham, and Lambeth, and Conservative ones such as Hammersmith and Fulham and Windsor are all developing their own approaches in this area.

This requires a very different role for councillors, which has big organisational and skills implications, as well as the need for them to spend much more time in their communities and less in the town hall. It will require better support from councils to enable councillors to be effective community leaders - ranging across case management, skills training and the local organisation of services.

But these other changes will not count for a great deal unless power is also decentralised and passed to local communities. Many town halls are just a microcosm of Whitehall, factories of white collar workers manufacturing decisions about other people's lives. A socially productive council will have to move away both literally and symbolically from such a centralised city model. Instead of an organogram in which citizens generate demands upwards through the system to the town hall, where officials then channel resources to staff, who then go back into the community, the chain of command should cut out the bureaucratic centre and lead directly from citizens to service response. That means locating as many services and staff in

communities as possible, with only a few strategic functions left at the town hall.

The 2020 Public Services Hub is engaged in studies with Oldham and Sunderland, both of whom have begun a decentralisation process which brings their services together in 5-6 areas within the town, that operate as mini service hubs or public service boards. The next step is to put the community more directly in charge, through neighbourhood ownership and commissioning of their own services. Ultimately this approach should enable local communities to be the new producers of local services, forming new community partnerships, developing citizen capability and establishing new mutual enterprises.

“Councils will have to change their approach and move away from providing services for people towards proving services with people”

Cllr Keith Wakefield

Keith is the leader of Leeds City Council

Local government today is at the forefront of the challenges facing our communities. As we struggle to deal with the most severe economic crisis in living memory, local councils have a vital role in creating the jobs, building the homes and constructing the infrastructure local people need to live fulfilling lives.

And we face a political challenge at least as large as the economic one given the declining levels of trust and engagement with the political process. This means we need to rethink the connection between local councils and citizens to forge a new relationship which works in modern, 21st century Britain.

In Leeds we established a Commission on the Future of Local Government bringing together experts from the public, private and voluntary sectors. Everyone agreed that while in the short-term local government is under huge budgetary pressure, it is vital we are not defeatist. Instead we need to retain our ambition to improve our local communities and tackle the problems we face.

Central to this is the development of civic entrepreneurship throughout the businesses, communities, councils and charities which make up our neighbourhoods. This means changing

from rigid, bureaucratic, managerial and hierarchical structures towards people-focused, resultsbased networks.

Elected local councillors have a unique and powerful democratic mandate to speak for the communities they represent. Their role in a world of civic enterprise is much wider than voting at a series of council meetings. Instead it is about engaging with GPs, teachers, community, youth, voluntary, faith and business leaders and generating local solutions.

To make this work we need a new attitude towards local democracy and a more enterprising approach. For some this will be uncomfortable because it demands more from local councillors with less control over the results. Yet the potential rewards are huge, helping to forge a new relationship between local people and the decisions which are made about their community or neighbourhood.

To do this councils will have to change their approach and move away from providing services for people towards proving services with people. Leading the development of civic enterprise networks will mean moving away from central control and corporate diktats and instead developing more personalised and direct relationships with local communities.



Some people worry this change will diminish the role of local councils as it no longer directly provides all services in a uniform way. In reality the development of civic enterprise offers the potential to expand the role of local authorities as the key influencers and door-openers to other community leaders who can make things happen.

Creating enterprising councils will require fundamental changes in the way local government operates. We need to deliver services with people instead of to them and develop strong relationships which lead to grassroots action. This means moving away from a rigid silo based approach to 'whole place' leadership.

There is a wealth of untapped creativity and innovation within our communities which can help us deliver services more efficiently but also more effectively. Again these changes will not be comfortable. It means local people being involved in creating the solutions to communities problems not just demanding that someone else sort them out. We need to reach out and support those less able to engage so they are not excluded.

Given the long term demographic challenges we face and the rising costs of social care this new concept of the social contract between the citizen and the state is no longer a luxury but a necessity. The traditional model is no longer fit for purpose. To tackle the social problems we face we need to see people as an asset

rather than a liability and work with them to solve the challenges we face.

While we reject old ways of working we should also reject the Tories' two-tier 'Easy Council' model originally promoted in Barnet, or the idea that councils should withdraw completely from service delivery and procure and commission everything. This hollowed out concept of local government is overly managerial and lacking in democratic engagement. It treats citizens purely as consumers and denies the important role local councils have in creating living, breathing, vibrant communities.

Local authorities need to take a leading role in enabling and empowering civic enterprise throughout our neighbourhoods. That means taking an active approach to stimulating jobs, homes and good growth while making sure we build a 21st century infrastructure.

We need central government to give us more powers to innovate and invest in our local communities. Whether that is through Tax Increment Financing, the Community Infrastructure Levy or the localisation of business rates local councils need the resources to create opportunities locally.

And just as in the 19th Century local government led the way in developing municipal infrastructure today we need to show the same leadership. That means creating affordable and good quality ultra-fast broadband, generating low carbon energy, building



housing for first time buyers and older people and developing new transport systems. This is needed to provide the platform for civic enterprise to take place.

So while the challenges we face today are huge I am still very optimistic about the future of local government. Councils will remain central to the success of their communities but only if they embrace their new role and cultivate civic enterprise to empower local people.

“We need to see people as an asset rather than a liability”

Stella Creasy MP

Stella is the Labour and Co-operative MP for Walthamstow

David Cameron claims he intends to put ‘people in charge’. From ‘John Lewis models’ for services to abolishing ‘townhall fatcats’ and quangos, he is determined to scrap what he sees as crippling state structures. Whilst Government plans for a million public service workers to be part of mutuals by 2015 appear to be faltering, others such as free schools are changing the shape of service provision for generations to come.

As the ‘big society’ tagline is quietly dropped, we ignore these reforms at our peril. Rather than dismiss the changes as cover for cuts, progressives must set out what our version of empowerment for all looks like. In a modern world where the public question the value of political engagement and expect more and more from the services they use, we cannot let go unchallenged the myth that only the right values giving the public control over their own futures.

Labour should challenge the Government’s policies because far from empowering citizens, they do the reverse. Under the mantra of ‘trust professionals’ the government is stripping out mechanisms for accountability and centralising power, not in the hands of elected officials but those who run services. Headteachers and doctors will be judge and jury of the

“The Government’s approach to citizen involvement rests on a myth that the primary influence anyone needs over providers is the choice to take away their custom”

services they oversee, as the government presumes they will automatically involve patients, staff and pupils in decision making. Whether academies, or Clinical Commissioning Groups, only Whitehall will have the formal ability to intervene if things go wrong.

The Government’s approach to citizen involvement rests on a myth that the primary influence anyone needs over providers is the choice to take away their custom; the ability to leave, be it a school or a doctor, and join another. It’s a philosophy that too often absolves providers of reacting to concerns, leaves most consumers frustrated as they are unable to sway services they already use and risks wasting money on services where users are disenfranchised. This is not only questionable value for money, but a failure for social justice. Against those who argue only markets can offer the incentives needed to make providers respond to consumers, the left must show how involving the public, not only in making decisions but also in directly running the services they receive, helps secure better outcomes for all.

Crucial to challenging this perspective is recognising that while choice is important for citizens, it only makes sense hand in hand with voice. Done well, such mechanisms provide more effective feedback than the power of exit alone. But to do this citizens need real power and capacity to speak up - in short they need to be able to do more than lodge a complaint. The real benefit of user panels or involvement in services

comes from using these forums to assist them not only say to what is wrong but what works and what else can be done to help. In turn debate and dialogue can reveal new knowledge about how policy created in town halls, board meetings and Whitehall departments is working out on the ground.

The value of voice extends beyond helping providers better understand the citizens they serve. It is the key to the direct participation and engagement of service users - and so social justice. Today’s citizens want and need the opportunity to direct their own futures, and personalize the way in which they experience public services. Rather than fear this trend, we should embrace it and encourage it as the key to securing a more equal society. Too often only those with the largest wallet or loudest voice can secure the results they need. In an age where many of the challenges our public services face are due to citizen behaviour this disparity in participation is not incidental to outcomes but integral.

Ensuring mechanisms exist that can offer every citizen the opportunity, individually and collectively, to not just comment on the services they receive but actually direct them is the key to better outcomes for them and a fairer society for all. Almost ten per cent of the NHS budget is spent on dealing with the consequences of diabetes, including amputations, renal failure and strokes. Helping patients to manage their condition not only secures better outcomes for them but also benefits

“Today’s citizens want and need the opportunity to direct their own futures, and personalize the way in which they experience public services ”

healthcare budgets. Studies of the treatment of drug and alcohol problems show schemes where users and their families are involved show much higher rates of success than traditional approaches. In turn co-operative schools are leading the way in improving attainment by collaborating with pupils, parents and the wider communities they serve.

Whether in handling conditions such as heart disease or cancer, or helping build educational environments that can offer the range of learning styles and qualifications, users are more than consumers of services - they are co-creators. This input cannot be secured through choice alone; voice doesn't just help providers understand how best to deliver their services, it also helps users understand how to get the best out of them as well as their own responsibilities.

Our vision of the future for public services must tap into the potential these ways of working offer. That means being at the forefront of removing the barriers to participation that mean only those who can dictate their own working hours or pay conditions have the freedom and sense of confidence to contribute. So too we must recognise such egalitarian empowerment isn't served by more meetings. This means going beyond committees and elected officials as our default methods for collective participation in

service design and delivery.

To do that we should be clear when participation isn't appropriate - running an a&e - and willing to give power away when it is critical, whether in local or national provision. Whether co-operative trusts manage schools or healthcare, community participatory budgeting or funding expert patient or parent groups to run programmes we should embrace the potential these offer to enable citizens, staff and users directly to shape and deliver services. An effective alternative to Cameron's plans cannot rest on a stout defence of the status quo. To meet the needs of modern Britain we must be the new champions of egalitarian devolution.



Dame Tessa Jowell MP

Tessa is the Member of Parliament for Dulwich and West Norwood

The British people did not want to give any party victory in the last election, so nobody won. Trust remains low in political parties and other organisations that play a role in people's lives.

We have faced a banking crisis, a political crisis and now a media crisis too. All symptoms of a system that, as Ed Miliband has said, wasn't working in the interests of working people.

The public are yearning for something different and we need to show that we're up to the challenge.

Even in opposition it is important to show how Labour can build a more socially just society, but also that we can be trusted when we are. Community organising and co-operative councils are two ways that we can advance a new form of politics, rooted in people's everyday lives and experiences.

If we are to 'get' the new politics, then politicians need to learn a different style which goes beyond simply reforming the expenses system. Politicians need to rediscover their community activism.

Saul Alinsky, the founder of modern community organising, wrote: "Liberals in their meetings utter bold words; they strut, grimace belligerently, and then issue

a weasel-worded statement 'which has tremendous implications, if read between the lines.' They sit calmly, dispassionately, studying the issue; judging both sides; they sit and still sit."

He's right: too often politicians have sat back and merely administered rather than found the tools to make the difference required in their communities.

Shortly after the riots last year, I was struck by a visit to my local church. The congregation were asked to write down which single thing they would like to see happen to change their community. Not a single one referred to the state, national or local. Every one referred to an action that could be taken in the community.

This same approach has found its expression in the simple humanity of Olympic and Paralympic torchbearers and games makers - whose dedication of time and effort has been an expression of their values more than anything else.

We need to accept that if we are to achieve real change as progressives we must achieve it working with people, not doing it for them. The focus of our policy therefore should be on how we build relationships between people and put more decision-making power into their hands.

There is value in allowing communities to take responsibility for the services that are provided for them, because when people feel a sense of ownership over something they work to make it better.

“Community organising and co-operative councils are two ways that we can advance a new form of politics, rooted in people’s everyday lives and experiences.”

Sometimes this will be through supporting ideas and projects that are inspired by community organisations. Take CitySafe, an initiative of London Citizens which I have been closely involved with.

The idea is to provide young people at risk of being pursued by gangs with a high street shop where the owner has committed to protect them. The local community and shop keepers are clearly at the heart of the scheme, but it wouldn’t succeed without the support of public servants in the police and local government. Lambeth Council, for example, have supported the roll out of safe havens with a service level agreement.

The work of community organisers does not just offer ideas and projects that the council can support. The insights learnt from it are important to ensure that any new organisations that are formed are truly from, and part of, the community.

As the experience of establishing public sector mutuals would tell us, simply creating a co-operative will not, by itself, create an organisation that does things differently. Alongside a new legal structure you need to create a new culture.

Where they integrated themselves into the community, we saw new and innovative practices

that came out of their communities and improved care - such as a move towards every patient having their own individual rooms at Royal Devon and Exeter or the establishment of a new patient charter at UCLH. But the failings of Mid-Staffordshire Foundation Trust can also remind us that where a mutual only exists on paper, rather than in the community, it can be divorced from the needs of its patients in the same way as any other organisation.

The principles of community organising - with their focus on creating the relationships that are necessary to bring change - have much to offer any new mutuals that co-operative councils may seek to create. It shows us that it’s as important to create the right relationships as the right structures - so that we can truly have organisations that are of the community, by the community and for the community.

The Labour Party has a crucial role in driving this forward.

Many Labour councils across the country are helping to grow local credit unions - a response to the legal loan sharks preying on the vulnerable in this double dip recession and the lack of access to finance many people face. In Islington, Labour campaigners have successfully grown membership of the credit union by

holding regular campaign days outside legal loan shops, educating potential customers about the high rate of credit and sending them away with a form to join the credit union.

In Brixton, a solar energy co-operative has launched on one of the estates owned by Lambeth Council. This was started by the local transition town movement and has ended up as the UK's first 100 per cent community owned inner-city social housing solar power project. The council couldn't afford to install solar panels on the Loughborough Estate, so local residents took it into their own hands to raise the necessary capital to fund the panels and investors will receive up to three per cent of the profit back in dividends with the remaining profit going towards a Community Energy Efficiency Fund.

Fifty years ago, the Labour movement was at the centre of community life - the local trade union, the Co-op shop, the worker's education groups and the brass band. The change that we brought was not just embodied in what we talked about and stood for but also in what we did: the services we provided, the campaigns we fought and the gains that we made for our communities - not just when we were in power but also from opposition.

The formation of co-operative councils and our work as community organisers can rebuild those long-term relationships that will once again put us at the centre of our communities. Whether we organise days of

local community action, like we did in my constituency, campaign around housing security as they have done in Enfield or campaign for a living wage - we have the power and the ideas to lead the rest of the country in once again bringing our party back to the centre of community life.

It is important that these two practices are closely linked. Local Labour parties have an important role in recruiting, agitating in the community organisations created as a result of co-operative councils and generally bringing the activities of the party and councils together. This is a real alternative to the Big Society, which leaves communities to fend for themselves. Instead, Labour must be seen at the forefront of enabling people to help their communities flourish; the co-operative council agenda is a fundamental part of doing that.

“Local Labour parties have an important role in recruiting, agitating in the community organisations created as a result of co-operative councils and generally bringing the activities of the party and councils together.”

“To transform localities, solutions must be found to local democracy that create new kinds of deliberative, democratic fora”

2 Housing and community-led regeneration

Introduction

Local neighbourhoods attract stigma and a sense of blight if the communities that live in them do not have a sense of ownership over them. Well-meant regeneration and housing projects in the last half century fail in reality when they come up against the real needs and aspirations of the very communities they are designed to serve. This section explores the potential for a more inclusive, co-operative approach to create more sustainable living environments.

James Kennell of the University of Greenwich Business School provides a strong critique of Labour’s approach to area-based regeneration arguing that it faced difficulties in effectively engaging the public in some of the most deprived areas, and argues instead for new, flexible, democratic forums working alongside enlightened local business. Gareth Swarbrick, chief executive of Rochdale Boroughwide Housing, then describes the process that led to the first housing mutual created through a combination of tenant and employee membership in a town fully conscious of its strong co-operative history. Martien Kuitenbrouwer describes how in one district of Amsterdam mutual models on the ground are

solving community needs in innovative ways, for example, by using housing as payment-in-kind for students undertaking local grassroots work.

James Kennell

James is the Director of the Economic Development Resource Centre at the University of Greenwich Business School

Successive governments have come to power with the promise to hand power back to the people. Both Margaret Thatcher and Tony Blair promised to begin a purge of unelected public bodies and the most recent ‘bonfire of the quangos’ by the coalition borrowed its title from Gordon Brown. Governments of all stripes rightly see that communities are best placed to make decisions about their own localities. So why is community-led regeneration still the exception, and not the rule?

It is no surprise that a broad political consensus has developed that giving power to communities is a positive aim. Arguing for anything else would open politicians up to claims of being statist, centralizing and patriarchal. The more problematic questions, however, are to whom should power be handed, and how do we expect them to govern?



Economic and social policy is beset by conceptions of how people should live. The experience and prejudices of politicians and civil servants find their way in to prescriptions for how life should be organized at the level of communities, families and individuals. We see this in the current and previous administrations' attempts to pursue policies of localism and community empowerment- surely a more radical devolution of power is possible and necessary?

Under New Labour, the flagship Area-Based Initiative (ABI) programme was the New Deal for Communities (NDC). This scheme saw £1.17bn given to 39 of the most deprived areas in England to address a series of both place-based and people-based issues.

The communitarian aim of the NDC programme was to support the creation of what were essentially hyper-local quangos within communities. NDCs were led by boards, with representation from communities and local public sector bodies, effectively creating mini-states within the local state, embedded into dense local networks of governance and bureaucracy. Leadership and activism from within NDCs was constrained by this model of governance, which promoted a way of working that was firmly grounded in the Labour traditions of community activism, union organization and centralized democracy.

Although the NDCs performed well against a number of place-based indicators, especially on crime and

housing, their results on people-based outcomes were less inspiring, failing to improve their predicted improvements in local health outcomes, education and worklessness. The New Labour model of community-led ABIs proved effective at bedding deprived areas more effectively into public sector frameworks and delivering institutional outcomes, but failed to produce the flowering of independent inspiration, entrepreneurship and activism necessary to transform the life-chances of those living within an NDC's boundaries.

The coalition government's plan for transferring power to communities has its roots in the traditions of the parties who make it up: the Liberal Democrats have consistently championed the idea of 'localism' and have mostly been effective in local authority politics, whilst the Conservative ideals of self-help, voluntary association and civic-minded business have been mobilised in the concept of the 'Big Society'. Edmund Burke described a civic sphere in which 'the little platoons we belong to in society' are the determining factor in maintaining and developing society and the coalition's vision sees these platoons writ large across the land, each defending and promoting its own interests in a local area.

But this is an empty localism, which is not attached to a progressive agenda for social change. This latest form of localism makes provision in law for communities to purchase local assets, if they can afford them, and

“Communities are now beset with ‘opportunities’ to take on services that they have no interest in running”

for the third sector to take on delivery roles in public services, whilst cutting their funding, but to what end?

Localism under the coalition is couched in terms of efficiency and an ideological drive to shrink the state. It expects local communities to behave like federations of businesses, maximizing their individual gains and co-operating within areas where mutual benefits might occur. There is no sense in which these local actors need be representative or, even, community led. Indeed, the dangerous creep of profit-seeking enterprise into the public sector which has previously been enabled from the top-down, now finds a new route into our communities under the guise of the localism agenda and a ‘level-playing field’ for business, communities and the third sector.

The implementation and take up of this new localist agenda has been patchy and uninspiring. Communities are now beset with ‘opportunities’ to take on services that they have no interest in running and to take over the maintenance of facilities that had previously been part of the fabric of their communities and that are now threatened with closure. Doubtless, some groups will rise to this challenge; those with the capital and connections to play the games of local politics and business. Many, many more will

simply not have the cash, time or experience to take on the roles that the coalition expects.

A more radical transfer of power to communities is possible. Within this, some elements of previous governments’ attempts to devolve to the local level should be maintained. Certainly, in times of constrained public finances, efforts should be concentrated on supporting the most deprived communities. Why expend extra resources in areas that have prospered in the past and have good prospects for the future? In those areas, Burke’s ‘little platoons’ of family, community and business will already be at work. But equally, the coalition’s vision of self-organising, self-determining communities is important if community-led regeneration is to avoid the pitfalls of New Labour’s mini-states approach to the NDCs.

What is needed is a transformational localism that aims to create bottom-up transformational action, led by local enterprise and local people and accountable to citizens and communities in ways that fundamentally alter the relationship between the state and the neighbourhood.

This reinvigorated localism would by necessity be place-based, but the most successful regeneration programmes see places as fluid and changing; local authority boundaries are not

always a good guide to the boundaries of community lives and deprivation is complex and multi-scalar. Successfully engaging communities in regeneration will involve local authorities working in partnership with each other to engage communities that cross administrative divides.

Many communities are in a constant state of flux. This can be linked to factors such as migration, employment change and the housing supply. Deprived communities see the most regular changes. In these contexts, fixing a 'representative' board to deliver a regeneration project can create not an island of stability, but a focus for conflict. In England, we have a democratic deficit that is at its most dramatic at the community level, where representation by councillors is thinly spread and infrequently elected.

To transform localities, solutions must be found to local democracy that create new kinds of deliberative, democratic fora. Radical democratic consensus building can be slow and frustrating but we have seen in global social movements, in participatory budgeting in Porto Alegre, and closer to home during the Occupy protests, that it can be a powerful tool in creating transformational interventions in the public sphere. Enabling and then engaging with these fora is a challenge for local government, but can provide a step-change in local engagement with regeneration and economic development.

We need to find new models in which the state, communities and enterprise can interact. The private sector has a crucial role to play in regeneration; in terms of investment from corporations and the encouragement of entrepreneurship. However, it is unwise for the interests of industry to be given free rein with public funds and goods and with spatial development. Communities too, defined primarily in policy as housing residents, may not act in the interests of broader economic and social aims unless fully engaged in the regeneration process.

Ultimately, the specifics of any form of progressive community-led regeneration will be contingent on local factors. However, a likely common feature will be the enabling stance local government and the exercising of responsible license by enterprise, stimulating and harness the capacity of local communities. If this configuration of the state, communities and enterprise is achieved then a transformational localism, infused with radical democracy can deliver a step-change in community-led development.



Gareth Swarbrick

Gareth is the chief executive of Rochdale Boroughwide Housing

On 26th March 2012, Rochdale Council transferred its housing stock to a new type of mutual housing provider. Rochdale Boroughwide Housing (RBH) is now the first housing mutual based on a combination of tenant and employee membership. Its new mutual constitution will become fully operational in July 2013. Here is the story of the mutual transfer and how it happened.

In 2009, Rochdale Council and RBH agreed to set up an Investment and Involvement Commission to review the future for RBH and the housing landlord service. As an Arms Length Management Organisation at that time, RBH knew that the Council would have to make some difficult choices about the future in the light of housing finance reform, the pressures on public finances and the changing policy environment. But it was also clear, both in terms of the services being provided and as an employer that there were high levels of satisfaction from tenants and employees. RBH and the Council shared a desire to build on these foundations.

Respected housing and regeneration academic, Professor Ian Cole, agreed to be the independent

chair of the Commission. Its brief was not just about finances. It also included examining how tenant involvement in decision-making could be enhanced; and defining the role that the largest social landlord in the borough should play in addressing the borough's wider challenges - health, financial exclusion and fuel poverty.

In its early days, given the sobering economic climate, the Commission inevitably focused mainly on the financial part of its brief. It soon became clear that the best way forward financially would be by means of a stock transfer. But we already knew that a standard transfer was unlikely to be well-received in Rochdale - so we had to be more imaginative and also think about the Commission's wider brief.

Rochdale is a borough facing many challenges. Located to the north east of the Manchester conurbation the local economy has been particularly badly hit by the decline of manufacturing. There are real issues around how to improve the skill levels of local people, around health inequalities and income levels. There are pockets of acute deprivation and there is a direct correlation between deprived neighbourhoods and RBH estates.

But Rochdale is also the birth-place and home of the Co-operative Movement. It is

“It provided an opportunity to create a new model that would provide a strong basis for RBH to face up to the social challenges in a really pro-active way”

the place where the Rochdale Pioneers first set up their shop in 1844, and it is a place where the co-operative and mutual idea still resonates strongly. This provided an opportunity to build on the direct customer-responsiveness and accountability which is at the heart of that tradition. But at the same time Rochdale needed to do something new: which would be attractive to the Council; which would win the support of tenants who would be asked to vote for it; and which would have the backing of employees whose support would be vital in securing a positive ballot result. Crucially, it provided an opportunity to create a new model that would provide a strong basis for RBH to face up to the social challenges in a really pro-active way, up-scaling its activities and working in tandem with the wider community.

Rochdale's vision was based on securing both tenant and employee membership and using this as a platform for taking forward the existing theme of co-partnership. RBH and the Council wanted to embed this within the organisation, and change what was an emerging way of working into a new culture, underpinned by the new ownership and governance model. This it felt could enable the creation of a new set of relationships, based on co-operation and collaboration between tenants and employees in shaping priorities and designing services. This would be critical in helping RBH to face up to the unprecedented challenges confronting it.

RBH worked with Mutuo to develop this modern mutual idea, and found that it readily won support. It seemed our proposal came at the right time, with the council, the Department for Communities and Local Government, the Homes and Communities Agency, the regulator and other key parties readily understanding it and seeing it as a logical evolution. But it was not all easy.

The first major test of the idea was the tenant ballot. Could RBH and the council explain something so novel in such a way that tenants would vote for it, even though it involved a stock transfer and a form of governance untried before in housing? The reaction of tenants vindicated our efforts, with a 76% vote in favour.

Together with the Council, RBH was able to announce this result at 8 pm on 21st December 2011, the very time and day on which the original co-operative store was opened 167 years previously on Toad Lane, in 1844. We were bringing home to Rochdale an idea which had helped to improve the lives and conditions of many people at difficult times in previous generations; and we had a vision about how our reinvention of that idea could bring help to the people of Rochdale today and in the years ahead.

The transfer itself was completed on 26 March 2012 and even before this RBH opened up membership to tenants and employees. Already over 2,000 people

“We were bringing home to Rochdale an idea which had helped to improve the lives and conditions of many people at difficult times in previous generations ”

have chosen to become members and the first membership events have demonstrated that the offer of membership is attracting a new and diverse set of individuals to become involved and to have a voice in shaping a new and unique organisation.

The new mutual governance model is a radical departure from the standard social housing approach. It involves creating a Representative Body - to accommodate the interests of the key participants in the success of the organisation - and a separate board of directors comprising of senior executives and independent non-executives. The model seeks to put in place arrangements designed to bring out the best in the people involved: to enable representatives to freely represent the interests of those whom they served (a real difficulty in “stakeholder” boards), and to secure a more skills-based approach to directorship. The Board remains responsible for delivering the service, but it is for the Representative Body - representing the community of interests served by RBH - to set the parameters and framework within which that service is determined and monitored.

The culture at RBH is already changing. Tenants and employees need to become the heart of this pioneering new organisation, and this has started by setting up a Constitutional

Commission of tenants and employees to create the details of the new mutual constitution. The process has been a revelation. Not only have tenants and employees worked through their potentially competing interests to produce a constitution which has been accepted by the Council, the funders, and the current management of RBH; but they have done so in an open collaborative way, supporting each others’ interests when facing difficult choices.

In essence through the mutual transfer Rochdale has created a new form of social or public ownership, with the community (tenants and employees) coming together to own the new mutual RBH and to work together to forge a brighter future.



Martien Kuitenbrouwer

Martien is President of the Board of Amsterdam West District Council.

Amsterdam West, with its 133.000 inhabitants, is one of Amsterdam's seven city districts. It is made up of 22 neighbourhoods, varying from very wealthy to very poor. 177 nationalities are represented in Amsterdam West; the Moroccan community is the largest. Each district is governed by a council, made up of 29 elected councillors, who together elect a board, which is responsible for day-to-day government. The board consists of three aldermen and one president; the chair of the district board.

A new way of working

In Amsterdam West, the district administration have introduced a relatively far reaching form of 'buurtgericht werken' or 'community oriented work'. All 22 neighbourhoods develop their own agenda each year. These neighbourhood agenda's together form the basis for allocation of the district budget. In addition to this, all neighbourhoods have a 'neighbourhood budget'; (around 50.000 euro each year) which can be spent on neighbourhood priorities which come out of the neighbourhood's agenda. Apart from that, each neighbourhood can select its own 'community led initiatives' which are selected through a neighbourhood-organised voting system.

We have introduced 'welfare new style' giving way to community groups to organise their own welfare activities and in return providing them with free or affordable accommodation (huiskamers). This way of working has allowed for a fair amount of mutual initiatives to flourish.

Do-it-yourself initiatives

Over the past number of years, we have seen a growing number of do-it-yourself initiatives flourishing in Amsterdam West. Varying from alternative youth services, to initiatives which reclaim ownership of homecare. Some examples:

Connect. After years of disastrous crime rates, combined with poor prospects for the youth of Kolenkit district, a group of local Moroccan men and youth initiated "Connect", a training programme for young men, in order to provide 'community safety guards' in the area. Local youth were trained and offered work experience in teams working alongside the police. Connect grew to be the largest service provider in the Kolenkit area, now offering youth work, girl empowerment training, care for young disabled people and mother and father groups. They are now subsidised by the district council. They work closely together with the local mosques. Recently, they have set up a 'hate crime team' who intervene in confrontations between, for example, gay men and Moroccan youth and other sensitive disputes.

“Several apartment blocks are being ‘rented’ out to students for free; in return they work for the community”

‘Springlevend’. When it became evident that the housing crisis was not going to be resolved in the immediate future, students of the university of Amsterdam together with some housing corporations and groups in the neighbourhood looked for alternative solutions, that combined housing needs with the other needs in the community. Several apartment blocks are being ‘rented’ out to students for free; in return they work for the community, providing legal aid to people in the community, helping children with their home work, organising local fairs etc. This initiative has become very popular and has also helped to re-establish the image of the Kolenkit area, once named the worst neighbourhood of the Netherlands.

Buurtzorg. A local nurse was fed up with traditional home care, which had developed into a alienated organisation, run by alienated managers, driven by financial targets. He set up a small neighbourhood oriented organisation, largely self organised by nurses like himself. The professionals run their work with a great deal of autonomy, in co-operation with their clients. Targets were dropped, client satisfaction, self control and autonomy were put first. Buurtzorg became very successful, and is now organising itself along these principles all over the Netherlands.

New roles for local administration

These do-it-yourself initiatives, and the whole community led agenda, have emerged due to budget constraints and dissatisfaction with existing services provided both by the government and the private sector. In order to accommodate them, the method of budgeting has also had to shift down to a community level. Local civil servants have changed their way of working significantly, becoming facilitators and mediators rather than policy makers or welfare service deliverers. However, this has not led to governmental retreat, We see a great demand for a government presence, especially when the basic fundamentals are at stake, namely that provision should be ‘clean, whole and safe’. The local administration needs to provide this back-up. Another prominent role for local administration is to ‘safeguard’ public space. Equal access to welfare and care has to be ensured as well as free access and use of public space. Mutual initiatives must not exclude people with another or no religion, sexual preference or discriminate in any way against people who are different to the prevailing culture.

A variant of this article was originally published by Policy Network: <http://www.policy-network.net/>

“We view our role as leading the dialogue, but not pushing a solution onto schools”

3 Schools and education

Introduction

In some areas of policy, a co-operative multi-stakeholder approach to service design and delivery is being accelerated in the face of perceived threats, some of which are highly political in nature.

For example, in education some practitioners are developing co-operative-style responses as a defensive measure against a perceived marketisation of school provision. In this section, the leader of Newcastle City Council, Cllr Nick Forbes, explains how Newcastle schools are coming together in this way to protect themselves and raise standards. Mervyn Wilson and Sean Rogers from the Co-operative College describe the dramatic recent increase in interest in the co-operative model as a way to run schools, and explore some of the issues that local authorities need to get to grips with to advance the mutual and co-operative model in education in the face of an increased profit-driven approach from central government. Gary Phillips, who is headteacher of an inner London secondary school, argues that academies and free schools can actually reduce connections with local communities, and that this needs addressing for example by strengthening the role of governors.

Cllr Nick Forbes

Nick is the leader of Newcastle City Council

The Secretary of State for Education has a clear view about how to improve education standards. Introduce market forces, set schools free from cumbersome local authority bureaucracy and unleash the creativity of the private sector is the red meat Tory ideology increasingly being pushed from Whitehall.

Part of this agenda is a deliberate attempt to undermine the role of town halls. Councils have even been called the ‘enemies of hope’. Yet in Newcastle, our schools are clear: they see a leadership role for the local authority to play in promoting an alternative to this right-wing dogma.

Despite the considerable turbulence in the education system, we have two broad objectives to promote a local alternative to the free market. Firstly, we are strengthening our relationship with schools through the creation of a citywide Learning Trust. Secondly, we are supporting and enabling the establishment of formalised local school partnerships underneath this overarching Trust.

The Trust and local partnerships are built upon co-operative values and principles. I welcome the fact that those schools that come closer together in local trust arrangements will acquire many of the so called ‘freedoms’ that academies do, such as owning their



own buildings and employing their own staff. But the crucial difference is that they do so in partnership with each other and the local authority, working to a common set of values.

In Newcastle, schools are driving the change agenda - but collectively, in partnership with the council and others. They are not being 'done to' but are leading the shaping of the new environment. The council is actively engaged and is viewed as a crucial player by schools in what is referred to as the 'middle tier' between schools and the Department for Education. We view our role as leading the dialogue, but not pushing a solution onto schools. Schools are being given the time and space to arrive at solutions themselves. This can be time consuming but will ultimately lead to a stronger consensus.

We have to recognise that so much power lies with head teachers these days that without their buy in and support for something, it simply won't happen. That's why building trust and relationships amongst them is crucial. In the future, as the formal powers of councils are yet further diminished, our ability to carry out certain functions and achieve certain outcomes for the citizens of Newcastle will be dependent on our capacity to motivate, persuade and exercise principled leadership. And I firmly believe, having spoken to virtually every head teacher in the city, that the future success of the education system in Newcastle lies in the strength of the partnerships we have now and those we create and develop.

To reduce the risk of partnerships falling apart when individuals move on we are creating formal governance mechanisms that demonstrate a commitment to sustainable change. This in turn creates a sense of moral obligation that makes it difficult for schools to opt out of the type of collective decision making that we feel best serves the interests of children and young people.

In other words, we are being more explicit about the 'family' of schools that we are creating, bound together by a shared vision for the role that education plays in transforming the life chances of children. This approach is also helping the local authority be clear about its new role, which has three distinct elements - ensuring sufficient school places, tackling underperformance in schools and supporting vulnerable children.

With buy-in from all schools to these functions, we are becoming a convener of partnerships, a maker and shaper of effective commissioning and a champion for children, parents and families. And, just like most families, we have our arguments from time to time. When this happens we have to be big enough to accept that there will be differences in opinions and our 'family' is resilient enough to be able to cope with that.

We have already some good examples of where we have fostered collaboration and school to school support which have led to improved outcomes. In the future this will be the norm, not the exception. In brokering and sponsoring the Arthur's Hill Federation

“We have already some good examples of where we have fostered collaboration and school-to-school support which have led to improved outcomes.”

which saw Newcastle's first 'hard federation' of two primary schools, one outstanding and its near neighbour in Special Measures, we have helped secure a complete turnaround in fortunes for the underperforming school. Outcomes for children have improved dramatically and the school emerged from Special Measures as a good school which is now performing very well. The local authority's role in all this has been to broker, to persuade, to facilitate, to engineer and then to stand back and let the people who are closest to the issues get on and deliver. And they have.

The national policy push acts as a constant threat to achieving a locally agreed model for education in the city. The government's obsession with structural change for schools risks alienating many in the teaching profession - including head teachers - and underestimates the impact it could have on the most vulnerable children and families.

My experience tells me that competitive markets do not favour the weak and the vulnerable. There are still gaps in attainment between the 20 per cent of children from more deprived backgrounds and the rest, and these gaps are not narrowing quickly enough. Children from these backgrounds tend to underperform wherever they go to school. A co-operative approach, which views children and families as co-producers in rather than recipients of education, is one way of creating a sense of involvement and power for people in being able to shape the learning offer in their local community.

And therein lies the co-operative school movement's opportunity - to champion partnership and collaboration in the face of the ideological onslaught of central government. We can define a 'co-operative way' which acknowledges the direction of travel for schools but helps them to get there without stamping on the rights of the most vulnerable to a good education. This approach also presents us with an exciting opportunity to re-engage with parents and help them to be real partners in their children's education. Too many feel disconnected from the system and we expect that, in Newcastle, the Learning Trust and the local co-operative arrangements will energise parents into action.

For engaging people more in schools should be seen as the centrepiece of a new programme of social renewal. Our economy will only deliver in the future if we have young people and adults with the necessary skills and attributes to work in our businesses. Our neighbourhoods will only be safe if our residents share the same values of tolerance, care and respect. Our democracy will be only be strengthened if people, young and old alike, take more control over their own lives. Schools can help us achieve these aspirations - which is why we are investing in building our relationship with them rather than turn our back. And a co-operative system, such as the one we are seeking to build in Newcastle, embraces Labour's values of inclusion, participation and accountability far more comfortably than a market-led approach.

“A recent agreement, between the NASUWT, the largest teachers union and the Schools Co-operative Society highlights co-operative trusts as a democratic alternative for schools”

Mervyn Wilson and Sean Rogers

Mervyn is the chief executive of the Co-operative College; Sean is the Co-operative College lead on Co-operative Trust Schools.

The education system in England is undergoing the most profound structural change since the passing of the 1944 Education Act. The rapid growth of academies and academy chains has been accompanied by concern about a growing democratic deficit, loss of local authority control and influence over schools, and weakening of accountability to local stakeholders. At the same time a relatively small, but fast growing alternative has been emerging, co-operative schools that put key stakeholder groups - parents, staff, learners and the local community - at the heart of governance, and seek to work in partnership with the local authority rather than against them.

Since the first co-operative trust school was implemented at Reddish Vale in Stockport in March 2008 many others have adopted the model. By September 2012 there are over 300 co-operative trust schools, together with 30 converter co-operative academies and their own national network, the Schools Co-operative Society (SCS) is now operational .

Associated developments include new mutuals providing school support services in a number of

authorities, including Wolverhampton, Sandwell and Newham, as well as a headteacher-led co-operative organisation in Plymouth where all but one of the city's 70 primary schools are represented.

In some parts of the country, including Cornwall, Devon and the wider South West, Staffordshire/ Stoke/East Cheshire, and Yorkshire and Humberside, strong local co-operative networks of schools are emerging. They are developing strong second-tier school-owned structures working with their local authorities to provide an alternative to the marketeers who seek to maximise profits by selling services into the new schools 'market' arising from the rapid shrinkage of local education authorities..

Education sector trade unions increasingly recognise the significance of co-operative models, and a recent agreement, between the NASUWT, the largest teachers union and the Schools Co-operative Society highlights co-operative trusts as a democratic alternative for schools to the academy chains and privatisation agenda.

But how can, and should, local authorities, particularly those committed to co-operative strategies respond to the changes now underway? Today's environment follows reforms by a succession of governments that have



transformed the role of local authorities in education provision. Starting with the introduction of delegated budgets under the local management of schools (LMS) initiative in 1988, the process accelerated with the 2006 Education & Inspections Act, the declaration launching it stating:-

“Going forward LEAs will no longer directly provide education; that would increasingly be the function of schools and it would be for LEAs to work proactively with schools to build the structures that would help them formally collaborate with each other, as well as other parts including Higher and Further Education, businesses and charity/third sector organisations”.

Sadly the reaction of many local authorities was hostility, rather than working proactively with schools to develop and formalise well-established collaborative structures, such as schools improvement partnerships developed through programmes such as Excellence in Cities. The challenge facing local authorities who wish to support co-operative and mutual schools and education services provision is moving from traditional command and control structures to that of facilitator/commissioner/advocate, encouraging and supporting schools to look at options that maintain public sector values within the new education landscape.

In this respect it is worth looking again at the International Labour Organisation Recommendation 193 on the Promotion of Co-operatives adopted in

2002. This has been used as to review co-operative law in many parts of the world. The recommendation uses the globally shared definition of co-operatives from the International Co-operative Alliance Statement on the Co-operative Identity adopted in 1995. Its section on the policy framework and role of government stresses the importance of creating an enabling environment in which co-operatives can flourish. It states,

“A balanced society necessitates the existence of strong public and private sectors, as well as a strong co-operative mutual and other social and non-governmental sector.”

It adds that governments, and here we should include local government, should

“Encourage the development of co-operatives as autonomous and self-managed enterprises, particularly in areas where co-operatives have an important role to play or provide services that are not otherwise provided”.

Autonomous and independent co-operatives are very different to rebadging the local authority as an overarching trust and calling it a co-operative as some authorities have attempted.

A number of local authorities do see co-operative trusts as a vehicle for schools improvement based on collaboration and co-operation and genuine school-to-school improvement, rather than the forced academisation hostile takeover model generally

“Autonomous and independent co-operatives are very different to rebadging the local authority as an overarching trust and calling it a co-operative”

pursued by the Office of the Schools Commissioner (OSC). They also see that sustainable improvement, particularly in more deprived communities has to be rooted in effective community engagement, where the further raising of levels of aspiration is an essential pre-requisite to raising attainment. Many see co-operative schools as values-driven and faith-neutral, critical in an increasingly diverse society, and as one Head put it, “Putting the community back into community schools”.

Co-operative models in education need to go beyond schools as the fundamental transformation of local government continues. The virtual ‘shotgun marriage’ between Education and Social Services Departments which led to the creation of a one size fits all model for Children’s Trusts was largely unsuccessful, rarely delivering on the vision of the local authority-wide Children’s Plan it was supposed to develop and oversee.

There is now an opportunity for much more successful bottom-up school-owned-and-led ‘mini and micro co-operative children’s trusts’ with a real community-eye view of their environments. Such models, building membership in their communities, could be much more effective in delivering the vision of the Every Child Matters agenda and impacting positively on every aspect of a child’s life in the community.

Similarly we now need to raise our vision and see what other parts of the education sector, threatened by the marketisation agenda, would benefit from co-operative

models. Pupil Referral Units as co-operatives with schools as members is one possibility. So is the need to safeguard outstanding nursery provision - excluded from the 2006 and 2010 Acts - but within the scope of local authorities to use their powers to develop mutual models. Children’s centres - especially where education-led and -centred are another important possibility. New mutuals in the delivery of school support services traditionally provided by local authorities are needed, but organised as multi-stakeholder co-operatives, partnerships between users and providers rather than the John Lewis models preferred by the Cabinet Office, which risk not being sufficiently responsive to service users by not recognising their central stakeholder role.

Finally, let’s also look at the further education (FE) sector, both for the lessons from history and potential to recover. The standard FE corporation is remarkably similar to the standard model for an academy, and local authorities will know how distant local accountability in that sector has become. There is now an opportunity to use recent reforms, including the 2010 Education Act, for co-operative and mutual models in the FE sector

For all these remains the same challenge - can local authorities and Co-operative Councils in particular, create an enabling environment, encouraging and supporting all parts of the education sector to move from informal collaboration to co-operative and mutuals with active support from the local authority.

“The key challenge in 2012 should be how to involve local people in all aspects of our schools”

Gary Phillips

Gary is the headteacher of Lilian Baylis Technology College in Kennington, South London.

The present government is in a quandary. Driven by ideology it has promoted the academy model for state schools. The increased funding on offer led to more than half of all secondary schools converting to academies. Now through introducing new accountability measures, which will be harder to meet, more and more primary schools will be forced to consider academy status. However as the government removes so many schools from local control it is starting to realise that most new academies do not want to be part of chains and will therefore need to be managed from the centre. More and more people are waking up to this fact and starting to call for a new ‘middle tier’. However what seems to be missing from this debate is an understanding of the increasing marginalisation of local communities who will not be supported by any new ‘middle tier’ to run or influence schools in their local area

The key challenge facing local policy makers in 2012 should be how to involve local people in all aspects of our schools. At present the opportunities are relatively limited to being a free school supporter or a school governor. In some cases new free schools have addressed genuine shortfalls in provision and allowed those involved in creating them the opportunity to

engage with their local community and support their aspirations; however in many cases this has been not been the case. New academies have in many cases reduced the number of governors and removed the right of local councils to nominate governors.

So given the lack of legislative drivers to involve local people, local policy makers will need to find a way to involve local people all aspects of our schools. Some suggestions:

- Create user groups, chaired during initial meetings by local councillors, to discuss what concerns them about local schools. Create momentum in these meetings to create action groups. My guess is that no headteacher or academy chain will want the bad publicity of not addressing the issues that arise
- Support supplementary schools. We work with Lambeth council to support BRIGHT, an award winning Somali Supplementary school and through this the school and the council are able to engage with and create avenues for parents to engage. As a result we now run a range of study weekends based at the school as many Somali parents were unhappy about their children attending a residential centre
- Youth voice: Lambeth council has an excellent Youth Mayor initiative but such initiatives need to be broadened so that user groups harness social media to widen the debate and give it far greater legitimacy

“Local policy makers need to do find ways of promoting partnerships between local groups and schools now that the number of local governors has reduced”

Governors often help to shape a school ethos that addresses local needs and concerns. In many cases this can be through partnership with other organisations. Three examples:

- When governors spoke to parents some wanted support with money management and others told us their biggest issue was earning a living wage. Through a governor we were able to work with Citizens UK to support these parents. (Citizens UK work through local organisers to join up groups such as schools, housing organisations and faith groups to finds common issues that people want to take action on and support them in taking action.)
- Some time ago governors found that many parents and students were unhappy with the provision of mental health services and so created a partnership with Kids Company to address this. (Kids Company provide therapeutic services for children in need.)
- A number of governors were concerned by the lack of progress in addressing obesity and introduced the NHS MEND workshops and a number of healthy eating events. (MEND is an NHS health programme for young people)

In all of these cases governors helped to shape the ethos of the school and used their extensive local networks to do this. What local policy

makers will need to do is find ways of promoting such partnerships between local groups and schools now that the number of local governors has reduced and their ability to make contact with them is reduced. Some more suggestions:

- Create a governors' forum: Invest some funds in bringing governors together and addressing their training needs as a traded service. Give this status through involving senior officers and councillors
- Link voluntary groups with schools: Engage with local voluntary action groups to find out what is on offer and bring this to the attention of governors
- Promote inter-school links as much as possible: Ask local successful schools to nominate a governor to join a local authority controlled school

Teachers, like doctors and solicitors are held in high esteem and it is rare that their judgement is really questioned. The internet has democratised knowledge so that many of us go to the GP or the solicitor knowing what the problem is or at least with better understanding of it than our grandparents had. In schools that is not the case and everybody from the Secretary of State downwards bases much of what they say about schooling on their education or that



of their children. As a result education professionals get frustrated and find it hard to engage with many outside of the profession.

This has to change and local policy makers need to empower local people to hold schools to account in a way that is meaningful and brings about change. In the short article I have suggested that the key levers are better informed and connected governors and users. However for this to be successful they will need professional support from local policy makers who can expect no help and no funding from central government to achieve this

4

Children, families and youth services

Introduction

The previous section showed how local authorities are using the co-operative model as a response to a perceived top-down political threat in education. Co-operatives are also emerging as a solution to the problem of budget cuts. Involving service users to a greater extent in the deployment of limited resources can increase capacity despite falling budgets.

In the area of youth services, Cllr Richard Watts, lead member for childrens' services in Islington shows how co-designing services with the young people concerned is not only more financially efficient but also more effective. Kevin Ford, chief executive of the company FPM which, among other specialisms, works to support organisations seeking to establish themselves on a mutual basis, supports this view in his experience of working with Lambeth to set up an entirely new co-operative youth membership organisation.

This general principle - that sharing ownership for a problem can not only reduce costs but also improve outcomes - applies across the board. Christine Megson, a consultant on integrated public services who has worked on the 'whole household' project in Sheffield, gives some very clear examples across traditional

institutional silos in dealing with families that need support. Victor Adebawale, chief executive of Turning Point, sees potential for co-operative organisations to be more effective in delivering social care services because they better involve communities they are designed to serve.

Cllr Richard Watts

Richard is the Executive Member for Children and Families on Islington Council

The Conservative government, aided and abetted by their Lib Dem helpers, seem to have it in for our young people.

In the two years since they took office youth unemployment has rocketed upwards while the Future Jobs Fund and Connexions have been cut. Young people have been told to study instead of work but the cutting of Education Maintenance Allowance and the tripling of tuition fees make this more difficult. Families with older children are bearing the brunt of the changes to housing and benefits. It is as if the government has systematically gone through every area of the life of our young people and reduced or removed the help and support they used to enjoy.

“Too often youth services don’t open on Friday and Saturday nights when young people most need them”

Controversially, council youth services across the country are being hit hard as cuts force local authorities to concentrate on their statutory duties. The grants to councils to help teenage parents, disrupt gangs, reduce substance abuse, reduce youth crime, support young people with mental health problems and provide youth work have all been cut and un-ring fenced, allowing some authorities to stop this work altogether.

This article argues that the provision of high quality youth services is vital but that these services must change if they are going to survive the government’s cuts, and the recession the cuts have exacerbated. Key to this change is finding co-operative methods of both funding youth services and putting young people at the heart of deciding what services they receive.

The challenges youth services face are clear. The overwhelming problem is a lack of money. With some exceptions, like Islington, councils have cut back on youth services because the scale and speed of Government imposed budget reductions mean non-statutory services, like youth work, have been badly hit as councils concentrate on meeting their legal obligations. At the same time, the competition for charitable trust funding and private donations has increased enormously putting great pressure on many voluntary sector providers of youth services.

Alongside the funding crisis youth services, like all other public services, must change to become both

efficient and more responsive to the needs of the people that use them. Too often youth services don’t open on Friday and Saturday nights when young people most need them. While there are a multitude of examples of fantastic youth work out there, we should be honest enough to admit that the traditional ‘youth club’ is, in 2012, pretty unappealing to many young people. Good youth work is about working with young people to improve their self-reliance and decision-making rather than simply laying on some entertainment. Young people, like everybody else, are increasingly unwilling to accept services that are just offered to them and want a role in shaping what they receive.

So the challenge is clear: how do we develop services for young people that are financially sustainable and will last, that engage young people and that can be shown to improve their chance in life? Oh, and we have to achieve this at a time of massive public spending cuts with the promise of even more severe cuts to come.

The way forward is to work co-operatively with both young people and organisations that provide and support youth work.

Letting young people shape the youth services they receive is crucial. The co-operative development of youth services gives young people a vital sense of ownership over new projects. In turn, this means young

“If different funders don’t work co-operatively then services are more likely to meet the needs of the funder rather than young people.”

people are more willing to market the services through word of mouth - the most effective way of reaching other potential users. Being involved in the development of services gives young people a range of transferable skills from an understanding about budgets to project management experience. Finally, allowing young people to develop services demonstrates a confidence in them that fosters better relationships between young people and adults.

There are a number of ways to achieve co-operative development of services:

- Co-production: Young people should be involved in the development of new youth projects, both initiating ideas and commenting on the way in which projects are implemented. For example, Platform is Islington’s arts hub for young people, based in Finsbury Park, and was developed in partnership with a group of Young Advisors.

Platform’s website describes the process:

“In partnership with arts organisation All Change, Islington Council recruited a team of 24 young people who have helped create a youth-led venue like no other using a £3.5 million Big Lottery ‘MyPlace’ grant. These Young Advisors contributed more than 1,500 hours of their time finding out what young

people and communities in Islington want, researching arts and youth venues, and working with architects, designers and local arts organisations to develop what today is Platform”.

- Co-commissioning: Involving young people in shaping what youth services should be commissioned on their behalf will improve the decision made about what the need for youth services in an area is, and how it is best met.
- Young Mayor and Youth Councils: A number of authorities are now running elections for Young Mayors, a young person elected by their peers to represent their interests. The process of electing Young Mayors is both great personal development for the candidates and a solid introduction to democracy for young voters. But it is vital to show that elections and voting matter by ensuring that the Young Mayor actually has some power to represent the views of the people that voted for them in how services are shaped.

In these straightened times co-operation between funders; including councils, charitable trusts, corporations and philanthropists; is also vital. Although funding is much tougher now than before the Government embarked on its



reckless cuts programme, there are still opportunities available to secure money in imaginative ways. However, it is increasingly unlikely that any one organisation can fund a universal youth service across an area. If different funders don't work co-operatively then services will still exist but they will be patchy and are more likely to meet the needs of the funder rather than young people. Councils can take the lead in working with a range of funders working in their area to agree commissioning principles that all those paying for youth work can stick to. This will allow a group of funding organisations working together to maintain a broader youth offer by financing parts of an agreed package.

The role of Local Authorities is to both engage more young people and sustain youth services through the austerity years. Co-operative principles present the best way, possibly the only way, of achieving this task.

“The co-operative development of youth services gives young people a vital sense of ownership over new projects”

Kevin Ford

Kevin is the chief executive of the consultancy company FPM

Young people have always needed support as they make the transition to independent adulthood. With high levels of youth unemployment, high costs of housing and rising debt associated with further and higher education the transition is becoming more difficult for many.

There is a long tradition in England of providing young people with a variety of opportunities for personal and social development including youth clubs, sport, arts, music and cultural activities as well as more targeted and intensive interventions for those young people with particular problems. Much provision has always been through the voluntary and community sector, and since the 1940s local authorities have had a key role as providers of youth services (updated into the duty to secure a “youth offer” in 2006).

The statutory duties for local authorities to provide these services are weak and provision has been patchy across the country and often starved of resources. Since 2010 there have been disproportionate cuts to services for young people in many areas (typically between 30 and 60%), with open access services particularly badly hit.

The cuts risk loss of services which provide vital early interventions and have been shown repeatedly to be

“The local authority would not nor could not present its overarching plan for what things should look like - it had to be co-produced.”

effective in enabling young people to sort out problems and issues before they escalate. There is also a risk to the very significant advances that have been made in the last decade in the involvement of young people in decisions about services that affect them.

Services to support young people are therefore facing an unprecedented period of change. Local authorities must find more effective ways to provide support, new ways to involve young people and other stakeholders alongside drastic reductions in budgets. The old assumptions and methods of providing services will not work. It is time for fresh thinking and new approaches to delivery.

Young people should be at the heart of new ways to provide services which support their development. Rather than being passive recipients of adult ideas they should have the opportunity to take control and work with adults to design and provide truly responsive and effective services which draw on their creativity, energy and ideas.

In response to these challenges we have been working with the London Borough of Lambeth to develop a youth led multi stakeholder mutual model for services for children and young people.

Building agreement between stakeholders

Lambeth Council set out its co-operative principles in 2010, which sought to establish a new relationship between individuals, organisations and the local authority. For young people, this opened up the opportunity for them to take significant control of some of the key services that provide them with support. The young people would be expected to work with the council and other key stakeholders (local communities, staff, trade unions, community and voluntary organisations, faith groups, health, police, schools, colleges etc) in keeping with the principles of co-operative working. What was needed was a vehicle which could bring together all relevant stakeholders to work in a new way across the borough. This is the Young Lambeth Co-operative which is currently in development and is due to go live in April 2013.

The process of building the co-operative followed an unprecedented period of cuts to youth and play services. All the stakeholders needed to find a new vision in which resources could be shared and deployed in new ways.

The council initiated a wide reaching process of engagement with all stakeholders in Lambeth between May and September 2011. From this a very strong preference emerged for a structure

“The major part of the change is in the culture of the relationships between the local authority, individuals and organisations

which connected local level of service provision with borough wide co-ordination and connections.

Early discussions were led by the Local Authority but were characterised by a constant reminder that all the stakeholders were in a process of co-production. Consequently, the local authority would not nor could not present its overarching plan for what things should look like - it had to be co-produced. Through over a year of dialogue and engagement between stakeholders, there has been an emerging pattern of joint working, building of new levels of cooperation and a gradual increase in trust between the stakeholders. This has not been without frustrations, some conflict and a number of mistakes and problems along the way.

Getting young people into the driving seat has been vital to the project. The Lambeth Youth Council has taken a lead and voted in favour of supporting its development. This was a crucial step in building momentum.

The council made a very strong public commitment to the new way of working by allocating three years of budget to youth centres, adventure playgrounds and stay and play clubs which will form the initial services run through the co-operative. This was a critical point of leadership of the process by the Council.

At the time of writing (summer 2012), the project is drafting an initial structure and constitution for the Young Lambeth Co-operative which will enable it to have:

- A large membership comprised of young people, aged 11 to 19; other individuals of any age; organisations and other interested agencies.
- A steering group or assembly, elected directly by the membership, which will be responsible for the overall direction and priorities of the co-operative. The power and interests of the different membership groups will be balanced through the constitutional arrangements. There is a strongly expressed view that young people should have a significant and possibly controlling say in this steering group/assembly.
- A Board appointed by the Steering Group or assembly which will be legally responsible for the running of the co-operative. The Board will be responsible for commissioning services from outside providers and employing the staff of the co-operative.

From now until April 2013, there will be a process of continuing dialogue between all the stakeholders to clarify and finalise the purpose, constitution and business plan for the co-operative. These discussions will continue to be conducted at neighbourhood level as well as borough wide.

How will this benefit young people

The Young Lambeth Co-operative will put young people at the heart of decision making about services



that affect them. By bringing together all stakeholders, it will dramatically increase the speed and responsiveness of services. Young people, organisations and communities will be able to share their talents and resources, rather than being dependent on a distant council.

The Young Lambeth Co-operative is the first example of a youth led development of this scale in England and too our knowledge, anywhere in the world. There are many examples of youth-led projects and enterprises which demonstrate the added value of giving young people control whilst still getting relevant, timely and skilled support from appropriate adults. These include initiatives to respond to gang violence, young people acting as commissioners of services through to young people led music enterprises.

Taking the model forward

The development of the Young Lambeth co-operative has been possible, largely because of the leadership given by the council. The political and officer leadership has been essential to provide the drive to overcome problems as well as seek new solutions. The principles developed in Lambeth are widely applicable but every authority or area would need to develop its own process of engagement and co-production in order to devise a suitable structure and

arrangements to deliver what they need and want. The major part of the change is in the culture of the relationships between the local authority, individuals and organisations. This has to be grown - it cannot be imported or imposed.

The process is very demanding of officer time and the time of stakeholders' staff, volunteers and individuals. It also demands particular skills, some of which are new or need developing. Consequently, there would be a greater chance of more such initiatives if there were for example higher levels of expertise and financial support above the limited support already on offer through the government's Mutuals Support Programme.

“There would be a greater chance of more such initiatives if there were for example higher levels of expertise and financial support”

“Over twelve months a mere thirty-six addresses generated a massive 3,000 non-emergency calls to South Yorkshire Police”

Christine Megson

Christine is a consultant on integrated public services

With one in four children living in poverty, education results below the national average and areas of entrenched intergenerational worklessness, in 2009 Sheffield City Council recognised the need to find new ways to support young people at risk of social exclusion into positive outcomes and work.

Most service deliverers were focussing purely on children or youths or adults: a cultural shift was needed to recognise that individuals don't exist in isolation and we can't view their needs without considering the demands of the households they come from. Service providers were concentrating energies on managing, and meeting government targets, in their own particular service area more than on improving outcomes for whole families.

Knowledge of the work of other public service providers was outdated, and although the formal partnerships that existed worked well, there was a limited understanding both of how integrated models might address the key challenges families faced and also of how to share good practice across formal boundaries. The concept of service redesign involving stakeholders, and the cooperation needed to drive through a sustainable model, were elegant words used at national conferences, but these words were not heard locally.

The backdrop of reducing budgets, economic downturn and greater benefit dependency meant the need to find new models of working with families, to achieve more for less, had never been more pressing.

The problem

There was already a recognition that for families facing complex inter-connected issues of disadvantage, traditional, single-agency methods of working were having a limited impact. Indeed Labour's Family Intervention and the Coalition Government's Troubled Families policies were both designed to create multi-agency and intensive support around the families most at risk of poor outcomes. These projects focused their attention on sharing intelligence about, and joining up the delivery of, support for the most vulnerable families, facing the greatest and multiple problems.

However this was, by its nature, reactive - identifying families once problems have accumulated and family members are known to multiple agencies. A similar level of joint working and intelligence sharing had not been put in place for preventative intervention among those families at risk of multiple negative outcomes. Yet it is in preventing these high-service use/high cost cases from escalating in the first place that local authorities will generate the greatest cost savings and improved outcomes for vulnerable families. Such an approach supports the Child and Household Poverty Strategy, which prioritises both early intervention and

“Rise in tenancy turnover was leading to costs elsewhere in the system ”

the provision of support as close to the family as possible.

To develop the Sheffield Whole Household Approach we wanted to identify agencies operating with families to successfully define the needs and issues facing families and households at risk of social exclusion, so we could match the design and shape of the response of a wide range of services and agencies at neighbourhood level to meet those needs. Critically, families needed to be involved in this process so the end design included their contribution and resonated with the messages they were putting forward.

Some services such as schools, Job Centre Plus and the police and fire service were easy to find at a locality level, but the voice of housing and health - from a household perspective - were less so. We did identify 15 different key services that were relevant to the families themselves, but group focus research amongst users demonstrated how disconnected they were when it came to addressing their needs. To the extent that there was co-operation, it had grown up through informal networks and caseworker meetings that brought professionals together to react to a problem. Users' perceptions of what services could offer were out of date, particularly with regard to registered social

landlords, the fire service, police and schools. Some organisations worked in isolation and there was a disconnect between children's services and adult services.

When asked what services were important to them families said “schools, housing and benefits” At that stage these were the three critical services not at the table. Some typical comments from users at the focus group stage were:

“Communication between services was all rubbish and they should just be all talking to each other”

“Finding out how to get things done is major”

“Getting the right support for different members of the family is really difficult”

yet:

“Once you have the right support it's brilliant”.

The solution

To start to address these issues, we first set up a governance structure. We drew together an ‘Accountable Managers Group’ made up of all 15 agencies (who could actually make things happen) chaired by an engaged Chief Inspector. Using a community activist trusted by the community to transmit the messages we then



listened to a range of families over six months at key transition stages in their lives (job loss, child moving school, new tenancy etc) to understand exactly what happens at a potential tipping point that might trigger positive or negative spirals. It is the service users who were able to produce some real common sense solutions to the problems that existed, which worked for them and their peers. Local stories embedded in real life gave us the framework to rebuild strategy.

Working downstream we identified a series of seemingly intractable resource-intensive problems that a single agency response wouldn't solve. For example, over twelve months a mere thirty-six addresses generated a massive 3,000 non-emergency calls to South Yorkshire Police, half of which involved children. Eight hundred of these were from children's homes reporting young people who were going missing with regularity, the cost to the taxpayer of which was one thousand pounds per live enquiry of a missing person.

Once this had been identified as a resource-intensive problem, a walkthrough workshop with fifty people all the different agencies covering 24 hours of a live enquiry led to a change in processes and attitude. The Chief Inspector estimates that as a result of this approach, up to four hundred young people are no longer in the criminal justice system, saving millions of pounds and of course, giving far better outcomes not only to the young people concerned but to their potential victims of crime.

A similar story can be told with regard to tenancy turnover. It was identified that a rise in tenancy turnover from 25 per cent to 33 per cent in the first two years of tenancy was leading to costs elsewhere in the system: there was higher churn in the schools that was affecting results (and had mistakenly been attributed to immigration) and a previously unrecognised increase in new registrations at GPs that was costing the NHS around a million pounds. A similar response was drawn together with 53 participants from different agencies to get to the root upstream causes of high tenancy turnover. This led to more intervention to prevent the multiple needs of vulnerable families from reaching tipping point, leading to practical shared solutions and the potential to save millions.

These and other similar examples have meant that what started as recognition of disconnected services is slowly shifting to an integrated approach to tackling challenges such as household worklessness. The expression 'Whole Household' has become common currency and incorporated in the City Strategy 2011. The Multi Agency support teams have been restructured to work with whole families rather than just children; managers from the council and partners participated in a series of summer "boot camps" which led to a series of "Learning by Doing" projects and sharing of good practice. Sheffield City Council commissioned Sheffield University and Sheffield Hallam Business School to develop a sub regional

“We identified 15 different key services that were relevant to the families”

Urban Leaders' postgraduate programme. It includes innovation, customer centric modules and a practical group project. To date 120 people from across services are using new tools and networks to tackle problems and are making savings. Leadership training for family keyworkers is also planned.

Whilst it is relatively straightforward to write strategies and remodel the workforce, the real challenge is to shift culture. We need to develop new types of leaders together across a locality so local integrated models of tackling challenges are common place. Too often, we are trained to manage teams providing services in isolation to the student, patient or victim.

The role of “social brokers” working across sectors is a way to accelerate communication and action. These need to be identified, and their energies harnessed: the credit union manager who wants to help people build up savings rather than build up debts; the doctor who wants to prescribe activities to help unemployed patients into work rather than drugs to treat depression.

The next stage is to develop a standard way of measuring progress. Sheffield City Council is developing its local outcomes framework which will soon be city-wide, so measuring and reporting is streamlined. Commissioners

and service providers particularly in the third sector, will benefit from commonly agreed local measuring and reporting.

There is still a long way to go do particularly with the sharp reduction in resources but the methodology is now clear.

Lord Victor Adebowale

Victor is the Chief Executive of Turning Point

Turning Point's vision for the future of services is one where support is available whenever it is needed, as many people who come to us are already at crisis point. The economic case for preventative services is well known and in 2010 our Benefits Realisation report showed that integrated early intervention health and social care services can save between £1.20 and £2.65 for every £1 spent. Health inequalities too are strongly linked to social inequalities and again the figures paint a stark picture. The Marmot Review showed us that health inequalities account for £31-33 billion in lost productivity annually and an estimated £20-32 billion in lost taxes and higher welfare payments.

Crisis support and the impact of health

“Co-operative models of service delivery, co-production and community commissioning have a significant role to play”

inequalities are indeed expensive, but we should also consider the human cost of large numbers of people being unengaged and unable to access services as this is how many become vulnerable to crisis. The inverse care law which states that those people in need of services the most tend to get them the least, remains apparent and we must work to reverse it not only because it's expensive not to, but because we have a moral duty to do so.

Co-operative models of service delivery, co-production and community commissioning have a significant role to play as we face these challenges. When redesigning services we also have to confront other issues including barriers to market access, firmly rooted working cultures and how to genuinely engage communities. Still, there are great opportunities to integrate services to better meet the needs of the individuals using them, which is particularly important for people with complex needs. The divide between health and social care may exist in policy and service provision, but it certainly doesn't exist in people's lives.

We provide services in partnership with over 100 local authorities across the country and also with organisations from the not-for-profit and private sectors, so we have experience of a variety of service delivery models. It's often the case that people are not that interested in who is providing a service - they are more concerned that the service treats them as an individual and provides high quality care that's easily accessible.

The growth of co-operative groups and the choice and control ethos behind them is promising for the vision of personalised and responsive services. The government has actively encouraged NHS spin outs as part of its health reforms and many young community interest companies are now in the business of service delivery. Such groups often benefit from unique links to communities where they already work and so are well placed to deliver innovative and integrated services for less.

The government needs to continue its support to allow co-operative movement groups to flourish and it's important that such groups can access the same markets as other providers. The organisations themselves need to be risk aware, rather than risk averse and are most likely to succeed if they operate as businesses. Cross-sector collaboration should continue to play a significant role in public services - it's an effective way of making the most of limited resources and pooling expertise in the public interest and something the government should actively encourage.

To achieve integrated services it also makes sense for policy to be formulated in a joined-up way, both nationally and locally. The government should offer leadership by supporting clinical commissioning groups, local authorities and other stakeholders to work together and take a more co-operative approach to services by involving local people.



Engaging communities in public services helps to reverse the inverse care law and tackle health inequalities, while it's also a good way of making services accountable to people and changing the culture of public service commissioning. Turning Point's Connected Care model shows that involving local people results in services that better meet community need. The model also tells us that commissioning is not the same as procurement. Commissioning is the process by which the needs of a community or an individual are understood, from which procurement follows. From the basis of this definition of commissioning there is great potential for much more responsive and integrated service models for communities and providers alike to embrace.

Connected Care projects train teams of local residents as community researchers who lead audits of community need, speak to their neighbours and formally engage with frontline service staff and commissioners. The logic is that local people have the best access to and awareness of marginalised groups, carers, older people and those with complex needs. Recommendations from local people about how services could be delivered differently are then turned into reality, meaning services are shaped directly by co-production.

Connected Care has so far delivered 13 projects

across England and engaged with over 140,000 people. Projects in Bolton and in Clacton and Jaywick in Essex created social enterprises that support socially excluded people and link them to services. In Hartlepool a social enterprise was set up to provide support for vulnerable older people and supported living services. Other projects have produced carers' groups and community time banks and all projects have brought the needs of communities, including the most vulnerable and isolated individuals to the attention of commissioners, giving local people a voice.

The advantages are directly linked to the challenges of the financial and human costs that result from people being unable to access services. One key benefit is an economic one, for example a cost benefit analysis of the Basildon Connected Care project estimated that improved service delivery models could result in savings of £4 for every £1 invested. Local people also benefit from more integrated services that they can understand, engage with and more easily use, which reduces the chance of people reaching crisis point. Connected Care empowers residents to be more active in their communities and services set up by community researchers following on from projects include an older people's luncheon club in Warrington, a

“The divide between health and social care may exist in policy and service provision, but it certainly doesn’t exist in people’s lives.”

Family Support Group in Brandon and an art and social activity club for vulnerable people in Basildon.

The strength of Connected Care is that it has the potential to build enduring community resilience and social capital. Of course genuinely engaging communities and building relationships and trust involves a lot of hard work, but the rewards are more than worth it. Co-production is allowing us to deliver health and social care services that make savings, meet the requirements of those with the most complex needs, achieve integration and fight against health inequalities and disadvantage.

5

A changing role for councils, councillors and council staff

Introduction

A co-operative council is a very different place to work than a traditional top-down structure. Cliff Mills, Principal Associate at Mutuo, explores how the role of elected councillors will need to change within co-operative councils. Instead of town-hall decision makers, councillors will need to become community facilitators and bridge-builders, helping communities to participate effectively in co-operative ways of working.

This may be easier in some parts of the country than in others. The fact that Stevenage, for example, has a 'new town' heritage may make partnership working feel more of a natural solution, as Cllr Sharon Taylor, Leader of Stevenage Borough Council, explores. She describes Stevenage as a social enterprise council, using its "strategic approach to generate human, social and environmental benefit". Cllr Jim McMahon, leader of Oldham Council, explains how Oldham has interpreted the concept of a co-operative council in a spectrum of ways that taken together embody what he calls a "whole system approach". This includes the concept of fair play such as paying a living wage to employees and ensuring their procurement practices support their wider aims as well as examples of co-production and

formal mutualisation. In other areas there may be considerable barriers to change, as Frances Rehal explores from her perspective of setting up a childrens' centre mutual in Kent.

We then look at the specific issues associated with spinning out services. First, we have a contribution from Allison Ogden-Newton who chairs the Transition Institute - an organisation that supports innovative leaders to deliver public services in new ways. She explores how the new buzzword of 'social value' can best be maximised through the empowerment and liberation that comes from leading a spin-out and isolates the factors that maximise the chances of succeeding.

We heard in the last section how NASUWT have come to support the idea of a co-operative approach to schools. Building on this, and the experiences of the employees at Rochdale Boroughwide Housing, the final chapters here explore in a little more depth the opportunities, and challenges, that the co-operative council agenda brings to employees.

Kevin Jaquiss, an employment lawyer and partner at the law firm Cobbetts, with extensive experience in working with mutuals and co-operatives, argues that it does not have to be a choice between poor terms and conditions in the

“Our image of the council is based on a particular way of us thinking - essentially a binary way of thinking”

private sector and generous versions of the same in the public sector. The academic Will Davies then runs through some of the experiences of employee-owned organisations as well as the need for public sector mutuals robustly to evaluate their own performance in order to be accepted as a permanent part of the institutional landscape.

Cliff Mills

Cliff is Principal Associate to Mutuo

Our current perception of “the council” is coloured by a history of powerful institutions, in charge of big budgets, employing large numbers of people, and often located in iconic town and city centre buildings which speak of civic pride, permanence and reliability. This heritage is valuable, but not always positive. There can be a perception that local government is overly bureaucratic, driven by party politics rather than by what is best, and not really responsive or accountable to those it serves.

Whether or not this perception is accurate and deserved, there is another important factor. Our image of the council is based on a particular way of us thinking - essentially a binary way of thinking. We think of the institution inside its municipal buildings and us outside. We are separate, apart from the

council; we are here, it is over there. In other words, there are two distinct parties: citizens and the council.

In truth, the world is densely populated with these binary relationships: employer-employee; landlord-tenant; master-servant; capital-labour; business-customer; commissioner-provider, and many more. This is the way it has been for years; these relationships go back many centuries. It is a convenient way of pinning down relationships between two parties, of creating clarity and certainty, and ultimately of maintaining law and order.

But there is one major problem. Within these binary relationships, there tends to be one party calling the shots, or in a position of control. One party tends to be dominant, and the other subservient.

At one level that is the strength - by preserving a position of primacy or control, it enables the status quo to be maintained. It is the basis of hierarchy and power. At another level it is enormously problematic. By pitting one against the other, it creates a separation of interests, a competitiveness or “oppositonality”, an adversarial relationship whether that is appropriate or not; a feeling of my rights and your rights. And because it tends to fix one party as the stronger and one as the weaker, it can be the basis for hegemony or oppression.

We tend to honour the Rochdale Pioneers, and those other social reformers who established the basis of



mutual trading, for their insight in finding a new way of doing business which challenged the conventional business model. But arguably their greatest achievement was much more radical. The idea they came up with was a different set of relationships, which went beyond the limits of binary thinking. Instead of seeing each other as competitors or people set apart with separate interests, they saw themselves as people sharing something in common, a common interest. These people collectively were the society which they created. This was a different world.

Of course, the residents of the north-west of England were not the first people who came up with this idea. But the social reformers of the nineteenth century were the first to discover that this idea could be made to work in the modern industrial world. They were the first to create an alternative system of trading based on co-operation, which became an alternative economic or business model; and ultimately an alternative basis for society itself.

In the mutual or co-operative way of thinking, we all share a need - for access to food at a fair price, for protection against financial disasters etc. By pooling our need and committing ourselves to each other in a binding, but open and non-judgemental relationship, we can create

(in today's language) a sustainable business.

It is interesting that in the co-operative mind-set, we pool what we lack, and make provision for each according to their need. By comparison, in the world of private ownership and benefit, promoters pool their assets, and make sure that they receive their entitlement in direct proportion to what they have contributed.

In the competitive model, what is important is that I get what I am entitled to which, because the model is based on maximising private benefit, means as much as possible within the law, whatever the down-stream costs or negative externalities. So the rich get richer and the poor get poorer; it is socially regressive. In the co-operative model, the aim is to meet my needs and your needs. It is still based on self-interest - there is no philanthropy involved - but by working with you co-operatively to meet my need, we meet yours as well. It is progressive because we both (all) benefit, and nobody helped us or did it for us: it's self-help.

It is no accident that the co-operative tradition was the fore-runner of our public sector. If at the end of the year, our society had made a surplus, we might decide to distribute it as a dividend, but we might alternatively use it to pay for newspapers, a library, or other educational,

“The council should not be something set apart from you and me: it is you and me”

cultural and leisure pursuits to benefit our community. Co-operatives were also ahead of their time in terms of social reform, providing equal voting rights to women and men, and recognising a minimum wage 90 years before UK legislation.

What has all this got to do with the council?

With the changes which are being made to its roles and functions, the council is already moving away from that old binary, dominating model, set apart from citizens. It is becoming and needs to become more collaborative, more engaged and more participative in the way it operates.

In this new role, the council should not be something set apart from you and me. A co-operative council is you and me, or an extension of you and me, just as the constitutions of the old co-operative societies used to say, in terms, that the members are the co-operative.

As I increasingly have the chance to participate individually in a range of new publicly owned providers, when I can influence local commissioning decisions, when I am able to use a personal budget to meet my needs, I will identify more strongly with my council. It will become more important to me who my councillors are, more likely that I will vote.

In a co-operative council, we want councillors who are from our communities, who are well-known and connected with those communities and with

the important organisations and institutions from those communities. We want as councillors the best advocates and champions, the best listeners, and the best networkers. We want them to be our voice in the council chamber, who ensure that common sense and our common interest will prevail in any important decision that has to be made for our community.

I want my community to have a powerful council, based not on dominative power, but on the power to influence, the power to connect, the power to co-ordinate what goes on within my community and the communities around me.

Becoming a co-operative council is not a matter of choice: it is a matter of necessity. Those councils which resist this challenging development and cling on to the old binary model will become increasingly frustrated, increasingly unpopular, and increasingly irrelevant.

“By working with you co-operatively to meet my need, we meet yours as well.”

“It struck me that with our strong record of partnership working we were part of a huge, whole system social enterprise.”

Cllr Sharon Taylor

Sharon is the Leader of Stevenage Borough Council

There could not be a better motto for a co-operative council than that of our town, Stevenage ‘The Heart of a Town lies in its People’. I first became Leader of Stevenage Council six years ago. It struck me that with our strong track record of partnership working, close working with the community and the Council’s assets of £100 million turnover, over 700 staff and 140+ public buildings we were part of a huge, whole-system social enterprise. A true social enterprise uses its strategic approach to generate human, social and environmental benefit, what we in the co-operative movement call a ‘dividend’. So the council should use its resources and act as an enabler to generate a demonstrable dividend for the community from all our activities.

The impact of the local government cuts were particularly hard for Stevenage, following on as they did immediately from the huge cut in housing benefit which had already taken over £3 million from our budgets. We have had to make savings equivalent to 40% of our net income in four years. We could not have achieved this in the way we have without the support of our

residents to create services that are community led, community designed and community delivered.

Fortunately, we are building on solid community foundations in Stevenage with our new town heritage. A dire shortage of housing in post war London required a radical solution and the newly elected Labour government came up with the Abercrombie Plan. This called for the establishment of a ring of new towns around London. The homes were well spaced, landscaped, for rent only and built in self contained neighbourhoods with their own infrastructure. The new satellite towns provided employment (usually linked to housing) and were an alternative to the acres of sprawling dormitory suburbs that had characterised inter war residential development.

Many of the original residents came from some of the most deprived and overcrowded boroughs of London. They lost many of their social ties when they came here and found themselves responsible not just for the physical building of a town but also for building a community. From these circumstances arose an outstanding group of natural leaders who knew the value of community cohesion and partnership working long before those terms passed into local government jargon.



Stevenage was the first (and I would say best!) of those new towns. It has now grown to a population of 84,000 but we have still maintained the concept of communities being the heart of the town. Each neighbourhood has a community centre, these are fully co-operative and are run and managed by local community associations. They have developed distinct local identities, some sharing space with local churches and the voluntary sector. Their activities are as diverse as our different areas, clubs, cafes, play schemes, bingo, nurseries, Zumba, scouts, jubilee and Olympic parties the list is endless - one has a Volkswagen club.

We recognise the tremendous dividend that our community receive from any investment we make in supporting the voluntary and community sector. So, in spite of the difficult economic climate we continue to provide over £1m in rent in kind and direct funding to local groups. One of our challenges is to properly quantify the benefit that this brings but it would probably not be exaggerating to say it would cost the council more than three times as much to deliver the same services.

It is important that Stevenage Council members are able to empower residents and support local activities too. So each council member in Stevenage has a Local Community Budget of £3,300 (we have three-member wards here). They decide with their community what the priorities are for their ward and allocate funds accordingly. They are also able to use this budget to

draw in funding from partners and in one ward a youth project attracting 50+ young people on a Friday night has been set up with support from local councillors, the police, North Herts College and a voluntary sector group.

So Stevenage, our local partnership group, is set up to improve the quality of life for residents, employers and visitors. Our partners in the public, private and voluntary sectors share priorities and a vision for Stevenage and make a contribution to our shared action plan. We have all agreed to adopt co-operative principles and have become the first co-operative partnership in the country.

Two live examples of how our co-operative principles touch every part of Stevenage life are in our leisure provision and the way we support economic development.

Stevenage Leisure Limited is a leisure trust set up by the people of Stevenage to deliver leisure activities and facilities in the town. It runs our leisure centres, swimming pool, golf course, theatre and Fairlands Valley Lake. The efficient and effective way that this part of our social enterprise operates means they are able to provide leisure facilities to other councils. Stevenage people benefit from the 'dividend' this brings and enables our leisure offer to be far beyond that which a council of our size would be able to fund directly. Our residents support the trust, its Board

“The council should use its resources and act as an enabler to generate a demonstrable dividend for the community from all our activities.”

are local volunteers, and customer/resident feedback shapes the services we deliver. We have also been able to transfer ownership of sports facilities to the community groups that use them, such as a local youth football club who now own and maintain their own grounds and pavilion.

Our Business Technology Centre was originally set up during the collapse of the aerospace industry in the 1980's when Stevenage lost 8000 jobs in 18 months. It is designed so that new and growing businesses can find low cost accommodation and business start up and support advice under the same roof. Three years ago, with funding from East of England Development agency, the Labour government and the Council, our BTC was extended and a 'My incubator' facility added for small new start ups. This has been a huge success, it is now 85% full housing 80 businesses and with hundreds receiving remote support. The Centre is run on a co-operative basis by and with the businesses that operate there by our management company, WENTA, a social enterprise.

We have five clear co-operative principles around which all our planning, budgeting and activity are shaped: We're here when you need us, We can all work together to support each other, You can play a part, We all understand

each other and We're all working together for each other and for our town.

There are challenges for us as we move our co-operative agenda forward including building community capacity to expand what we are able to do in the town with the council acting as an enabler and facilitator. We also need to be able to properly demonstrate the added value, the 'dividend' in our approach in terms of both value for money and a community dividend. We are now setting about applying our co-operative principles to the big strategic issues of regeneration and housing.

I know our community will be with us in designing leading and delivering the future of our town as they have throughout our history.

Cllr Jim McMahon

Jim is the leader of Oldham Borough Council.

Oldham is committed to developing a co-operative future; one where citizens, partners and staff work together to improve the borough and create a confident and ambitious place. We want all members of the community to be able to play an active part in building our co-operative borough. Put simply, becoming a co-operative borough is about everybody doing their bit and everybody benefitting.

The public sector faces unprecedented financial challenges, with budgets being reduced rapidly and significantly. In Oldham, this will see the council's net budget halved over a period of just five years.

As we face a perfect storm of shrinking budgets and increasing demand for services, there is a risk that a gap will be created between the services that residents expect to receive, and the services that we are able to deliver. This means that both public services and residents will have to change the way they operate; public services will need to work to reduce reliance by giving away more power and responsibility to residents, and residents in turn will need to be positively enabled to solve more of their own problems, to help themselves, and to work in collaboration with the council to actively design and deliver local services that are relevant and meaningful to them.

As an organisation, a co-operative approach also provides us with the opportunity to find positive and sustainable solutions to the ongoing financial challenges we face. As the savings that can be achieved by conventional efficiency measures will eventually plateau, a co-operative approach will enable us to deliver both long-term savings and positive outcomes by reducing residents' reliance on public services and, at the same time, using our own influence as an employer, commissioner, and provider of services to deliver added value through our business practices.

As a borough, a co-operative approach provides us with greater opportunities to tackle some of the economic and social challenges we face. From community-led co-operative schemes that build stronger social networks and community resilience; to burgeoning co-operative enterprises which can offer residents a route out of poverty or social exclusion; to co-operative council initiatives that draw in new jobs for local young people, Co-operative Oldham offers a breadth and variety of positive opportunities for our communities.

This is our opportunity to fundamentally reshape the relationship between public services and residents. This will mean that public services will strengthen their civic leadership role, leading by example and enabling residents and communities to become more self-reliant. We will be working together in ways which give residents the opportunity to shape how services are

“Put simply, becoming a co-operative borough is about everybody doing their bit and everybody benefitting”

run, how decisions are made, and what happens in their communities. We will be empowering local people to take greater control over their own lives by making positive decisions for their families and their neighbourhoods. Underpinning all of this, we will endeavour to run our own business in a way which delivers the greatest possible social value for our borough.

What does this mean in practice?

In Oldham, working co-operatively is not just about delivering services through co-operatives or mutuals. It is a values-driven, whole-system approach. Fundamentally, it’s about working in a way which helps to empower residents to take

greater control of their own lives and which gets the maximum benefit from the resources that are available to the community and public sector. Although this could mean new models of service delivery such as a co-operatives or mutuals, it could also mean transforming a council-run service to make sure it is shaped around the experiences of service users, or re-shaping our procurement practices to get better social value out of our spending power.

The Oldham model of the co-operative council is, therefore, a whole-system approach which encompasses a broad spectrum of co-operative working (see fig.1):



Fig 1: The Oldham spectrum of co-operative working

“Public services will need to work to reduce reliance by giving away more power and responsibility to residents, and residents in turn will need to be positively enabled to solve more of their own problems”

Working in line with co-operative values and principles - this means conducting our business in a way which helps to make the greatest possible positive difference to our borough. For example, we've developed enhanced procurement practices to maximise the social value that we can achieve through our contracts. This has meant re-shaping our processes to explore how potential suppliers can deliver added value by, for example, offering supply-chain opportunities to local SMEs, or generating long-term sustainable employment opportunities for local unemployed people. We have also launched the Oldham Living Wage, meaning that no full-time member of council staff earns less than the local cost of living.

Residents and service users actively informing decision-making - this means giving residents the opportunity to influence what we do. For example, we give East Oldham's community network, NEON, the opportunity to help us decide how we should distribute grant funding to voluntary groups in the area. Similarly, when we were redesigning our 'Aiming High' programme for children with disabilities and life-limiting health conditions, we worked collaboratively with service users, parents and carers to shape the new service, helping to make sure that it better reflected their experiences, needs and expectations.

Co-producing services with communities - this means working in collaboration with residents to

deliver our services together. For example, we're leasing one of our local community assets, Fulwood Nature Reserve, to a community group for a nominal fee. This arrangement is enabling the community group to use grant funding to refurbish the reserve and install community gardens, allotments, and sports facilities for local people to use. Similarly, our Litter Watchers scheme enables communities to improve their local area by providing residents with the equipment, materials, and protective clothing they need in order to make environmental improvements such as planting new flower beds or running community clean-ups.

Services delivered through co-operatives and mutuals - this means using different methods of service delivery which are coherent with a co-operative approach. This included opportunities for staff, residents and service users to take control of local services by spinning-out from the council as employee-owned co-operatives or mutuals.

The diversity of our approach demonstrates that the co-operative council model can have implications and benefits that reach far beyond the delivery of services through not-for-profit businesses.

Our co-operative approach is not about favouring any one form of service delivery, but about empowering local people to take greater responsibility and to make positive choices, for themselves and for their communities. As a co-operative council, we are

“A co-operative approach provides us with greater opportunities to tackle some of the economic and social challenges we face”

enabling, supporting and encouraging residents to become more self-reliant and better able to help themselves by treating residents as active participants rather than passive recipients of public services. At the same time, we are responding effectively to fiscal challenges and re-shaping our own organisation to ensure that we are a strong civic leader, delivering the greatest possible social value through our business practices.

Being a co-operative council does not, therefore, change the challenges we face in terms of having to make significant savings from our budgets. However, being a co-operative council provides us with a new approach and new opportunities, not only in terms of how we make these decisions and how we mitigate their impact, but also in terms of how we deliver the positive future that Oldham deserves.

Frances Rehal MBE

Frances developed the Millmead Community Mutual and other children's centres and is an independent consultant

There is huge potential to use mutual models for local service delivery, but there are strong forces acting against them within existing local government structures which need to be addressed.

My case example is the Millmead Children's Centre Partnership in Margate, Kent, which I helped to establish and is registered as an Industrial and Provident Society for the benefit of the community. It is a multi-stakeholder co-operative with a number of membership categories, including community members who live within the children's centre area and employee members. An associate membership is available to those under 16 years of age. The governance structure includes additional partnership board members from a range of partner agency organisations including hospital and community healthcare trusts, local and district councils and local community groups. The management board has representation from both elected members and officers from the local council.

The different membership categories - local people can join for £1 for example - gives balance



and enables parents and community members to have a very real voice. As a result, non attendance rates are greatly reduced and services are automatically changed and developed according to local need. The after school and holiday clubs, open for 51 weeks of the year, is highly valued, as is the 50 place day care facility, the youth club and the local allotment which is managed through the community mutual. In this way the centre provides something for everyone. This something can also be jobs. The centre has nearly 60 employees and provides routes into employment for local people in an area of very high unemployment. Work placements, volunteering and apprenticeships are linked with local adult education programmes to provide development opportunities for parents. The model we used has enabled the continued engagement of parents and the building up of trust in a community that has a history of being “atomistic” and “on the edge”.

Because it delivers what local parents and residents want, services are therefore well attended and so more cost effective. Indeed other service providers such as the police, midwives, health visitors and jobcentre plus benefit because they can use the children’s centre to do what they do in more open, flexible ways.

This way of working, that has demonstrably succeeded in Millmead and elsewhere, is nowhere near achieving its potential nationally. There are three main reasons for this.

First, local authority officers have little or no

experience of the community mutual model of governance and - in my view - are unable to visualise how the model could be part of public service provision. The concept of different governance models is not part of public sector training and development; insofar as community mutuals are discussed at conferences, these are specialist and not in mainstream childrens’ services gatherings and so are not perceived by senior local authority or healthcare officers as part of their mainstream agenda. As a result there is a lack of visionary leadership to articulate and lead change.

Second, even if they do understand the model, senior officers have a vested interest in maintaining the status quo to protect the size of both their budgets and their line-management responsibilities. Lower down the foodchain, their teams fear the implications of mutualisation in terms of job losses and its knock on effects on terms and conditions, particularly pensions. The ongoing perpetual restructuring within statutory agencies combined with the pressure of Ofsted inspections saps the energy required to embrace new ideas, particularly those that could add to job uncertainty.

Third, the entire culture within local authorities is not conducive to nurturing the development of mutuals. Rather than working in partnership with parents and local communities in an environment of consultation, the controlling culture is hierarchical, where dissent



or alternative views are not tolerated and the priority is the preservation of the status quo. This is compounded by an environment where staff are not encouraged to talk with senior officers, policy makers or elected members. The stated needs of local communities or the voice of local parents and other interested groups are therefore not central to statutory agencies when they deliver local services. And there is a high level of snobbery within the statutory services in relation to the 3rd sector and other organisations like community mutuals.

Finally, poorer communities are unempowered to access their fair share of resources because of the lack of openness and debate around how and where taxpayers money is spent. And where the community does not own the capital assets, such as buildings, they have little in the way of leverage over the administration.

It is unlikely, therefore, that the impetus for change will come either from local authority officers, or from the communities themselves. Instead the lead needs to come from elected politicians. In local government it is only the councillors that are able to drive change through a clearly articulated vision and leadership. Members in a local authority are more likely to influence development than officers - after all they have more to gain from the prospect of

more responsive services being delivered in their wards. At national level it will take legislation and a financial incentive (or at the very least funded expertise) for local authorities to support the development of community mutuals, combined with greater clarity as to the role of the local authority in developing the localism agenda.

It would help to establish pilot programmes with clusters of children's centres coming together under the community mutual model. This would support local authority senior officers, helping them to see how services can be delivered more effectively within a different model of governance and also enable them to understand the strategic role the local authority plays within this model of delivery. This requirement could be specified within the conditions of the Early Intervention Grant funding, for example.

The Local Government Association should promote the model and share examples of good practice. It should be commonplace for the concept of nurturing and developing different models of governance to be added into all senior officer job descriptions in local authorities, not to mention statutory agencies in general. The phrase "encourage and support staff to develop a community mutual/community interest children's centre" should appear in senior staff targets. And the sector itself also needs to take

“Because it delivers what local parents and residents want, services are therefore well attended and so more cost effective ”

action to spread awareness. For example there should be a national over-arching structure for community mutual children’s centres where expertise, manuals on incorporation, legal advice, membership, etc are available.

If all this is done, then the work that was done in Millmead will not only touch that community but far more families and neighbourhoods up and down the country.

“Senior officers have a vested interest in maintaining the status quo to protect the size of both their budgets and their line-management responsibilities”

Allison Ogden-Newton

Allison is the chair of the Transition Institute

The architecture of public services in the UK is in transition. Across the National Health Service, local authorities, neighbourhood schools and libraries, our public service institutions are being remodelled. The Transition Institute’s mission is to support a growing network of people involved in this remodelling and support them to do so in a way that transforms public services for the better

It is commonly understood that there are two main drivers of these changes in our public services¹. The long-term challenge is the changing nature of our society, which are also changing the demands placed upon the state. Local and central government will ultimately be judged on how they respond to issues such as an ageing society and climate change, or persistent challenges like poverty, reoffending or families in crisis.

The long-term tests of our public services such as those described above are also being amplified by the second pressure: the wider economic climate we face in the short and medium term, and the subsequent downward pressures on budgets.

Although these twin drivers can seem far removed from the day-to-day delivery of a residential care service, the running of a local library or after-school

1. This section draws on Social Value Ethos, Transition Institute 2012

“Public sector contracts will no longer simply focus on whether you deliver the required results, but also how you get there”

clubs, their impact is reverberating throughout the public sector, across every service and local area in the UK.

There is, however, another emerging test facing public services that has also come out of these headline challenges, namely the rise of social value as a concept. If you are a practitioner leading, managing or delivering public services, the chances are you may not have heard of the term social value. There is a distinct possibility, however, that it will come to impact profoundly on your day-to-day work

Parliament has recently enacted legislation to enshrine social value in our public services for generations to come. The Public Services (Social Value) Act 2012 requires:

“public authorities to have regard to economic, social and environmental well-being in connection with public services contracts”

Furthermore, the European Union is also supporting the premise of social value in public services. A European Parliament resolution declared that the “lowest price” criterion should no longer be the determining factor in awarding public contracts. Instead, the resolution suggests contracts should be awarded to the “most advantageous tender in terms of economic, social and environmental benefits, taking into

account the entire life-cycle costs of the good, service or work.”

These changes will have a profound impact on the commissioning and procurement of public services in the decades ahead. It will shift the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered, which will include the value of the process of achieving the desired outcomes. In other words, the awarding of public service contracts will no longer simply focus on whether you deliver the required results, but will also take into account how you get there.

As a result, the approach, social impact and ethos of an organisation will become crucial aspects of public service commissioning and procurement.

Within the public sector there has, of course, always been an almost tangible public service ethos. It is the reason that the vast majority of public sector workers get out of bed in the morning – the knowledge that they are not only doing a good job but that they are also making their country, their communities and their neighbourhoods happier, more prosperous and more sociable places.

Our contention is that, properly managed, social enterprise spin-outs from the public

“Social enterprise spin-outs can have the public service ethos and then some”

sector can accentuate the social value that is created. Within organisations that have or are in the process of spinning out of the public sector, there is an inescapable sense that you are with a group of people who feel liberated and enthused in what they are doing. It is the public service ethos and then some.

This is undeniably in part due to a sense of empowerment and control that can come along with new governance and ownership structures. We have started to outline the essential characteristics upon which a social value ethos is based within these emerging models of public service spin-outs.

- **LEADERSHIP:** It is essential that a leader steps forward to drive the organisation forward through transition, providing a sense of direction and clear focus for the staff and supporters. This is the single most significant contributor to success.
- **VISION** An end point to the transition needs to be persuasively articulated. How will it feel different to the status quo and why is change crucial?
- **COMMUNICATION and EMPOWERMENT** Clear, compelling communication will ensure staff and supporters buy-in to the transition and take control of ensuring an effective change process. As part of this, everyone needs to understand that they will be fairly compensated for the effort they put in.
- **MOBILISE COMMITMENT** Enthusing staff, users and gaining political support will ensure that the

journey to independence is as smooth as possible and pushed on by linchpin stakeholders.

- **IMPLEMENTATION PLAN** A robust implementation plan will provide staff and supporters with stability, comfort and clarity about the journey ahead and their role in making it happen.
- **MONITORING** Regular checks on progress alongside an open and honest analysis of progress will ensure that the transition is kept on track and allow an assessment of emerging social impact and value.
- **INSTITUTIONALISE CHANGE SYSTEMS AND STRUCTURES** Embedding purpose and social value into the organisation requires reinforcement through appropriate policies and procedures.

To reach the end goal of creating a spin-out with a social value ethos woven into its fabric, practitioners have used the elements described above to get there, taking staff, users and supporters with them as they create the organisations which will deliver exceptional services for local communities across the UK.

There are many different ways of doing this. Key players in the Transition Institute are those that share the view that social value can be optimised in public service through such means as employee ownership, social entrepreneurialism and mutualism.

What those involved in the process repeatedly say is that they are frustrated by the lack of specialist



support, and although there are specialist providers available they come at a price. Yet at the time that the advice is needed the most - at the start-up stage - there is no budget from the new organisation to pay for it.

There must be a role for government here. Tony Blair's enthusiasm for independent service delivery stemmed from his belief that it could improve standards of management and he was prepared to fund programmes like the Social Enterprise Investment Fund in order to do something about it. For David Cameron it is all about community engagement and making a more meaningful connection between service providers and consumers. I wonder what we could achieve if that second vision was underpinned by the kind of investment that systemic change received from the last government.

Kevin Jaquiss

Kevin is a partner at the law firm Cobbetts LLP and winner of the Financial Times Innovative Lawyer of the Year Award 2010

We have a major (and probably unrepeatable) opportunity to establish the mutual model as a credible and sustainable model for the delivery of public services and more importantly to secure the quality of those services for the future. One thing to be considered carefully in this context is the way employees as stakeholders are treated.

The language which has dominated public comment and debate has been the language of employee-owned mutuals and "the John Lewis model". This has not been as helpful as might have been anticipated. These models will only come into existence in a sustainable form if employees want them to and the present atmosphere is not entirely encouraging - trade unions and commentators have rightly questioned the legitimacy of a "top down" strategy which seeks to nudge staff off the public sector payroll into a separate business whose prospects may be uncertain given the impact of cuts on the price the public body is willing to pay for the service it is commissioning.

Public Service Mutuals with The Co-operative

“The only sensible approach to establishing a new mutual enterprise is to write a business plan which is predicated on using stakeholder engagement to drive success”

and Cobbetts have dealt with a number of cases in which many employees had been given the negative perception that they were being “mutualised”. Against this background, the evidence from experience in both the NHS and Cabinet office programmes is that the employee-led “John Lewis” approach tends to attract small units of employees. This is positive in that cohesion and motivation are high but small units can face difficulties in establishing critical mass for a sustainable business start up.

There are further issues about the basis on which new businesses are established and the cost burden they inherit. On the public body side, there is the instinct to try to preserve the status quo of the parent public body and to pass on overheads by way of property and back office charges as part of the deal under which the new enterprise is established. On the employee side absolute assurances tend to be given about terms and conditions and pensions in the belief that only on the basis of such assurances can a new enterprise be established.

The risk in this approach at the outset is that enterprises with these costs will be unable to compete with private sector operators with radically different cost bases (some of which involve staff on the national minimum wage or statutory minimum pension provision) when the initial contracts granted are opened up to competition. The result of this may be that staff find themselves transferred out of the mutual enterprise into a private sector employer

in which their beneficial terms and conditions of employment are under threat.

There is a real opportunity to stake out the ground for a distinctive mutual approach to the delivery of quality public services which involves thinking about employees as stakeholders in a more sophisticated way. There are a number of aspects to this:

First, the only sensible approach to establishing a new mutual enterprise is to write a business plan which is predicated on using stakeholder engagement to drive success. This can be done if employees are the only stakeholders engaged but experience shows that groups of employees working on a business plan tend to conclude that having the business’s customers engaged is an obvious advantage - it enables them to shape services but it also (if done well) encourages loyalty and responsible consumerism.

Second, real employee stakeholding delivers real benefits in motivation and commitment but it depends on winning trust. Where a new mutual is being considered staff need to be given clear and open information about the business in which they are being invited to take a stake. This will include information about the future of the service if it were to remain in public ownership and about the place the business seeks to occupy in the emerging market for public services.

Experience in the private sector, where employers have necessarily reacted directly and immediately

“The dichotomy often presented between attractive public sector packages and unattractive market minimum private sector packages is unhelpful”

to external financial pressures, is that most employees have a surprisingly clear understanding of the commercial realities and are willing to respond constructively provided they feel the employer is being straight with them.

There is scope for public sector bodies to be bold in working with staff to develop new mutual businesses and to establish terms and conditions of employment which may not preserve all the guaranteed benefits now afforded by the public sector but which are demonstrably better than the packages offered by business focused on return to shareholders. These better packages will be predicated on the delivery of better quality services in a better working environment.

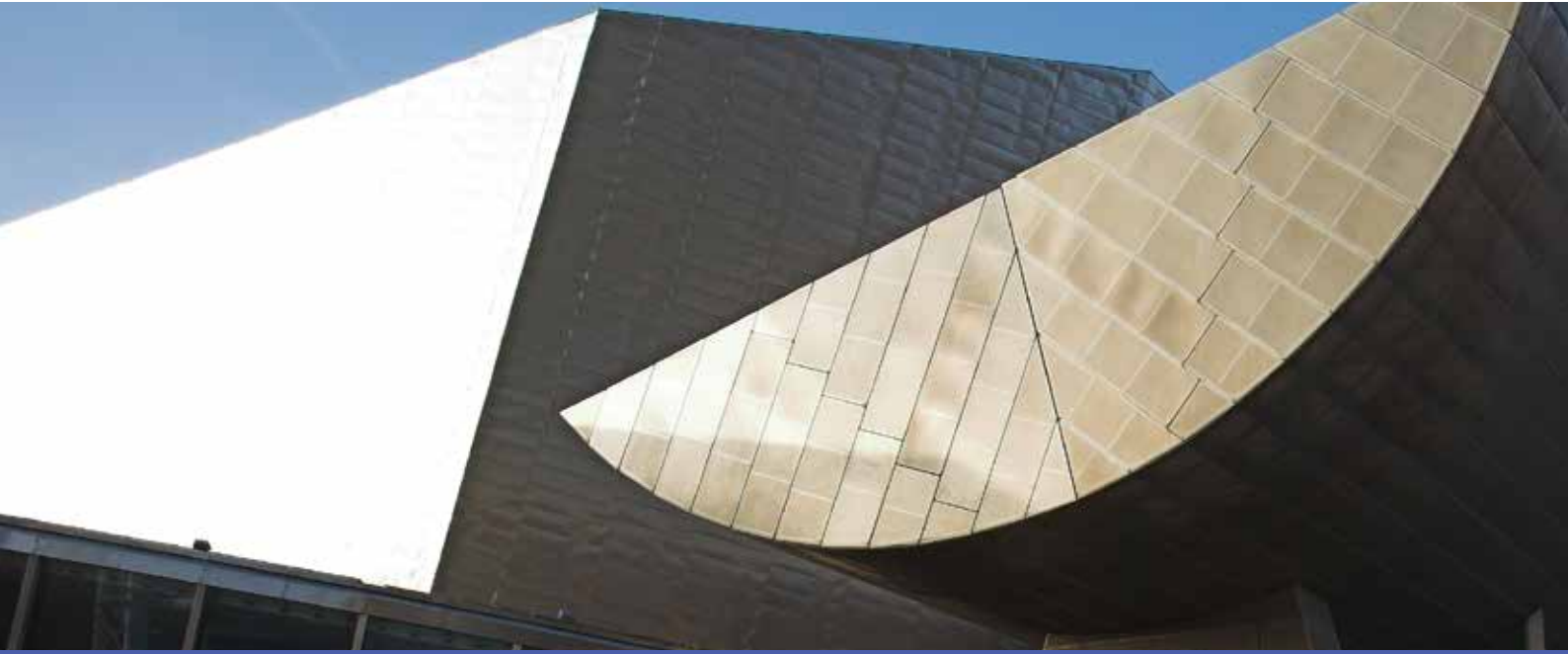
The dichotomy often presented between attractive public sector packages and unattractive market minimum private sector packages is unhelpful. There is an opportunity to stake out a middle ground from which sustainable businesses, constructively engaged with their employees (and perhaps also their customers) as stakeholders, will deliver better services;

Next, public bodies need to think about and be open about the effect of externalising services on the central establishment. There is no doubt that in some cases the reluctance of executives

at the centre to see change which would affect the influence and activities of their team has led them to embark on tactics of obstruction and delay. Even where this is not the case, there is still the need to reshape central and back office services to meet the needs of the new public service economy. There are real opportunities here and we have seen examples of officers willing to think in these terms, but more needs to be done to address the issues on a consistent basis;

Finally, the application of the Mutual Business Detector developed for Lambeth has shown that there are local authority services which would operate successfully as mutuals focused on delivering better services but progress across the country has been slow. This is explained to some extent by the points previously made but there is now an opportunity, and I would say a need, for public bodies to do more to develop a distinctive form of new enterprise delivering quality services.

History shows, most recently in the exponential growth of the co-operative school movement, that what is required is the development of a strong, sustainable and credible model for each of the target services and the putting in place of an infrastructure both to explain and promote the model and to enable others to



use it. Engaging employees in this process is key. This involves an investment of time and money upfront but the investment will pay multiple dividends if it leads to the establishment of new and distinctive service-focused enterprises. The alternative - a commissioned market dominated by the private sector - is less than ideal.

William Davies

William is Assistant Professor at University of Warwick, and an Associate of the Centre for Mutual & Employee-owned Business, University of Oxford.

All organisations, of any kind, must offer an answer to one fundamental question: how much knowledge and information should be shared, and with whom? Answering this question involves making various trade-offs. One trade-off is between public transparency and informal commitment. Organisations, such as PLC businesses, regularly make financial information available for the benefit of their shareholders; but the downside is that this nurtures a transactional culture, in which owners enter and exit, often at high speed. Another trade-off is between managerial authority and democracy. Decision-making inside any organisation requires a degree of legitimacy, which in turn requires processes of consultation and dialogue; but at a certain point, organisations can become so democratic as to become inefficient.

For much of the past thirty years, 'modernisation' of public services and local government has tended to mean making them more like conventional private sector enterprises. In this respect, the answers to these trade-offs have tended to involve ever-more measurement and performance management. Information and knowledge are shared, but only of a very limited and specific kind, namely quantified inputs and outputs, which are evaluated against some target that has been imposed from outside of the organisation.

Of course other forms of dialogue and knowledge do survive - colleagues share stories, professional training nurtures some sense of vocation, care for service users is felt - but the experience of many public service employees in recent years has been that they are evaluated according to measures that have little to do with the real value they produce. It is now widely recognised that this hampers their capacity to do their jobs, and that real value often lies in the relationships that develop in and around organisations, not in 'outputs'.

It's against this back-drop that co-operative and mutual forms of organisation represent an opportunity for something significantly different, and potentially much better. The great benefit of the co-operative form of organisation - for employees, service users, local communities - is that knowledge is primarily shared through the process of dialogue between management and employees, between employees and employees, and between employees and their customers or service

“The great benefit of the co-operative form of organisation - for employees, service users, local communities - is that knowledge is primarily shared through the process of dialogue”

users. Where a PLC, for example, is managed to promote ‘shareholder value’, a co-operative is managed to promote ‘stakeholder value’ - but one significant difference between the two is that the latter cannot be entirely quantified or standardised. ‘Stakeholder value’ will differ from one organisation to another and from one local community to another. All of the tacit knowledge, nuance and experience that performance measurement overlooks becomes central to how co-operatives pursue their purpose.

What this means in practice is that co-operatives are potentially far more sensitive to the specific needs of users or local people, because they can be granted a voice within the organisational structure. Often, the very fact that an organisation doesn’t have shareholders or Whitehall looking on from afar means that they acquire the freedom to focus upon user needs and satisfaction. In financial services, for example, mutuals (such as building societies) are regularly found to provide higher levels of customer satisfaction than shareholder-owned banks². The fact that the customer is also a member alters the culture of the organisation and how it is managed.

This greater sensitivity to customer satisfaction and needs is also apparent in employee-owned organisations. Where employees are also the

owners of an organisation, they become more engaged in their work, and less likely to ask permission before trying to improve things. The holy grail of management over recent decades has been to achieve effective decentralisation of decision-making and better knowledge sharing across the front-line, as a root to efficiency. Employee-owned organisations often find this far easier to achieve, without even meaning to³. Staff at the front-line feel that they have the authority to take decisions in the best interests of their organisation and their customers, while knowledge-sharing is higher as a result of the more democratic system of governance. Human judgement, based on experience, is restored to a crucial position in decision-making. None of this is focused on the bottom-line. But, as the economist John Kay has long argued, this is often, paradoxically enough, the best route to a more productive and efficient organisation⁴.

However, all of this additional autonomy brings challenges and risks with it. Managers of employee-owned organisations often feel vulnerable, and overwhelmed by the sense of accountability they feel towards employee-owners. Even in a democratically governed organisation, it is still up to managers to take a number of decisions, but this can be difficult when they confront the owners on a day-to-day

2. *Building Societies Association (2011) ‘Customer Service at mutuals is better than at banks’*

3. J. Michie & C. Oughton (2003). *HRM, Employee Share Ownership and Corporate Performance, Research and Practice in Human Resource Management*, 11(1), 15-36.

4. J. Kay (2010) *Oblliquity*

“Where employees are also the owners of an organisation, they become more engaged in their work, and less likely to ask permission before trying to improve things”

basis. Middle managers are often most resistant to a co-operative culture, feeling that they are giving away power, but still being held accountable for outcomes. In a sense, co-operatives raise auditing and accountability to a new height, but in the sense that stakeholders are constantly evaluating one another, with competing priorities, rather than being periodically measured from on high. Decision-making can be slower as a result, although this will be for the good reason that more issues and concerns are being taken into account.

Moreover, bad management is still possible in any organisation, and any organisation can still fail. Public services have traditionally been protected from the full consequences of failure by central government, but public service mutuals (such as Foundation Trust hospitals) can go bankrupt. This changes the nature and challenges of public administration quite profoundly. Employees may prefer to work in an organisation where they do not carry so much responsibility, and where they are less autonomous, allowing them to blame others for mistakes and failures. Most managers of mutual-type organisations report that there will always be a minority - maybe 10% - of staff who are never entirely on board with the structure of distributed ownership and control. Communicating the value of co-operative structures to users and employees requires constant work, to prevent disengagement or, worse, movements towards de-mutualisation.

It would be nice to hope that co-operatives can be so accountable to service users, employees and

local people, that no other techniques for audit or performance evaluation are then necessary. Knowledge would simply be shared amongst stakeholders, for mutual benefit. But this may be naïve. Just as social enterprises and charities are developing new techniques for demonstrating and comparing their ‘social impact’ (such as ‘social return on investment’ or ‘balanced scorecard’ approaches), so forward-thinking co-operatives and mutuals are considering how to evaluate themselves and report their outputs to the broader public.

Public service mutuals in particular need to consider how they measure themselves and demonstrate value, not least as a weapon to keep privatisation or re-nationalisation at bay. Equally, questions of transparency and accountability will not just disappear. A serious scandal, involving fraud or harm to service users, could severely undermine the public service mutuals agenda. At that point, questions will be asked about why so much trust was placed in stakeholder governance, and not in standard forms of risk management and transparency.

If this co-operative moment is to be the start of something new, and not simply a blip in the drift towards privatisation and quasi-privatisation, the fundamental difference of co-operatives - including the specific difficulties that go with them - needs to be recognised.

“The ‘suits’ and transport planners didn’t really approve, but residents saw directly a responsive council prepared to listen ”

6

Co-operative neighbourhoods and community budgeting

Introduction

This section explores the potential for devolving financial decisions to residents as part of a wider co-operative approach to service delivery.

Cllr Paul Brant, Deputy Mayor of Liverpool, describes some of the successes of community budgeting, citing examples of residents, supported by councillors but acting against the instincts of officers, diverted funds from one area to something they felt more strongly about. He also explores some of the technical issues: how best to devolve the procurement process, and the limits to what can be realistically devolved.

The theme is developed further by the former head of Urban Forum, Toby Blume, who, writing in a personal capacity and drawing in particular from his experience working with Lambeth council, sets out clearly the limitations of Labour’s previous approaches and the obstacles that exist to devolving financial decision-making to a micro level. These include the inability to realise economies of scale, unsupportive accountancy conventions, issues of accountability and limited capability within the communities themselves. He then shares some of the tools that can be used to overcome such obstacles which inevitably involve working with residents to address them.

Cllr Sue Murphy, deputy leader of Manchester City Council, takes a different approach to the concept of community budgeting, and one that resonates with the experience of Christine Megson in Sheffield in section 4. Rather than giving the actual financial decisions to the public, she shows how practitioners accepting shared responsibility for budgets for a geographical area across traditional institutional and departmental boundaries not only relieves financial pressure across the board but can also dramatically improve outcomes on the ground. Critically this depends on accepting that “the action one organisation takes can reduce demand for other organisations - you shake the tree and the fruit falls in someone else’s garden”.

Finally, John P. Houghton, a consultant and activist who used to have responsibility for community engagement policy at the Department for Communities and Local Government, outlines the challenges faced by areas of the country which have been abandoned by national policy makers, and the opportunities that co-operative ways of working can provide.

Cllr Paul Brant

Paul is the deputy mayor of Liverpool

Local government was promised that it would have its share of the cuts front loaded while national government would not. This cast councils as Cinderella in the Government's funding plans even when the cuts were due to end by 2015. However our two ugly sisters George Osborne and Eric Pickles have now announced that the cuts for councils will continue to deepen until 2017, and at the same time extra social care costs - caused by Government reforms and an ageing population - are loaded onto us.

At the same time, too many of our residents refer to the council and its services as 'they', certainly not 'us' or 'we'. This is because few residents are able to engage in (or even observe) the debates on distribution of power and resources which lie at the heart of most difficult council decisions. Their distance from those decisions means that the 'losers' feel alienated, and the 'winners' are ignorant that they have 'won'. It is not a surprise that voter turnout is so low for council elections.

In Liverpool we believe that the best way to deal with these dilemmas is to share our power and control with local people. This means devolving some budgets and the decision-making processes on spending to bodies which allow residents to share in those decisions.

We started by devolving 'neighbourhood budgets' of

tens or in a few cases hundreds of thousands to local wards. We told local councillors that we gave them full autonomy on how to spend these sums - they would need to identify the priority issues in their areas (in my ward residents said it was youth services). Councillors should engage local people, and other stakeholders (in our cases the Police, Churches and Housing Associations who also provided some youth provision). The money was then used to buy services (evening and outreach services - where none had previously existed), and other stakeholders changed their spending and even chipped in extra cash. The result was local people feeling their views were listened to, and a drop of 40% in anti-social behaviour calls to the local police.

In another area of the city, following a road accident, residents wanted a pedestrian crossing. Council officers said there was no cash and the road did not justify a crossing because few accidents had occurred there. Local councillors identified that a footway resurfacing program was imminent and despite officer reluctance asked residents if they would rather divert this money to provide a crossing. Overwhelmingly they said yes. The 'suits' and transport planners didn't really approve, but residents saw directly a responsive council prepared to listen. Community confidence and mutual respect between voters and councillors was improved. This is particularly valuable in many of our deprived areas where communities often feel disempowered by rules and officials.



This approach is radical, and in some cases not without risks, but I believe those risks and fears are manageable or misplaced.

The biggest reluctance to this type of change often comes from ourselves as councillors. We tell ourselves that we tramp through the rain persuading people to vote for us to get the power to change things. This is wrong for several reasons. It assumes that we know in full the views of our local areas when at best we can only do so imperfectly, and even if do understand those views, it is important that residents are empowered to help take decisions.

There remains the risk that a vocal but unrepresentative group can hijack an engagement process - or promote regressive policies ('no foreigners' etc). That is why I am not keen on pure 'participatory budgeting' (allowing votes on spending). Decisions are finally made by the councillors who can disagree with what residents suggest, but they will have to justify their decisions in their communities.

Whilst in some areas the numbers of residents who are civically engaged are few, this is in part because most feel that their views will not be listened to (they may have bad experiences in the past). However, if we show we are serious about sharing our power with them, you can bet

if only five are involved in first decision, they will tell their friends and you will have many multiples within a short period. Nothing breeds success like success. A happy by-product is the relationships of trust that build quickly - and you are likely to see an impact at the ballot box. It is no longer the 'council' doing things in the area, it's 'us' doing things here. If the project (shall we call it 'double devolution?') thrives, calls will come to devolve further power and budgets locally.

There are limits to the idea. Some services are better procured at overall council level - it is doubtful that you will want to have different bin collectors in each ward. Where services need to be allocated on a demand basis (such as social services), devolution to local areas is unlikely to be as helpful. Most residents however care mostly about their local street scene services which they experience every day.

Procurement rules are another issue. We all live by EU procurement rules, as well as national and local rules. They are intended to prevent fraud and to gain efficiency, but don't always succeed. In many cases greater efficiency can be gained by small local bite-sized contracts being procured (at the request of councillors and their residents). Local street cleaners who live in their area really 'own' their patches - and are in truth on duty all the time.

“it is doubtful that you will want to have a different bin collectors in each ward”

However this increased autonomy needs to be counterbalanced by an increased audit function to ensure fairness and transparency. We have found that the procurement functions of registered social landlords are often swifter and equally fair - so pooling any cash with them and tendering via their mechanisms delivers quick, efficient and transparently fair results. In the final analysis however, you might want to change your local procurement rules - in Liverpool we raised the local manager's budget limits.

Whilst council cabinet members may have some of their decision making function taken away - that is a good thing. Most cabinet members should be focussing on strategic policy, and ensuring on-the-ground delivery. The process of community engagement and empowerment should be a local councillor's role. Of course a cabinet member can intervene or take over where there is local failure - but this should be the exception.

Finally, there is the fear of the wrong decision. The press will highlight the decision that goes wrong. Some innovations will fail, and we might personally have different priorities than some of our communities. The private sector will hide its mistakes. The public sector is too often paralysed by the fear of the wrong decision, and hence the 'conventional' prevails. As councillors we need to relax and accept that not everything will go right, however the fact that a decision was a 'community' decision will insulate us

from most adverse press comment. You will also find the community will often leap publically to defend those decisions.

In an era of reduced funding, increased demands, and patchy public confidence, councils need to lead the way in new thinking. Some may regard sharing power as being risky, however being risk averse in today's political climate is a risky business. I believe that by sharing our power with our local communities we will enhance their engagement with us and so politics itself.

“The progress made on community budgeting since 1999 has been modest (at best).”

Toby Blume

Toby is the former head of Urban Forum and writes in a personal capacity

The idea that we ought to get better at pooling and aligning the combined resources of public bodies is nothing new. From the early ambitions of the neighbourhood renewal strategy and the creation of Local Strategic Partnerships, through to Total Place and various iterations of community-led budgeting, central government has sought to encourage greater coordination within localities. Whilst the jury may still be out on the latest incarnation of community-led budgeting, I think it's fair to say that the progress made since 1999 has been modest (at best).

Both Total Place and the first round of Community Budgets failed to break down the stranglehold of Whitehall silos. Even in their design they failed to inspire the sort of holistic approach that communities are crying out for, by focussing too narrowly on specific issues relating to particular resource-intensive families. The real potential of community-led budgets is far more radical and transformative; offering the opportunity to build a strong local vision for an area and align resources in ways that help deliver that. It ought to place local people at the centre of decision making, providing the catalyst

for service redesign and the redefining of the relationship between citizen and state.

My experience of working at Lambeth to help design a new model of neighbourhood working that places citizens at its heart has highlighted a number of substantial challenges that need to be addressed.

Efficiency

Severe cuts to public spending are placing great pressure on local authorities to save money. Shifting to a neighbourhood-based model of service design is seen to be at odds with the economies of scale that borough-wide commissioning provides. Many believe that procuring services tailored to the specific needs of a particular community will be more expensive and therefore unaffordable. However this fails adequately to take account of social value: using coproduction to design and deliver services is likely to offer a range of additional benefits that cannot be easily monetised. It also disregards the capability of local people to work within prescribed limits. If commissioning at a neighbourhood level means there's less money for a particular service, it's illogical to conclude that it's better to offer a generic (but cheaper) service than a tailored service within a reduced budget.



Budgeting

Although I've worked with numerous local authorities over recent years, it wasn't until I started working at Lambeth that I appreciated how ill equipped local government budgeting processes were to support neighbourhood working. I naively assumed that it would be a simple task to disaggregate the budget for a particular service to calculate how much a particular neighbourhood's 'share' would be. So, for a library service, you'd simply divide the budget by the number of libraries and that would be your budget. The reality is far less straightforward and even arriving at figures that are 'close enough' to work with requires commitment and a fair amount of creative thinking. Until we find different ways of constructing budgets, we will struggle to make community-led budgeting really work.

For example, councils need to be clearer about the apportionment of the costs of overheads and support services - something the not for profit sector has been encouraged to become increasingly adept at, in calculating 'full cost recovery'. Procurement can be used to support this by requiring disaggregated costings that relate to areas or groups. Perhaps we even need to take a 'year zero' approach to how we produce budgets that better reflect the ways communities think. This might help to liberate ourselves from outdated methods of accounting that fail to recognise the true costs (and social value) of services.

Accountability

Another key challenge relates to the role of elected members and appropriate governance arrangements to ensure robust accountability. Community-led budgeting requires new models of accountability which are multi-faceted and multi-directional; with citizens, councillors, public bodies, central government and service deliverers all needing to be accountable and accounted to. Our current arrangements are ill equipped to deliver this.

Devolving power to communities immediately brings into question the role of elected members. Clearly ward councillors, with their democratic mandate, must be a part of neighbourhood decision-making, but precisely how they contribute to resource allocations, neighbourhood governance arrangements and scrutiny is complicated and messy. The solution will have to reflect local circumstances and arrangements, but is likely to require some re-thinking of what role we expect our elected representatives to play. This might include councillors taking on a variety of roles including; acting as community facilitators and connectors, as the commissioners of services and holding officers, the executive (or Mayor) and each other to account. Some would argue that this is no different to the traditional role played by elected members, but in practice this is nothing like universally true.

“Until we find different ways of constructing budgets, we will struggle to make community-led budgeting really work.”

Community capability

For twenty years (at least) regeneration has focussed on tackling ‘the most deprived’ areas or particular marginalised groups. For anyone with a commitment to social justice this makes great sense. However the consequence of this approach is to create a perverse disincentive to succeed - as resources encourage a race to the bottom as areas compete for precious resources. Another, more significant, consequence of an approach that emphasises what’s ‘wrong’ with an area, is to reinforce negative perceptions of particular communities. If we keep telling communities that they are ‘a problem’ how long will it take for them to start believing it?

This deficit model disregards the strength, talents, resources (often latent), relationships and ambitions that reside in every community - even the most deprived. In recent years there has been a welcome reaction against this approach that offers a ‘strength based’ approach. If we are to truly get to grips with deep-rooted problems that our communities face then we need to build on the assets - both physical and softer, social, assets - that exist.

Solutions

In Lambeth we have been looking at ways to address these challenges by developing

a strength-based approach that begins with community asset mapping. It starts by supporting local people to investigate what is valued within the community: people, buildings, services, organisations and relationships and ideas. Only by better understanding the potential, strengths and ambitions of a community can we begin to coproduce solutions. Demographic and performance management data are useful, but they are ill-equipped to capture the whole picture.

The other side of the coin involves clarifying precisely what the offer from the council and its partners is to local people. If we simply say communities will be given control of all we do, we will create completely unrealistic expectations. Some services and budgets are not up for grabs and it is essential we are clear about the limits to devolution. I cannot envisage any instance where, for example, provision of ambulances would be better determined at a neighbourhood level. We have adapted Arnstein’s Ladder of Citizen Participation⁵ to create a spectrum fully devolving control to a community, through coproduction and consultation, to providing information to citizens about service provision. A ‘presumption of inclusion’ is intended to guard against any pushback from the state to resist devolution. All

5. S.Arnstein, A Ladder of Citizen Participation, Journal of the American Institute of Planners (1969)

“In the end, whole places will cost less because they need less”

public services will sit somewhere on this continuum and we can begin to build up a coherent framework for engaging local people.

Inevitably there will be questions and challenge from citizens over where particular budgets sit, but this will hopefully provide the basis for some honest debate. Only then can we begin a process of dialogue between councils and citizens to marry up community ambitions and needs with the resources of the state to establish a genuinely community-led approach.

Cllr Sue Murphy

Sue is the deputy leader of Manchester City Council.

In Greater Manchester, we firmly believe that Community Budgets, as part of a wider public service reform programme, are one of the most important developments in driving the pace and scale of reform needed in today's economic climate.

Greater Manchester is one of four whole place Community Budget pilots, and we have solid foundations to build on. Forecast growth compares favourably to all regions except London and the South East. Our ground-breaking City Deal in the 2012 Budget improves the conditions for growth, alongside investment in transport and infrastructure.

But we also face the perfect storm of reduced public spending, persistently high levels of dependency, rising demand on services and service user expectations that continue to outpace public service delivery models. Services themselves are too often fragmented and uncoordinated, addressing the symptoms and not the causes of dependency.

To achieve the transformational change we need, we have to move away from high levels of expensive, reactive services towards proactive interventions that will develop self-reliance and self-responsibility - and we need to do this on an industrial scale. Community Budgets are a tool to help us achieve the change we need.

We can no longer work in silos. We need to work together to reduce demand, capture some of the financial upside of that and re-use it to reduce demand further. We need to recognise that the action one organisation takes can reduce demand for other organisations - you shake the tree and the fruit falls in someone else's garden. Community Budgets are important to prevent this being a barrier to implementing reform at the scale and pace we need.

We're not claiming that we're inventing systems that no-one else has thought of, but we are developing and testing the changes in systems, attitude and behaviours that are needed to put them into practice on a large scale.

An example of this is a hospital in Central Manchester who have made savings by reducing the demand for

“We need to recognise that the action one organisation takes can reduce demand for other organisations - you shake the tree and the fruit falls in someone else’s garden”

urgent care. They have agreed to invest one third of the savings to pump prime a new model of integrated working between primary, community services and social care using multiple discipline teams. The teams will be tasked with further preventing hospital admissions and admissions into residential care. A proportion of the savings all round will then be re-invested in further scaling up the integrated model.

Some of the greatest savings and the greatest potential to transform not just services but people’s lives are potentially there in the work with Troubled Families. In the Greater Manchester Whole Place Community Budget Strategy, the section on Troubled Families states:

“Too many individuals and families are held back by a complex and self reinforcing cycle of dependency, which can often be inter-generational, affecting quality of life for the wider population and public spending. The drivers of dependency include, poor parenting leading to children not being school ready, educational failure leading to low skills among young people, addiction (particularly drugs and alcohol), mental ill health, offending behaviour, debt and family breakdown - all of which lead to low productivity, high levels of dependency and demand for services, and a lack of personal and civic responsibility.”

By ending the culture of working in silos, by focussing on the need of the individuals and families we need to change, and by concentrating on the interventions needed and not who delivers them, we have the potential to transform lives - and reduce significantly the money spent on dependency. By having a single lead worker, enhanced integration, co-ordination and sequencing interventions in the right order, we can make sustainable reductions in dependency and connect families to employment and skills. We cannot get to the scale that we need without an agreement that captures the benefits that fall across the whole of the public sector.

Take the example of J, a mother of 4 children aged 16, 15, 9 and 8, who no longer have contact with the father. There’s a history of domestic abuse, increasing anti-social behaviour from the older children, debts and a risk of eviction. By having a single lead worker, co-ordinating interventions from the Family Intervention Project, J received a range of support including parenting support and classes, help with her CV and applying for jobs, and developed a positive relationship with her case worker. She is now on a teaching assistant’s course, there have been no instances of anti-social behaviour for 6 months, the children have 100% school attendance and she is seeking help with her debt issues. The



family's lives have been transformed.

Community Budgets are only part of the answer. We also need a shift of culture, attitude and behaviours across the public sector. We need more flexibility to develop and deploy staff across organisational boundaries, and to create more job satisfaction from helping people not to need a service. We need more pride in outcomes for places, as well as for people.

But none of this works without a sense of place. In the end, whole places will cost less because they need less. Places need the incentive of being able to retain the proceeds of success as they reduce the costs of failure.

John P. Houghton

John is a consultant and activist who was previously responsible for community engagement at DCLG

"My parents waited for decades for the plans to be finished so they could get a new home. They gave up in the end. We see it differently - we'll get on with it, and let the plans and strategies catch up with us".

Britain's deprived neighbourhoods face a crisis of unprecedented scale.

Cuts to public services are being felt most severely in the towns and cities with the largest numbers of

households living in poverty. The Coalition government moved quickly to abolish the Area-Based Grant, which is weighted toward the poorest areas, and scrapped or scaled back programmes like Sure Start and Building Schools for the Future which channelled new investment and infrastructure into the poorest places.

The impacts of these measures are being felt at a time when more and more hard-pressed households are facing the redundancy, lower wages, higher bills and increased debt. The gap between the poorest places and the rest of the country, which narrowed under the last Labour government, is widening again.

Not only are the problems in deprived neighbourhoods getting worse, but the traditional responses to urban deprivation no longer work. Put simply, regeneration is dead. For the first time since 1968, there is no national regeneration programme. There is little public subsidy or private sector interest in urban renewal, and in many neighbourhoods the prospect of 'regeneration' is viewed with deep suspicion.

According to expert testimony given to the House of Commons Regeneration Select Committee, 90% of regeneration initiatives have stalled and many will likely never recommence. The Housing Minister Grant Shapps declined to dispute this figure - his only mitigation was that most had stalled under the last government.

There is no national leadership, from the government or the Labour Party. It is unclear whether, where



and how the problem of urban deprivation will be addressed in Ed Miliband's policy review. Traditionally, the party has been spatially blind when tackling poverty, focusing on income levels and social exclusion, and ignoring the ways that the dynamics of deprivation play out at neighbourhood level.

The response to the crisis has to come from local authorities working with community activists.

The power of co-operative neighbourhood action

The quote at the top of this contribution is from a community activist in one of Britain's poorest neighbourhoods. For decades, her parents waited for the council and the developers to come up with the grand strategy that would regenerate their neighbourhood. They were ultimately disappointed, and were re-housed in a home they didn't want in an area they didn't know.

Learning this salutary lesson, she's now involved in a project, with the support of a Labour council, to turn a derelict shop and neighbouring empty homes into a community-owned business and small housing scheme. All the assets will be owned by local people, through co-operative structures, that will re-invest the profits into further physical improvements and training schemes.

This is the way forward. In a co-operative neighbourhood, local people run and manage local assets and services, including houses, community centres, libraries and skills programmes. Decisions are taken by local people, through open and democratic structures. The profits and risks are shared, and any money made is re-invested is put back into local activities.

The most powerful examples of urban renewal come about when people take matters into their own hands. The residents of the Walterton and Elgin estates fought Shirley Porter's plans in the 1980s to flog their homes to the highest bidder. Walterton and Elgin Community Homes is now owned and run by local tenants and delivers a wide range of services to residents.

The Walsall Association of Tenant Management Organisations is currently offering advice and support to Lambeth's visionary 'co-operative council' agenda. The Association was created in the 1990s, from tenants' determination to find an alternative between ongoing council ownership and transfer to a large-scale housing provider without any local roots.

Making it happen

In our post-regeneration landscape, the potential for co-operative neighbourhoods to lead the way

“The most powerful examples of urban renewal come about when people take matters into their own hands.”

out of Britain's crisis of urban deprivation is immense. Two key measures could help to make it happen.

The first would be a stronger set of rights for communities to proactively take on the management and / or ownership of a local asset or service. To be effective, this right would need to be applied to a wide range of assets and services, not just the ones which the current owners are seeking to dispose of. The current legal arrangement allows for local councils to take this step and open up opportunities, beyond their statutory requirements, to local people.

The second would be a programme of training and support to help communities who otherwise might not feel confident or knowledgeable enough to take these opportunities. The National Tenants' Resources Centre is a powerful model for this kind of support. The Centre trains hundreds of tenants each year in how they can exercise their rights to establish tenant management organisations.

Co-creating co-operative neighbourhoods

We don't need co-operative councils to create co-operative neighbourhoods, as the tenacious tenants of Waltherton and Elgin demonstrated. They fought and fought to take control of their estates in the face of official opposition.

But a strong commitment from Labour councils to support and facilitate co-operative neighbourhoods

would offer hope and solidarity to deprived communities facing an unprecedented crisis. It would mean Labour was leading the way in the increasingly urgent search for post-regeneration solutions to urban deprivation.

For this to happen, the party would need to challenge some of its assumptions about the way to tackle urban deprivation. The first is that Labour's job is to 'protect' the poor. This is a noble-sounding aim, but it prescribes a position of dependent helplessness to people living in poverty, and encourages a paternal mindset within the party that stymies people's attempts to take matters into their own hands.

The second assumption is that local action is a euphemism for increased inequality between neighbourhoods. A laissez-faire approach, in the model of the Big Society, would lead to greater division if the wealthy were the only ones with the time and money to take ownership of local assets and services. But with the right support and the active encouragement of Labour councils, co-operative neighbourhoods can power up the poorest places.

The last Labour government, with its unprecedented commitment to narrowing the gap between the poorest places and the rest of the country, halted and reversed the decline of Britain's poorest neighbourhoods.

Those achievements are already being undone. And while the problems multiply, the old regeneration

“We can’t look to government for a light at the end of the tunnel. They’ve switched it off to save money.”

solutions no longer work. We can’t look to government for a light at the end of the tunnel. They’ve switched it off to save money.

People living in the poorest neighbourhoods aren’t waiting for grand plans and strategies, handed down from on high, to offer a way out of the post-regeneration crisis. They have their own ideas. The challenge for Labour in local government is to match their ambition by co-creating co-operative neighbourhoods.

7

Jobs, business and the local economy

Introduction

There is a huge gulf that exists between the cultures of the town hall, and that of the local or national business. Insofar as there is a debate about the role of the private sector in public service delivery, it concerns the merits - or otherwise - of either contracting services out, or procuring them in.

Yet two thirds of the jobs in our economy come from the private sector: without a dynamic economy, many of the stated aims of public service delivery simply cannot be met. Everything starts going backwards when money is short, particularly at a household level, and public services are left to pick up the pieces.

This section explores ways in which the general approach to co-operative working at a local government level can be extended to the relationship that councils have with business, for mutual benefit.

The chair of the UK co-operative party and MP for Harrow West, Gareth Thomas MP, emphasises how the important role that co-operative councils can play to regenerate their communities is only made more urgent by the failures of national economic policy. This message is emphasised with a few specific examples of how a co-operative approach translates into relationships with business by the former MP for Burnley and Treasury Minister, Kitty Ussher.

Gareth Thomas MP

Gareth is the chair of the Co-operative Party and MP for Harrow West

Co-op councils, like all local authorities, are on the frontline of huge cuts in government funding. What makes them stand out is that during this time of draconian cuts, their ambition remains to empower their communities by involving them in the running of their own services and other key decisions. As part of their work co-operative councils also have another crucial role to play: championing the needs of the business community in their area and leading inclusive efforts to create better local economic conditions.

Long before David Cameron promised 'to give power back to the people' in his 'Big Society', co-operative councils were emerging across the country, offering a new vision of local government which wasn't about replacing skilled professionals with volunteers, imposing huge funding cuts and reducing services to the community; but instead offered a co-operative model of local government that placed greater emphasis on working with communities, empowering citizens with a real say over the way their services are being run and championing new co-operative organisations.

Co-op councils give local people choice and control over the public services they use by harnessing local authority resources and expertise to help communities



design their own services, using their own skills to make changes. Indeed co-op councils recognise that their citizens are valuable sources of information and insight and are often better placed than councillors and local authority officers to think through solutions to the problems in their area.

Co-op councils believe that their relationships with the people they seek to serve needs to avoid being paternalistic and remote. Instead the council needs to 'co-operate' as far as is possible, empowering its citizens by responding to their needs rather than offering a pre-determined menu.

This empowerment of communities involves a willingness to firstly listen to what those in the area want and then a determination to fit the council's work to those priorities. Empowerment is also about co-producing services with the people who need and use them, giving more control and power to a council's 'customers' and communities a real say over the way their services are run.

But no community can be truly empowered without a strong local economy and a vibrant business community. This recession has demonstrated that government, and crucially local government, has an important role to play in creating a stable and thriving economy. David

Cameron and George Osborne's ill-judged plans have turned Britain's recovery into a flatlining economy and now a deep and deepening recession. With rising unemployment the role co-op councils play in working through the strategic decisions affecting the local economy becomes even more important.

Support for businesses has been hit hard by cuts in central and local government funding. Regional Development Agencies, which were independently evaluated and shown to have leveraged on average £4.50 of benefit for regional economies for every £1 spent, have been abolished, in a manner described by Vince Cable at the time as "Maoist and chaotic".

The failure of the Coalition government to help Britain's business by creating the right environment for economic growth has made the task of local government in supporting the economy and the business community in local areas far harder. It is therefore even more vital that co-op councils use their innovative approach to encourage co-operation amongst businesses themselves to provide mutual support and advice; to share ideas and best practice. Co-op councils may, for example, be able to use their buying power to help local businesses get better deals from key regional or even national suppliers or might be able to help

“No community can be truly empowered without a strong local economy and a vibrant business community”

minimise for example energy costs or to make support services such as IT, financial and human resources departments available to help.

Co-op councils will be at the heart too of remaining regional efforts to assist local economies and will work with other key regional players such as universities and larger local businesses to try and open up new opportunities for smaller firms or co-op businesses through business mentoring and other support.

Co-op councils acknowledge and accept that there are a wide range of existing organisations in their area who could help them deliver services more effectively including within the business community. For example, the business community can work with other key local and regional economic players to champion a co-operative approach to growth and jobs, that gets behind the efforts of local businesses but also encourages new mutual and co-operative enterprise: employee owned businesses, credit unions and social enterprises; these all can help to lock in extra benefits into the local economy through better wages or the retention of 'profit' in a local community.

The government's own Mutual Taskforce has identified evidence sighting the benefits of mutuals as including better staff performance, higher wages, lower absenteeism and a longer term outlook with more investment in innovation, stronger productivity and job creation. These are hugely important in public

services but also have considerable potential in the wider economy too. Indeed some evidence suggests employee-owned enterprises generated employment at twice the rate of non-employee owned enterprises in the 2005-2008 period.

Whilst co-op councils recognise that they are key agents for change in their area, they can't on their own develop and hone the local economy. Their role is to be much more open to the challenges and needs of businesses in their area - working with them to think through how their individual businesses can grow, if wanted, and crucially helping to foster a spirit of entrepreneurship and business growth in their area.

Together with the business community and other key local and regional economic players Co-op Councils can champion a co-operative approach to growth and jobs that gets behind the efforts of local businesses but also encourages new mutual and co-operative enterprise.

When central government under David Cameron and George Osborne is failing to deliver the economic policies to help drive economic growth co-op councils have an ever more important role in leading local economic and business initiatives in their locality.

“You won’t meet your local government public policy objectives if you don’t have a vibrant private sector on your doorstep”

Kitty Ussher

Kitty is a former MP and Treasury minister, and a fellow at the Smith Institute

There is a huge gap in the way we talk about co-operative solutions to policy-making and it concerns the relationship between local councils and private businesses.

The co-operative model as an alternative to traditional private sector shareholder models is already well understood. After all, the movement was founded to meet gaps in private sector provision: supplying services such as funeral care and savings products, or routes to market for farmers who were otherwise unable to access a fair price.

This publication, by contrast, has sought to push forward the debate around applying co-operative principles to the delivery of local public services, and explore what that means about modern citizenship in the process. It has said less about the difference between shareholder and other forms of ownership (although shifting ownership from public to co-operative can be part of the answer).

But there is a third avenue that needs a serious exploration, to fully complete the picture, and that is how to involve the private sector in the

public policy debate. The risk is that by remaining located firmly in the intellectual space inhabited by local government councillors or officers, we ignore the potential contribution to be made by existing private sector organisations.

Here’s the point: you won’t meet your local government public policy objectives if you don’t have a vibrant private sector on your doorstep providing jobs, services, and economic dynamism. People won’t want to live in your borough if the shops are closed down, unemployment and crime are high, there is social segregation in schools and pride and opportunity are in short supply.

Unemployment causes health problems, family problems and community problems and government is left to pick up the bill. The private sector provides jobs and profits and that reduces costs to government. Successful communities are ones that feel that they are ‘on the up’, and a good way to help that happen is to be the kind of place that big businesses think it’d be good to locate in, and small businesses feel proud to be part of.

So like it or not: you can’t pursue any decent public policy goal in isolation to the economy you find around you. The ideological challenge for Labour politicians, trade unionists and co-operators (and I speak as all three) is to accept

this not just as a fact, but as a priority.

The good news is that the general co-operative approach to council service delivery that we have explored in this pamphlet is just as applicable to the relationship with business. All you have to do is add in the business voice to the other stakeholders, whilst being fully aware that they are free to walk away at any stage. To paraphrase Cllr Keith Wakefield in the first section of this pamphlet: stop doing things to them, and start doing things with them.

Remember that unless it is seeking contracts, business sees government as an irritation. From the time taken to get planning permission, through the costs of installing security devices on premises, the lack of decent infrastructure and the stigma and general shabbiness of the place, there is a generally disdainful attitude of the competence of local government. Good business people understand the need to project a professional and businesslike image. Councils that don't are therefore presumed to be ineffectual as organisations. But unlike residents, parents or care users, business on the whole can just choose to walk away.

The co-operative council needs to seek out those areas where individual businesses and business people have something to gain from working together and use that as a way to start building partnerships for mutual benefit. The relationship needs to be one of equals, genuinely respectful and flexible. There have been

some moves in this direction through the Business Improvement District mechanism where, following a poll of local businesses, a partnership can be built with the local authority where business can fund the council to deliver on an agreed priority list of improvements.

But there is far more that can be done through an informal approach. Here's a few suggestions:

- Every borough however impoverished will have some residents who have been successful in business, locally, regionally or nationally. Get to know them at the highest level. Understand their motivations. Why do they live here? Is it home? What would they like to see happen in their home town? What are the barriers to that happening? Who do they know from their business career that could help? Who does the council know that could help?
- Once you accept that the private sector is a valid service user like anyone else, then their experiences and views should be brought to bear to help improve those services. Try re-visiting Christine Megson's contribution in section two and replacing 'family' with 'business' to see how it might be done.
- Establish an informal strategic board with a hand-picked, representative group of people who work in a cross-section of the local private sector. Ask them what the top three things are they would do if they

“The general co-operative approach is just as applicable to the relationship with business”

were the leader of the council. Prioritise, then work together to deliver them.

- Mix things up. Remember the lessons of the new disciplines of network theory. People do what is normal in their own particular environment. The council has access to people from a lot of different environments. Put them together to the benefit of both. Matchmake ruthlessly. Mentors. Apprenticeships. Retraining opportunities. If you know the senior management of your largest employers, you'll have far more effect when you ask them to take on young people than the jobcentre will.
- Market yourself as a geographic area. Many businesses have a choice of where to come. Be the fashionable choice. Bend over backwards to be that. Businesses want to be proud of where they operate, just like anyone else. It says something about the kind of organisation they are. Make them proud, by making your leadership outward-focussed. Ultimately those who benefit will be those who have less choices about where they need to be.

A co-operative council uses whatever means are necessary to harness the energy of everyone who cares, for mutual benefit. Those that ignore the needs and aspirations of those who work in the economy around them, simply have less resources to draw upon when they strive to achieve change.





Design and Print by Multi Image Ltd: 01727 848088

Kindly sponsored by: **The co-operative**