

Paper by Julie Dore

## Why Co-Operatives or Mutuals:

There is increasing evidence across a range of disciplines that people are co-operative as much as they are also competitive. Over recent years, policy and politicians have neglected this truth.

Britain has therefore lost out by missing some of the *advantages of co-operation*: opportunities for innovation, business success and social responsibility that have not been taken. There is a spectrum of co-operation. It is not that every business or service provider should be a co-operative or mutual. But every business can share the *benefit of co-operation* if they work more co-operatively.

One *benefit of co-operation* is an engaged workforce. We know that the UK has a very high degree of workers – 23% – that are not engaged in their workplace and that this comes at a cost. The estimate of the minimum annual economic cost of this failure for the UK is around £36bn.

Co-operatives give more opportunity for their employees, their customers and their stakeholders to engage in the running of the business because they control the capital of the business, and they have an equal say in how it is used.

Other *advantages of co-operatives* include:

- Allowing communities and groups to take responsibility for their own needs. Communities can make a success of services threatened with closure, football supporters can own their own clubs and communities can re-open pubs that are closed if they work together as *co-operatives*. *Advantages* are created by allowing groups with a common interest or aspiration to work together.
- Trusted values and principles. Every *co-operative* *benefits* from our commitment to international Co-operative Values and Principles, the blueprint for a successful co-operative that has existed for over 150 years. Our commitment to ethics, community and governance mean that co-operatives are trusted to provide sensitive services to vulnerable people.
- Creating value for business and members. Co-operatives create value for their members. When co-operation is the priority, it enables provision for the best possible services for members and allows the *advantages of co-operation* to shine through.

Co-Operatives and/or co-operation deliver a clear mission, better services and products, giving consumers power, nicer places to work, engaged staff and less social and environmental harm. There is good practice on some or other of these elements in plenty of workplaces, but taken together, they are what many would describe as the *advantages of co-operation*.



## **Co-Operative Council**

### **Current position of Sheffield City Council:**

#### **Income for Sheffield City Council:**

Most of the money (65%) comes from central government grants. Income from Council Tax only covers 13% of the spending. A further 22% comes from charges for services, such as council house rents and entrance fees.

2010/2011 SCC revenue budget was £1,480 million

#### **Spending for Sheffield City Council:**

Around 67% of the £1,480 million revenue spending goes on three key services:

- Education
- Adult and Children's Social Care
- Housing

The rest goes on planning, streetforce, waste management, libraries etc.

We also pay towards the cost of major sports facilities (Don Valley Stadium, Ponds Forge International Sport Centre, Hillsborough Leisure Centre and Sheffield Arena).

If you take out of the revenue spend above such as the dedicated schools grant and other specific expenditure we have just under £900 million left to spend.

After the comprehensive spending review and the Government settlement we need to find £220 million of savings over the next four years. Therefore the savings we need to find is about 28% of the total spend.

This not only translates to cuts to services i.e. reduced services, closures etc but over 1000 jobs. There will also be knock on effects on private sector jobs.

We will have some discretion about how we spend the reduced budget, but cuts to services that residents care about will be unavoidable. Without the necessary level of funding from the government we can't pay the wages of all the people who do the work and keep all our services going.

To safeguard services and jobs we need to find other creative ways to provide services and protect jobs.

Because of this we can consider the opportunities to deliver traditional council services through **Co-operatives or mutuals**:



We have needed the support and partnership of organisations and citizens for decades to run services. Schools have governing bodies (often made up of parents, local people and Councillors amongst others), who help to make key decisions about how they are run.

Similarly, most parks are supported by bodies of local people called 'friends of' groups (like Friends of Norfolk Park) who will organise clean ups, improve services and inform the council about any issues. We also have many examples of community groups and citizens working with us to run schools, children's centres, sports clubs, housing estates and environmental projects.

The fact is, without the help of 'the community', we could not be as effective as we are.

In recent years, this approach has been extended to personal care. Some of our residents who need social care have been provided with budgets they can use to choose and pay for the support they need. This has meant they are in full control and can use money for things that enhance their lives, like adaptations to their home, finding training to improve their chances of getting work, or for social activities they enjoy.

A co-operative council endorses the approaches described and encourages residents to take a bigger role in running and shaping local services.

### **Why should we do this?**

Local government faces huge challenges in the next decade caused by the international recession and councils across the country are investigating ways they can meet these financial challenges, while still delivering the good-quality services citizens and businesses expect.

### **How can we do this?**

We need lots of ideas and we need to find out what other people think about them first and whether they will work. We need to set out our guiding principles around co-operatives and mutuals. But we need people to give us their feedback about how we turn them into reality. We should start this consultation by reviewing current Co-operatives in Sheffield (and elsewhere) and finding out why they work, where they can work and who we can work with. We need to talk to all 'community groups' and other interested parties which includes staff who are currently employed by the council.

There may be services that are more appropriate than others for Co-operatives to provide and there may be staff teams that are more ready to create co-Operatives.



Another untapped source may be academics such as the Universities and other Local Authorities who have established Co-operatives who would be willing to help us.

One of the major questions to be asked is: If non-elected residents/staff become responsible for running services, how do you make them accountable?

### **How is it going to save money?**

While delivering public services is at the heart of the co-operative approach, we also know that a key issue will be the extent to which we can make significant financial savings. We need to ensure that any changes to services are cost effective, as well as meeting local needs.

Any implementation of this new approach to services will be explored by the Labour Group, and decisions to change what we do will be agreed through the process of budgeting. We need to develop our understanding of whether this way of delivering services is effective and how it will save money but just as important if it delivers the local services that local people need and want .

### **Questions & Discussion**