



The Co-operatives Research Unit of the Open University has published the results of its three year research project funded by the Leverhulme Trust. This aimed to:

1. Identify the factors and conditions necessary for creating successful producer Co-operatives.
2. Provide information and practical advice on how to establish successful Co-operatives.
3. Describe and evaluate the efforts to promote Co-operatives, and suggest which strategies are most successful.
4. Consider the actual and potential contribution that Co-operatives can make to local economic development.

Creating Successful Co-operative Businesses

Its summary report, *Creating Successful Co-operative Businesses*, recommends the creation of regional federations of Co-operative support organisations. At national level it suggests integration between the national network of local CDAs and ICOM supported by government grant aid. Surprisingly the report is sceptical about the role of the national CDA saying that if it is "to be more effective it must become accountable to the Co-operative sector."

The report goes on to emphasise that the focus of activity is firmly moving away from the central apparatus of the state and towards local action.

Local loan funds are recommended as a means of unlocking community and private resources, but the report warns that a review of the legal limitations on deposit taking is necessary.

Education and training also require greater emphasis. One priority should be "to get the Co-operative option firmly established within business education and training generally."

More sectoral and regional links are urged as a means of ending the isolation of many Co-operatives. Worker Co-operatives must also be encouraged "to learn from each other through, for example, the exchange of personnel and the development of models of good practice."

Cornforth, Chris; Thomas, Alan; Lewis, Jenny; and Spear, Roger, 1987: *Creating Successful Co-operative Businesses*. Co-operatives Research Unit, Open University 25pp. Price £2.00.

The results of the project will be described more fully in a book to be published by Sage in mid 1988. This is provisionally called *Developing Successful Worker Co-operatives*.

Co-operative Sit. Com.

Thames TV are planning a situation comedy based on a worker Co-operative, to be screened during 1988. Four half hour episodes will be produced for broadcast possibly during April or May 1988. The national CDA has been advising Thames, and Southwark and Kingston CDAs have also - been involved.

The joke will not be on the Co-operative Movement. The series will be factually accurate, the worker Co-operative will become successful and there may be a booklet based on the series explaining how to set up a worker Co-operative.

This development is certainly a new twist on the "musical hall image" of the Movement. A few years ago the *Co-operative Review* advised that Ken Dodd and company with their Co-operative references were "worth thousands" in free publicity. There were few grounds for sensitivity by Co-operators. However, without wishing to be puritanical, I believe the Movement should have a keener interest in its image and not allow others to step into the vacuum and create a false image.

Consumer Co-operatives on TV

The Independent announced on 26 August 1986. "Texas chainstore massacre" The piece went on:

"To you and me the Co-op means shabby corner stores, and saving up for your funeral by buying stamps. Despite the dreary institutionalised retailing image that the movement now has, it was once a dynamic influence on socialism in this country, pre-dating the Labour Party by over sixty years". And so it was, over an hour of glorious history largely about the Royal Arsenal Co-operative Society with a short tail piece about contemporary community Co-ops. Stirring stuff with Bernard Hill's resonant narrative, film clips of Joe Reeves, the visionary Education Secretary of R.A.C.S. and reminiscences from Beena Kempton, amongst others.

It was a worthwhile use of an hour and a half of a Co-operator's time but what sort of image did it give the general viewing public? Two images came across strongly. First, the consumer Co-op is living in the past, too willing to dwell on past glories. Secondly, the current focus of activity is now well away from the retail movement, and is comparatively small scale and isolated. Is that the reason why the great consumer Co-operative institutions, the Co-operative Bank the CIS and the CWS did not use any of the commercial breaks? The Royal Bank of Scotland, the Norwich Union and the BP share issue were all represented.

Funeral Services

David Skinner, Deputy Chief Executive (Retail and Services) CWS offers a couple of points of accuracy on my piece in the last Newsletter on Co-operative funeral services:-

"The C.W.S. is the biggest undertaker in the U.K., and probably in Western Europe, with a current share of the market being just over 7% not 25% of all funerals in Britain.

The second point about Rolls Royce is that no Co-operative Society runs Rolls Royces. The origin of the comment presumably is that the former Scottish Co-operative Wholesale Society Limited had in the 1930's and 40's the largest fleet of Rolls Royces. These limousines were used in the S.C.W.S. funeral undertaking business, which forms the base of the C.W.S. business today."

Welsh Quality Lambs

The Co-operative Development Board of Food From Britain (CDB) has produced a report on the collapse of the Co-operative, Welsh Quality Lambs (WQL).

WQL was created in 1970 to organise the group marketing of fat lamb in Wales and operated until 1986. It owned slaughter houses in Builth Wells,

Marchwiell, near Wrexham, and Henllan, near Denbigh, and had a controlling interest in a modern export abattoir at Craven Arms. At its peak WQL was marketing in excess of 375,000 sheep, 16,000 cattle and 40,000 pigs each year. Persistent losses at Craven Arms, amounting to over £1 million during the 5 years since WQL became a shareholder, were largely responsible for its downfall.

During 1985 WQL attempted to sell the Craven Arms abattoir but when that failed the farmer members were asked to put in another £500,000 of capital to shore up the business. WQL accepted liability for all bank borrowings of its Craven Arms subsidiary. Despite an overwhelming vote of confidence from 400 members at a meeting in Aberystwyth on 28 August 1986, confidence declined and stock through-put dropped. Barclays Bank called-in its £1 million guarantee and, inevitably, receivers were appointed.

It appears that most of the members' capital has been lost and creditors will receive only a small pay-out.

Lessons Drawn

The report emphasises that despite its special nature a Co-operative is nevertheless a business, and commercial rationale has to prevail. The Board of Directors was too large and poorly trained for its duties. It did not adequately supervise the General Manager, who took the wrong commercial decisions.

The report's recommendations about members' capital and the way in which members were asked for additional commitments affect all Co-operatives:

"We are concerned that action seems to be possible under the Industrial and Provident Societies Acts which would not be acceptable under the Companies Act and believe this should be examined by both the CDB and Welsh Agricultural Organisation Society and advice given if thought necessary. We have in our possession a circular letter (undated), sent we believe in August 1985 requesting members to invest additional capital in WQL. This letter which in company terms could be regarded as a form of prospectus, in our opinion contains misleading information about the profitability of the whole organisation."

"We also think it necessary to look at whether it is reasonable for a Board of Directors to take major decisions affecting the long term prospects of the organisation without the approval of the members or at least informing them."

Co-operative Development Board, *Food From Britain 1987: The Failure of Welsh Quality Lambs*. 22p.

Bill Bailey

Sadly, this was one of the last reports steered through by Bill Bailey, the Director of Food From Britain's C.D.B. He died in August 1987 following a tragic accident in his garden. Bill Bailey had been associated with agricultural Co-operation for over 30 years. He worked for the Agricultural Co-operative Association Ltd before joining the Central Council for Agricultural and Horticultural Co-operation in 1967. He was appointed Director of the C.D.B. in 1983. He had a wide knowledge of the agricultural Co-operative Movement and was a firm believer in co-operation between the Co-operative sectors.

Co-operative Development Agency

Congratulations and good wishes to the four new appointees to the CDA Board announced on 1 October by Norman Fowler, Secretary of State for Employment. Rhona Howarth works for the Sunderland Common Ownership Agency, SCOERC; Terry Thomas is Managing Director of Unity Trust; Guy Shropshire, 'represents' the agricultural Co-operative sector and James Cornforth, of the Nuffield Foundation, in a number of guises has furthered the cause of job ownership. Ralph Wolfe remains chairman, with Tony Eccles and Tom Garnier continuing to serve as members of the Board.

John Cope MP, Minister of State at the Department of Employment, takes responsibility for small firms and Co-operatives.

Secondary Housing Co-operatives in London

Structural changes have been occurring in London's secondary housing Co-operatives. These are bodies responsible for assisting the development of new primary housing Co-operatives and providing them with management services.

1. Society for Co-operative Dwellings

SCD was set up in 1968 as Student Co-operative Dwellings by the then President of London University Student Union, John Hands, who became SCD's first Executive director. It pioneered the development of share accommodation for students and young people. Each resident had a bedroom and shared other facilities such as the kitchen, lounge and garden. From December 1976 to March 1981 SCD ran CHAT, the Housing Co-operative Magazine.

By the 1980's, certain flaws in the concept of shared houses had become apparent and SCD had run into financial problems. Jose Ospina points out in his recent book, *Housing Ourselves*, (Hilary Shipman: £7.95) that SCD's utopian concept did not live up to its hopes. New communities were being formed from scratch, rather than existing communities being moulded into Co-operatives.

There were other problems. The grant funding system disadvantaged SCD. Though SCD was administering over £6 million worth of grants to housing Co-operatives, and had an annual turnover of £600,000, by 1980 it had accumulated deficits of £157,000 on its management operations and £179,000 on development. These deficits were written off by the Department of the Environment.

Following an internal enquiry inspired by the Housing Corporation, three new secondary Co-operatives were created on 1st April 1986 to take over responsibility for the work of SCD. These are AXLE Co-operative Housing Services, which has 32 member Co-operatives in Southwark and Lambeth; CHISEL (Co-operative Housing in South East London) which has 14 member Co-operatives and 6 associate members in Lewisham and Greenwich and *Co-operative Home Services* with 20 member Co-operatives in Hounslow, Reading and Slough.

AXLE Co-operative Housing Services, 186 Clapham High Street, London SW4 7UG. Tim Goodwin, Co-ordinator, 01-720 5326.

CHISEL (Co-operative Housing in Southeast London), 184a Brownhill Road, London SE6. Jose Ospina, Acting Co-ordinator, 01-698 9855.

Co-operative Home Services Ltd., 367 Chiswick High Street, London W4. Ron Bartholemew, Director, 01-994 2226.

2. Solon Co-operative Housing Services

Solon has always been regarded as a more pragmatic secondary housing Co-operative. It first considered separating its operation into two - "Solon East" and "Solon West", in 1982, in order to provide its member Co-operatives with more local management. However, the Housing Corporation were prepared to contemplate separation only if both secondaries were financially viable. The abolition of the GLC deprived Solon of £400,000 of income and put back the scheme for over 18 months. However the two groups were functioning from 1985 onwards, but the new secondaries were not registered until September 1987.

Solon East will become known as CHASE, "Co-operative Homes and Services East" on 1st April 1988. This covers the London Boroughs of Hackney, Tower Hamlets, Newham and Waltham Forest. It has 24 member Co-ops, and is working with a number of short-life groups.

Solon West will retain the name "*Solon CHS*". It covers the London Boroughs of Barnet, Brent, Camden, Hammersmith and Fulham, Haringey, Islington, Kensington and Chelsea. It is working with 60 Co-operatives or groups, including short-life groups.

CHASE, 218 Whitechapel Road, London E1. Maggie Jones, Co-ordinator, 01-247 9835.

Solon CHS, 233a Kentish Town Road, London NW5. Simon Underwood, Convener, 01-267 2005.

David Bristow

Sadly I note the death in March 1987, after a long illness, of David Bristow. He was in his mid 40s. David was a trained solicitor and an enthusiast for Co-operative housing. From 1967 to 1969 he was the legal officer at the Co-operative Housing Agency. He became a co-opted member of the Solon CHS Committee, was for a time its vice Chair, and was Secretary from 1982 to 1986. He wrote the constitution of the National Federation of Housing Co-operatives and was its first Chair-person.

David was a committed Co-operator and an innovative lawyer. He was a valuable ally of the housing Co-operative movement and will be greatly missed.

International Co-operative Trade and Exhibition Centre

The Economic Development Unit of the London Borough of Camden is proposing to establish an International Co-operative Trade and Exhibition Centre (INCOPEX).

INCOPEX situated in central London, will be comparable in size and importance with the Business Design Centre in Islington. It will provide services for Co-operatively owned enterprises. It aims to become a major UK promotional scheme for UK Co-op products. It is hoped to provide permanent trade premises - retail outlets, trade showrooms, offices, studios and workshop, a conference suite and rooms available for seminars and business meetings. The Centre wants to cover all trading Co-operatives: producer, marketing, consumer and agricultural.

Co-operatives located at INCOPEX would be selected for their professionalism and the quality of their product. Trade outlets would be provided for Co-operatives from all over the world, but there would be an emphasis on Co-operatives from other Common Market countries. In addition to Co-operatives who trade directly from INCOPEX, other Co-operatives would be able to mount exhibitions and trade shows from time to time. INCOPEX might also house Co-operative organisations such as the national CDA, ICOM and London Co-operative Enterprise Board. A central London site near Euston and Kings Cross station is to be sought.

The national CDA have already expressed interest in the proposal and Camden is now inviting participation by other Co-operative bodies. It is hoped that the steering committee could be formed by November 1987.

Useful Suggestion?

Could Co-operative societies make it easier for people to locate them via British Telecom Telephone Directory entries? Anxious to cash a Co-operative Bank cheque whilst holidaying on the Llyn Peninsula in North Wales, I consulted the phone book: "Co-operative Society. See under name of Society" it informed me. No problem since the Society, Co-operative Retail Services, occupied the next entry. But what happens when the first word of a Society's name is not "Co-operative", or when the prospective customer does not know what 'CRS' or 'CWS' means.

Is it possible for societies to ensure that the Telephone Directory entry reads "Co-operative Society - see under . . ." and then lists local societies by name or initials. In some areas this does occur but next year I am bound to be holidaying in an area where it does not!

Exhibition - Houses of Parliament

Plans are afoot to present Co-operation in all its aspects to the Houses of Parliament in an exhibition to be staged in the spring or summer of 1988. The Association of British Credit Unions, the Co-operative Development Agency, the Co-operative Development Division, Food From Britain, the Co-operative Union, Industrial Common Ownership Finance, the Industrial Common Ownership Movement, the International Co-operative Alliance via the Co-operative Union, the National Federation of Housing Co-operatives and the Plunkett Foundation for Co-operative Studies have been brought together by the Parliamentary Co-operative Group. The exhibition may be called "The Changing Face of Co-operation" and could take place for a week in the Upper Waiting Hall of the House of Commons.

The exact date will not be known until the outcome of a ballot of MPs in December or March. For further information contact Tony Wilding, Deputy Manager, Information Services, Co-operative Union Ltd., Holyoake House, Hanover Street, Manchester M60 OAS.

Note of the Author

Peter Clarke is Research officer of the Co-operative Party. He is a Tottenham Councillor and a member of the Committee of *Co-ops for Labour*. He is an authority on closer relations between the Co-operative sectors and on the Co-operative Movement's relationship with Government. His published work includes studies of the development of new Co-operatives and Land Settlement Schemes for the unemployed in the 1930's.