

The Co-operative Development Agency

THE PERSPECTIVE OF COMMON OWNERSHIP

by

MANUELA SYKES

It's an ill wind, they say, that blows no-one any good and the sharp increase in unemployment, coupled with the unrelieved recession, has opened many more minds to consider the benefits and potential of common ownership in industry and new job creation.

A common ownership enterprise is one in which the ownership and control is vested solely in the workforce, of which management is a part and to which that management is therefore totally accountable. The ownership is corporate, or collective and it has many advantages. It cannot, for example, be bought up or sold out unless the members (who are the workers in it) wish this and, even then, residual assets may not go to those members but must go to another common ownership or organisation promoting common ownership or to a charity. This device removes any pecuniary personal advantage attached to the dissolution of such an enterprise and endeavours to safeguard its continuation as a worker Co-operative.

Public funds used for grant-aid or loan stock are therefore protected for the purposes for which they are given and the wealth created locally therefore remains locally based to generate benefits both for the worker-owners and for the local community.

Industrial Common Ownership Movement

The national organisation which promotes and co-ordinates such firms is called the Indust-

rial Common Ownership Movement and its headquarters are in Leeds. It has registered nearly 350 new firms in the last 5 years, at a sharply accelerating rate in the last 3 years - currently at an average of 3 per week. It has produced a set of model rules under the Industrial and Provident Societies Acts and a set of Memorandum and Articles of Association, under the Companies Act, which greatly facilitates this process.

It is developing branches which provide the basis for decentralised regional activity and has recently invited representatives from the local Co-operative development groups onto its Council. It has initiated an EEC funded training course for people engaged in establishing common ownerships at local level, which starts in September, and advises local authorities which wish to develop a common ownership sector within their own region.

It was involved in much of the work and effort which led to all-party support of the Industrial Common Ownership Act of 1976; this gave a first ever definition in law of common ownership and, under the accompanying money order, ICOM was given a 5 year grant of £20,000 a year which ends this Autumn - unless the Government can be persuaded of the cost effectiveness of its renewal. It initiated the revolving loan fund called Industrial Common Ownership Finance Limited, which also benefited under the ICO Act and received £250,000 spread over five years to on-lend to common ownerships. That, too, finishes this year. Both ICOM and ICOF are therefore heavily engaged in fund-raising and all ideas, contacts and contributions would obviously be welcome.

Leaning heavily on the accumulated expertise of ICOM, the Scots set up the Scottish Co-operative Development Agency, which now has reciprocal links with ICOM, and which also got a small grant under the ICO Act. Meanwhile, ICOM initiated a confer-

ence centre called Beechwood College, which it is now splitting off into the independent existence of its own charitable company, in the same way as it gave independent life to ICOF.

Wandsworth Enterprise Development Agency Limited

An interesting development of the application of common ownership to the problems of an inner city area of high unemployment and a collapsing manufacturing base was established with the Wandsworth Enterprise Development Agency Limited.

This was set up for several reasons at once: it has the objective of creating 1,000 new jobs in five years; of recreating the industrial base diminished by the disappearance of such household names as Garton's, Phillips Medical and Airfix, among others - there are now 11,000 unemployed men and women chasing 360 jobs and the position is still deteriorating; of achieving this exclusively through the medium of new common ownership enterprises; of acting as a consultancy service for groups from the local community wishing to become common ownerships and that includes the service sector.

WEDA has to raise funds to become self-supporting if possible within five years, and to become its own local bank within its terms of reference. It has a contractual obligation with the common ownerships it creates or helps to create to provide monitoring and essential services. For example, it will produce a product substitute where there is a product or market failure, or provide financial or marketing advice as required.

A team of business and management skills and professional expertise has therefore been brought together as a company limited by guarantee with a Board on which the Council, the London

Chamber of Commerce and Industry, Industrial Common Ownership Finance Limited, the WEDA staff and the new common ownerships are represented. It is funded for four of its staff and overheads by Council under the Extended Urban Aid Programme with the Department of the Environment refunding 75% of the costs.

Activities and Progress

WEDA was inaugurated in August 1980, became operational in October and has since established three new firms, with many more in varying stages in the pipeline. They have also produced the feasibility study for a training workshop sponsored by Wandsworth Council which will provide places for 55 trainees and eleven staff, and which will be able to produce simple prototypes and test market new products.

By finding products and gaps in the market, expanding its research and development ability, doing the marketing research and feasibility studies, finding the premises, finances and other essentials, and bringing in the skills and training, WEDA can make an increasing impact both on the unemployment queues and on regenerating the industrial base.

In addition, British and local inventors will be encouraged to produce here, rather than to sell their ideas abroad. At the same time, the growth of the common ownership sector will be marked. In total WEDA, by confining itself to one borough area, will be providing a laser-beam of energy which will have an increasingly obvious local effect.

Other boroughs have approached their similar problems in different ways. In 1977, the Wandsworth Borough Council consulted Counsel and was able to

use Section 137 of the 1972 Local Government Act for assistance to Co-operatives and this has since been extended in appropriate circumstances to the private sector. This break-through was swiftly used by other local authorities to fund employment projects hitherto denied such help. Several boroughs have created a team within Council to give more general assistance to co-operative development. Others have set up "Co-operative development groups" which act as consultancies for Co-operatives in very much the same way as the Small Firms Information Service does in some areas and as the Business Resource Service does in Wandsworth for the private sector. The style and type of personnel are different but the aims and results much the same. Some, like Leeds and Wandsworth are combining more than one approach and use (or intend to use) both Council officer involvement and the independent WEDA type method.

The Co-operative Development Agency

A further indication that Government was taking the potential of Co-operative development seriously was shown by the establishment of the quango called the Co-operative Development Agency in 1978. This Agency has the statutory task of assisting and promoting all the existing organisations covering every aspect of the Co-operative movement, including the retail sector, agriculture, fisheries, industry, credit unions etc. It is supposed to find the gaps and strengthen the weak sectors (such as housing with the axing of the Co-operative Housing Agency) and advise on changes in law and taxation policy relating to co-operatives in general and in particular sectors.

In the first three years, the CDA has been concerned to learn as much as it can about developments in the industrial sector and has produced a set of model rules for "neighbourhood Co-ops",

which has a very limited application and has not been much used. It brings together representatives from the whole range of Co-operative activity twice a year to discuss problems of mutual concern. Although it has no powers to lend or to fund existing or new organisations, it did generate grass-roots interest in setting up Co-operative development groups in several localities and this independent activity provides a useful local stimulus and co-ordination for new Co-operative ventures concerned primarily with employment, although no form of co-operative activity is debarred.

A most encouraging sign of the times is that the policy of the newly elected Greater London Council includes giving positive encouragement and assistance to industrial common ownerships and Co-operative development in the London area so that deprived inner city boroughs will be stimulated and helped to deal with their problems in these new ways.

The important task before all of us will be to keep up the momentum and to make sure that what is set up is businesslike and viable. Failures not only provide excuses for the sceptics but are disastrous for those whose livelihoods depend on their success.

Note on the Author

MANUELA SYKES: was one of the founders of the Industrial Common Ownership Movement and its first Organising Secretary. She is now its Chairperson.

She is employed as the Industrial Liaison Officer in Wandsworth Borough Council with special responsibilities for creating new ideas

to help stabilise existing industry and assist Co-operative enterprise. She is also involved in various training projects and M.S.C. special programmes.