# The Commons and Cooperation

**Promoting Alternatives to the Market**

# Introduction: A New Focus on “The Commons”

Across the UK, current national third sector structures, including those representing cooperatives and social enterprises, are insufficient and ineffective to maintain the fragile, often ad hoc capacity of vital local community organisations, many of which were set up as indigenous agencies of support and defence. Beyond difficulties in maintaining an existing structure, this existing capacity will not suffice to extend their territory. A growing research body of evidence shows that especially throughout COVID, local mutuals and common ownership have made a vital contribution beyond foodbanks, housing and accommodation to meet and support local needs. At best, even in Scotland, where third sector infrastructure has been more generously funded, those current national organisations with most resource and loudest voices are able to represent only a fraction of this contribution and its potential.

Across the wider third sector, including voluntary community, social enterprise and cooperative organisations since New Labour from 1997 onwards, there has been a significant shift to drive these into a competitive market against the private sector, for which many, through their origins in a completely different setting, are ill equipped (Huckfield, 2021). Success in competition against the private sector is mainly achieved through cutting wages, terms and conditions, which opposes their founding principles. Especially when faced with COVID and climate change, a new focal point is needed to promote and enhance the notion of “the commons” - the contribution of local mutuals, cooperatives and common ownership as an alternative to the market and private sector. This note provides a background.

# Incapacity and Marketisation

Despite undoubted expertise and enthusiasm in many smaller local support organisations, the cooperative and social enterprise movement, as currently structured, remains institutionally incapable of delivering Labour’s 2019 Election Manifesto commitment to double of the size of the cooperative economy. Recent suggestions, including new legal structures, obligations on Government Ministers to promote wider ownership, tax and financial reliefs and other top down policies face implementation problems when an existing third sector infrastructure lacks enthusiasm or faces significant handicaps. All this operates alongside wider national encouragement from Social Enterprise UK, Pioneers Post, Social Finance, the Blavatnik School of Government and major accounting corporates which promote globally services funded and delivered through private impact investment and output measurement. As long ago as 2014, the British Council was predicting (Catherall & Richardson, 2014):

*“And as the funding pendulum swings away from grants towards loans and venture capital, priorities start to be assessed based on which social outcomes can be profitable, monetised or marketised. Social issues where it’s difficult to put a financial value on the outcomes will become much harder to fund. This will lead to a new ‘underclass’ of social causes”*

### National Organisations

The Financial Conduct Authority’s Mutuals Public Register shows 9,900 credit unions, housing associations, cooperatives, community benefit societies and mutuals. Though the Register does not represent all aspects of community ownership, a summary of third sector organisations below shows that these represent even smaller numbers, especially in most disadvantaged communities.

The Cooperative Party structure reflects little “on the ground” activism and enthusiasm and is unable to attract faster growing parts of a wider cooperative and mutual movement, especially from community energy cooperatives and community benefit societies (see below). This failure to connect is reminiscent of 1980s’ Cooperative Party resistance to affiliation by workers’ cooperatives (Taylor, 1984, p. 8). The Cooperative Party’s BAME, LGBT and other networks operate with little autonomy or grass roots accountability. There is no Cooperative Party equivalent of Labour Party “affiliated societies” membership, which might permit external organisations to affiliate and support the Coop Party.

Cooperatives UK now works with Social Enterprise UK and the Employee Ownership Association to promote “ownership hubs” as it moves further away from its original objectives of cooperation. Rather than permitting democratic accountability for companies or affiliation to form a wider cooperation assembly, Coops UK now follows other national organisations as they acquiesce in each new step towards third sector neoliberalisation and financialisaton, as typified by Big Society Capital and Power to Change, which encourage New Public Management principles for third sector organisations to deliver low cost public services. The 2020 Annual Report from Cooperatives UK shows “800 direct members with a further 3,500 co-ops and mutuals represented through our federal members” (Cooperatives UK, 2021, p. 2), which represents only a fraction of those on the FCA’s Mutuals Public Register.

Cooperative Councils Innovation Network (CCIN),though originally formed by more progressive councillors, now attracts those forces which promoted individually controlled social enterprises with minimal accountability against democratically accountable cooperatives in the early 2000s. CCIN is now open to all UK councils, regardless of political affiliation, and welcomes members from professional bodies, policy groups and other associations. As typified by its webinars and promotions, the CCIN Officers’ Network is becoming a career vehicle for ‘transformation officers” who network to exchange advice on outsourcing to deliver low cost public services.

Social Enterprise UK (SEUK) conceals numbers of its social enterprises and proclaims that its members are not just social enterprises but private businesses, charities and public sector organisations. On behalf of these SEUK “has created the world’s largest commitment to social procurement through the Buy Social Corporate Challenge”. With the British Council, SEUK continues to produce country ‘mapping reports’ internationally, most of which, irrespective of domestic context, advocate more frameworks for impact investment from external sources. As an example, British Council has advocated a ‘Social Stock Exchange’ for Jamaica and the Caribbean.

# Suggestions for Reform

Despite these limitations, there have been possibilities of a wider reach. Before COVID the wider cooperative movement held an annual ‘Which Way Forward for Coops?’ (WWF) conference in Manchester. But this was no cooperatives or commons replication of the Labour Party’s Momentum or The World Transformed (TWT). WWF has no relationship with the Cooperative Party and attracts little support, affiliation or attendance from those organisations described below. There is no cooperative or commons equivalent of various arm’s length structures, which though they may not endorse ‘mainstream’ thinking, promote a rich diversity of ideas which may find a route into Labour Party policy.

The following represents a summary of community facing organisations beyond Coops UK, SEUK and structures above, which is not intended to be exhaustive, but rather to indicate their rich diversity which currently lacks a coherent theoretical focal point or policy thrust. It is to promote the values of many of these organisations below and their members that a new ‘transmitter’ is needed.

Scottish Community Alliance (SCA) forms a “coalition of community based, national networks and intermediaries – each one representing a different aspect of Scotland’s diverse community sector. While each is very different in terms of their specific interests and areas of specialist knowledge, they all share a commitment to the principles of community empowerment and subsidiarity” (Scottish Community Alliance, 2021). Though effective in promoting community ownership and empowerment, SCA only operates in Scotland. Its coalition of community based networks and intermediaries includes:

* Community Energy Scotland
* Community Land Scotland
* Development Trusts Association Scotland
* Community Resources Network Scotland
* Social Enterprise Network Scotland
* Community Woodlands Association
* Community Transport
* Scottish Communities Climate Action Network

Some of these are further described below. Though they all work effectively on behalf of their members and beyond, they are limited for wider conceptual promotion. Apart from its territorial restriction and a beneficial role promoting communities and their empowerment, with this array of organisations in its network, SCA is also limited in its ability to promote ‘the commons’ or cooperation. An equivalent body in England and Wales, Locality, as described below, is widely perceived as a Government delivery body, hampered by various funding remits.

### Industrial Common Ownership Movement

Many organisations in the 1980s were members of the Industrial Common Ownership Movement (ICOM), with funding from the Industrial Common Ownership Fund (ICOF) encouraged by Labour’s 1976 Industrial Common Ownership Act. The Act provided a working definition for common ownership cooperatives, most of which were registered through ICOM. ICOM and ICOF strongly promoted common ownership, with organisations controlled by their members. ICOF would not fund organisations without a democratic structure. In 2001 ICOM merged with the Cooperative Union to become Cooperatives UK. While retaining its prioritisation of democratic accountability and cooperative values, ICOF now trades as Cooperative and Community Finance. Further research is needed to ascertain how many original ICOM/ICOF organisations continue, though some structures may have changed.

### Community Benefit Societies

The purpose of a community benefit society (‘bencom’) is to serve the broader interests of the community, in contrast to co-operative societies that serve the interests of members. The Co-operative and Community Benefit Societies Act 2014 requires a community benefit society to “carry on a business, industry or trade” that is “being, or intended to be, conducted for the benefit of the community”. But the Act provides no further definition or description of community benefit, thus creating a strong reliance on guidance from the Financial Conduct Authority (FCA). The FCA focuses on four key characteristics, including benefit for the community, democratic membership, surpluses used for the community and an ‘asset lock’, permitting sale only to a similar organisation.

A major advantage of this structure is an ability for communities to raise funding directly without financial intermediaries. Actual numbers of community benefit societies, as opposed to traditional cooperatives, need further research. While not questioning the FCA’s well founded motives, both cooperatives and ’bencoms’ have advocated more frequent and fruitful dialogue with the Authority.

Community Energy Cooperatives

Collaboration and democratic control are core principles of community energy. In 2020 there were 424 community energy organisations across the UK, employing 431 staff and 3,096 volunteers. Many distribute their surpluses through local community benefit funds. During COVID, their workshops, home visits, webinars and phone calls have reached 358,000 people (Community Energy England, Scotland and Wales, 2021, p. 4).

### Cooperative Housing

### Across the UK there are 685 housing co-operatives, with a membership of almost 70,000. These include cohousing, community land trusts, housing cooperatives and self help housing (Community Led Homes, 2021). Student housing cooperatives flourish at Birmingham, Edinburgh, Sheffield, Glasgow, Leeds, Norwich and Nottingham Universities. Student Coop Homes seeks to increase national capacity for student housing co‑ops from 10,000 beds by 2023, one third of the current market share of iQ2, the largest private student housing provider in the UK.

### Community Land Trusts

There are now over 500 Community Land Trusts throughout the UK. Community Land Scotland represents 560,000 acres of land, which is home to 25,000 people. There have now been 26 community land buyouts in Scotland, with contributions from the Scottish Government’s Land Fund. In Scotland there are also 200 Community Woodlands Association groups, with more than half directly owning their woodlands.

### Locality

As the major community focused organisation, Locality claims a “total network of 1400”. Though Its activity is primarily in England, it works with Development Trusts Associations in Scotland, Wales and Northern Ireland. It claims a strong partnership with the National CLT Network, Confederation of Cooperative Housing, UK Cohousing Network and Community Led Homes. During 2021 Locality delivered grant programmes funded through the Community Housing Fund (Ministry of Housing and Local Government) and Homes in Community Hands (through the Access Foundation’s Power to Change).

Through its administration of these programmes and previous projects for the Royal Town Planning Institute, Place Based Social Action and others with Government funding, Locality is widely viewed as a government delivery body. It is thus not well positioned as a representative body able to expand beyond its traditional base and policies.

# A Theory for Change

### Ostrom’s ‘Commons’

Any new movement or transmission point to advance the principle of “the commons” against the market and private sector needs theoretical underpinning. A feature of many disadvantaged communities is a lack of social capital - networks of relationships among people who live and work in a particular society, enabling that society to function effectively. Though there are many current examples of media Creative Commons licenses, their location and bases are not usually focused where the need for initiating and expanding social capital is greatest. As shown above, few third sector main players are equipped to expand social capital through partnerships of communities and education institutions.

Currently, as shown above, too much of the current role of these national organisations above seeks expand financialisation, further injections of private finance and impact measurement, which will solve few problems where the need for social capital is greatest.

Beyond these, the central question that drives Eleanor Ostrom’s research on “the commons” is how a group of individuals in an interdependent and multi dependent situation can organise and govern themselves to obtain continuing joint benefits “when all face temptations to free-ride, shirk, or otherwise act opportunistically” (Ostrom, 1990, p. 29). Her work focuses on how to enforce rules where detailed contracts or legal frameworks do not exist. She demonstrates that societies and groups regularly devise autonomous rules and enforcement mechanisms that stop the degradation of nature. Ostrom provides a unique body of empirical data to explore conditions under which common pool resource problems have been satisfactorily or unsatisfactorily solved, all of which for the needs of local communities in this note merits substantial further research and implementation.

# CONCLUSION: A New Institutional Focus

There is thus a need for a focal transmission point or institutional setting in which the approach of Ostrom and others to support communities through enhancing their capacity and social capital can be explored and promoted. Summaries of existing organisations above show that many experience difficulties in representing the aspirations of many current community based, cooperative and mutual organisations, let alone expand their territory and reach through interpreting and disseminating research with theoretical underpinning.

With central and local government grants diminishing, more organisations created among local communities and from cooperatives will become territory for gradual injection of market competition and financialisaton. Already some community groups have become involved in Social Impact Bonds with their output measurement, both of which are heavily promoted by financial intermediaries.

In conclusion, while this note does not recommend any superstructure for organisations described above, it shows the need for a new institutional framework or focal transmission point to expand on the research from Ostrom and others to expand cooperation, mutuality and community capacity, especially among disadvantaged communities. While this recommendation needs further discussion, including with organisations above, it recognises that as more existing structures now depend increasingly on funding which diverts their political objectives, a new focus is needed.

# References

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