

## Economy Committee – 20 January 2021

### Item 6 – Models for Economic Recovery: Co-operatives

**Léonie Cooper AM (Chair):** Welcome to the first of our guests, Jessica Jacobs. Jessica, you are very welcome here today. You are from Co-ops for London and you particularly focus on housing co-operatives, I believe. I am very happy if you want to say a couple of words about Co-ops for London and then we have some specific questions that we would like to put to you.

I am going to start with my first question because you might then want to expand on what Co-ops for London does. What would you say are some of the main benefits associated with co-operatives, considering the perspectives of customers, workers and the wider community? I would like it if you can broaden that out beyond housing co-operatives.

For full disclosure, I started my working life working for a housing co-operative, but that was a few years ago now.

**Jessica Jacobs (Co-ops for London):** Thank you. I live in a housing co-operative. Spoiler alert. Co-ops for London grew out of a reaction to the 2016 Housing Act, which saw quite sleepy co-operatives all over the United Kingdom (UK) suddenly thrust into the potential of having our homes being put under threat by pay-to-stay and also rent increases. That galvanised a lot of people into organising and becoming a bit more active. It grew out of another group called the London Co-operative Housing Group.

After that initial threat from the 2016 Act subsided – and in the end, co-operatives were not particularly involved in all of those changes to tenancies, and then of course some of it did not really happen anyway – we grew Co-ops for London out of a general sense that we needed to keep in contact. We discovered that housing co-operatives were very fragmented groups of people all over the UK, and particularly all over London, that did not have very good networks at a grassroots member level. Although we had representative organisations, those representative organisations, when it came down to it, did not really step up to the fight. We did not really feel protected. It is very much a grassroots organisation and it has carried on as an informal network where we can communicate our concerns. We have found so many similarities.

Out of that, we also wrote and published a report, *Co-operate not Speculate*, which was trying to grow people's awareness of housing co-operatives because not so much was known about them, and to talk about the benefits and challenges of living in a housing co-operative.

There are just over 300 housing co-operatives in London currently. One of the outputs, which is on our website now, is that we have formulated a community land trust to start developing more housing co-operatives. They are all over London. Most of them grew at about the same time in the last housing crisis in London in the late 1970s and early 1980s when there were lots of derelict unmanaged properties by local councils. At that point, the local community became something that was useful to local councils in that those groups could take over the properties and start managing them and doing them up themselves.

That was a 40-years-on reflection on housing co-operatives now. I know Léonie [Cooper AM] was asking me to talk a little bit more about housing co-operatives in general and I am quite happy to that because through the networks we do connect up with all sorts of co-operatives – food co-operatives, workers co-operatives – and try to create support for everybody.

**Léonie Cooper AM (Chair):** Jessica, if I can interrupt you, you glancingly referred to food co-operatives and workers co-operatives. Assume that none of us know anything at all about co-operatives. Some of the people listening through the webcast may know nothing about co-operatives. Could you give us some idea of the breadth of things that people manage on a co-operative basis? That would be really helpful. The one thing that most people will know is that shop called the Co-op, but beyond that there may be many people who do not know about food co-operatives, workers co-operatives or anything like that, or indeed how they work. Could you unpack that slightly? Thank you.

**Jessica Jacobs (Co-ops for London):** I can certainly try to do that. When we are talking about co-operatives, one of the most interesting things we found when we got together was that there is general goodwill towards the word 'co-operative'. It is partly thanks to the fact that on every high street you have it. You might even see in other countries petrol stations named that. The brand 'co-op', C-O dash O-P or all one word, has a lot of goodwill towards it. Not many people understand what it actually means but, generally speaking, if you ask people if they like co-operatives, they will say that they sound really good because the word has such positive associations.

They come in all sorts of formats. There are principles and values that I can read out to you, if I can get them in a minute. They are all based on concern for the community, on education and training, on developing communities and on managing things yourself, really. There are different origins. One is the Rochester Pioneers. Another one is coming out of Scotland as a result of communities facing potential poverty and starting to organise, collectivise, bulk-buy products and then sell them without making a profit for the local community. Most of the co-operative movement came out of that.

There is also the Co-operative Party, as we know, which also has that brand, although it is less well known. A shockingly small number of people understand that there is a Co-operative Party within the Labour Party because it is not always displayed openly. There are all sorts of debates within the Co-operative Party about whether that name should be there. In the broadest sense, a co-operative is a group of people who work together for the greater good of that group of people.

One of the issues with co-operatives is that when it says, "concern for community", which is one of the principles and values, how far does that concern go? Sometimes co-operatives can get to the point where they look after only their own community, and then people outside of that community cannot benefit. The issue of membership of that co-operative is one of the key challenges that co-operatives face. One of the challenges that a lot of housing co-operatives face is how they can expand and be of benefit to the wider community, not just to their own members.

Workers co-operatives develop very differently and are very much based on producing a product, and that is why Co-op shops are very different to housing co-operatives. The only point of a housing co-operative is to make sure that the people who live in the housing co-operative have somewhere to live. They do not really do much else.

**Léonie Cooper AM (Chair):** That is a really interesting point you raised there about the issue about where the benefit ends. My second question to you is: what do you think are the disadvantages - indeed, the costs or the risks - associated with co-operatives, again considering the perspectives of customers, workers and the wider community? You were touching very much there on the wider community and the exclusion from benefits of the wider community that could be seen to happen.

I certainly know that one of the issues that has arisen with housing co-operatives is how you get to become a member of a housing co-operative and how exclusive it is. Is it just a friends-of-friends type of situation and is

that rather discriminatory? That is an issue that does come up from time to time. It would be good to hear your thoughts on those aspects.

**Jessica Jacobs (Representative, Co-ops for London):** Very much so. One of the things you can say if you look at housing co-operatives and then you look at a Co-op shop is that membership of a housing co-operative is everything. It is where you live. It governs every part of your home life. Without that active membership, your home is at threat. If you are a member of the Co-op shop, all you need to do is show your loyalty card, which is what a lot of supermarkets do anyway, and you might get a dividend. Then you might vote on some obscure people when you have no idea who they are, and you never really find out. That is about the limit of your membership. One of the things about membership is what it entails, and then how you get that membership.

One of the problems with housing co-operatives is that they can provide so much more, and they give so much more to people, and they support the person from the beginning. At Co-operatives UK, a general umbrella group for all co-ops especially in London, 90% of all inquiries are about housing co-operatives. Without that introduction and without having somewhere to live, which you are going to discuss with the universal basic income (UBI) - and it is the premise of a universal basic income, that you have something to live on - housing co-ops provide that bottom-line, core hierarchy of need thing, somewhere to live, and not just somewhere to live but a support mechanism of people who will look after you if you need help.

Through the COVID lockdown, for example, in our housing co-op, I live in a flat down the road from the main building. We have a shop and provide people with general supplies. If people are ill, we look after them. We can do that already without having to form a mutual aid group and without having to do anything. It is already established in the way that we operate. We know exactly who is ill, who is not ill, who needs help, who needs supplies. We have a network we can use immediately to support those people.

How we can expand that to support more people depends on assets. Without assets, actual property and homes, that cannot be expanded. One of the pressures on co-ops is that there are no more assets. There is no more property. There is no more land because we live in London. Until Brexit at least, all the land was being taken away for private development.

**Léonie Cooper AM (Chair):** Jessica, can I come in there? Is that quite right? There is more than one form of housing co-operative. You have the housing co-operatives that own buildings and assets, if you like, at the fully mutual end of things, but you have also, at the other end, people in the co-operative only managing the buildings and so you have a tenant management [organisation] (TMO) co-operative. How valuable do you think TMO co-operatives are?

We are all London Assembly Members. We either represent specific boroughs or are London-wide Members. Most boroughs will have a certain range of tenant management co-operatives that manage some of the stock owned by the council. Sometimes they might be in the private sector and have used the right to manage to undertake something and then formed a very small co-operative. Is that not as valuable for those people as the fully mutual complete asset ownership co-operatives? If they are offering that sort of mutual support to each other, is that not quite valuable for them?

**Jessica Jacobs (Co-ops for London):** I never said it was not valuable. The TMOs can be very productive. The main issue is how far away that person who is living in that home is from the person they need to contact in order to get something changed, done or reported, and how good the communication is between the person who lives there and the person on the end of the phone or email, and what the response rate is.

In a fully mutual housing co-operative, as you mentioned, which is the co-operative I live in, we have our own housing manager. We have a committee. We decide who that housing manager is. We employ that housing manager. Then we have oversight of the maintenance costs. It is more or less everything involved, and we save a lot of money that way. We spend very little money on gardens, for example, which is the major service charge at most properties, because people look after the gardens themselves. The most active group in our community is the garden working party, especially in lockdown.

The question is: what is the connection? It is the same with a co-operative shop or any kind of organisation. What is the connection between the individual and the person who is managing something, and how good is that connection? TMOs can be so vast sometimes that they can be TMOs only in name, as we have seen in Grenfell, where they are not actually TMOs at all, or they can be places like Leatherhall where they have to be re-elected every five years and have to get evaluation and feedback. Their performance is based on how good their connection is with the local community they are serving. All of that will work if it has a really good connection.

**Léonie Cooper AM (Chair):** You are saying that it is the distance between the services and who makes the decisions. The shorter that distance is, the more involved people are. You think that that is preferable. You have mentioned Grenfell. The Kensington and Chelsea TMO (KCTMO) is unique. I do not know of any other local authority that has set something up and run it on that basis. Most TMOs are smaller than that. Would that be fair?

**Jessica Jacobs (Co-ops for London):** Some of them can manage 2,000 properties or more. They can be really quite large. When you get a vehicle like that, it depends how it is used. Anything can be slightly abused and turned into something else if there is a disconnect and if there is not genuine consultation with the community. We have seen that with all sorts of community-led initiatives unless there is a real sense of consultation that people believe in. Consultation can be used as a means to impose things on people rather than genuinely find answers to things.

**Léonie Cooper AM (Chair):** You are talking about size being quite important here and making it very local. We have things like Greenwich Leisure Ltd (GLL), which is a staff mutual that is large and supplies services all over London, or the John Lewis Partnership, which is also a staff mutual, or indeed the Co-operative shops, which are absolutely huge and there are masses of them all over the country. I have no idea how many there are specifically in London, but they certainly seem to be scattered absolutely everywhere. There are larger supermarkets and then more localised smaller ones.

You were not quite saying that the KCTMO was a sham co-operative because that would probably be a bit cruel, but do you think these larger organisations continue to enshrine co-operative principles in the way you have suggested even though they do have considerable scale? I know that the Co-operative supermarkets have farms as well, so they perhaps have different employment practices and different supply chain arrangements. I do not know whether you can unpack some of that for us as well.

**Jessica Jacobs (Co-ops for London):** The general sense from the wider public is that they do have different, fairer arrangements to more profit-oriented organisations - not that they do not want to make a profit. There is a general sense of goodwill amongst people. They believe that John Lewis is a good employer. Therefore, they want to go and shop there. It is the same with the Co-op. From a consumer perspective, it works.

It is always quite fragile. The minute something comes up and there is pressure on the economy, as is happening now, everyone is talking about how John Lewis is changing its values and principles. Then the risk to their reputation is always quite difficult to manage.

It is not that you cannot scale it up, but it is really important to get that sense that you can pick up the phone and talk to somebody or you can email someone. Better Leisure - or GLL - does have a problem with that. It does not have any meaningful engagement with its consumer base and now is in trouble. It is in trouble partly because generally businesses are in trouble, but not everyone gets it right. Just saying it at the bottom of a website is not really enough. We have to do it, too.

**Léonie Cooper AM (Chair):** OK. Just saying you are a co-operative or a staff mutual does not necessarily make you operate in that way.

You started to touch on the area that I would like to move on to next, which is about how co-operatives and staff mutuals in London have been affected by the pandemic. Clearly, the sectors that have been worst impacted by the pandemic have been hospitality, leisure, aviation and retail. GLL, with 'leisure' in its title, has been pretty badly affected in that sense.

I wondered if you could set out a little bit more about how you think co-operatives in London have been affected by the pandemic. You seemed to be saying that there was a resilience in your local area. Perhaps they have been able to exhibit more resilience than some other bodies due to the co-operative structure. Could you explore both the positives and the negatives? That would be really helpful.

**Jessica Jacobs (Co-ops for London):** Yes. I would like to suggest that there is a resilience in a co-operative structure because it is built for that kind of environment. It does not have high risks. It avoids risks in some ways. It does not have pressure on it to grow and make huge profits. All it has to do is survive. Surviving is much easier to do if you are quite modest in your outgoings and you use what you have around you to save money, which is very much part of the co-operative principle. It is quite modest and less flashy. You would not necessarily have to have huge staff bonuses. You do not have to employ £100,000 consultants. You do not have to do any of those things if you set up a housing co-operative. In fact, if you do that, it damages your brand. You have a lot of cost-effective policies and methods that are already built into the process, which makes it much easier to survive things like this.

Plus you have good connections with your community. You know what is going on. You have really good on-the-ground intelligence about your customer base and who you are serving, or you should do if you are a good co-operative. You can be flexible and adapt to the needs as they change. It is a network. It is a grassroots, ground-based network that should adapt and fit into what is going on because it is very much focused on what the community wants. That is really good.

**Léonie Cooper AM (Chair):** You are focusing on the positives. Are there any negatives or disadvantages?

**Jessica Jacobs (Co-ops for London):** Yes, the negative is going back to what you said about size. Sometimes co-operatives can be too small and, when they are too small, they can be dominated by certain groups. My big thing with housing co-operatives in general and the management of them plagues all voluntary organisations, in that there can be a lack of democracy. There are policy and governance issues where things are not written down properly, and then one committee to the next keeps changing their minds.

Plus there is the power of no. It is much easier to stop something than it is to do something. If you get a group of people, you can have just one person standing up and saying no and that is it and nothing ever

happens. There is a lot of stasis. People will say no not because they disagree with what is going on but because they are fearful or want to conserve and keep everything as it is, or because they just do not like that person. It is a kneejerk reaction to say, “No, I do not like that”. There is the power of the disaffected, as we can see with [former United States President Donald] Trump and as we can see with Brexit. The power of saying no is something that a lot of people who feel left behind in society do like to exert sometimes.

**Léonie Cooper AM (Chair):** Can we stick to co-operatives? I do not want to bring in [the United States of] America or Brexit.

**Jessica Jacobs (Co-ops for London):** It is just because today is Inauguration Day.

**Léonie Cooper AM (Chair):** I know. Let us try to stay on topic.

**Jessica Jacobs (Co-ops for London):** Because it is very human-based, that human behavioural element needs to be managed inside co-operatives. There need to be checks and balances, governance and rigorous policy formulation to avoid that, which involves investing in training and education so that you can manage those sorts of things, but they work. Those, I would say, are some of the challenges.

Another challenge is that, although we are a registered social landlord (RSL) and we take people, when we tried to negotiate with a local development next to us in order to become a partner and build something in a local development, Camden Council said, “You are not big enough and we only work with big housing associations”. They are on their list of preferred partners for planning. Planning law and development does not take into account smaller groups of people right now, despite the Localism Act and despite the community-led housing legislation. None of the local councils are set up, or want to be set up – their power of no – to start negotiating with local community-led housing groups.

This is a real problem for development for housing co-ops, and other co-operatives as well. When we want to develop in a development, we want to set up other co-operatives, too. It is the whole package. You do not just live somewhere. You need to be able to afford to buy something in the local shop and you need to work somewhere. Living and working, especially in a post-COVID context, is much more enmeshed than it ever was before. People are now in their living rooms, but later we are possibly going to be walking down the road to work rather than driving, because that sort of commuting is not very efficient. Housing co-operatives, workers co-operatives and business co-operatives need to work together a lot more and need to take on, or just be part of the conversation. When you have planning conversations with local councils, they do not want to let people like us in. It is really frustrating when we have so much to offer.

**Léonie Cooper AM (Chair):** We have considered that through the London Assembly’s Housing Committee and we formed a cross-party consensus that as well as having these panels of large RSLs - and Assembly Member Boff was particularly forthright on the matter - we should make sure that there are small and medium organisations that can develop and should also be included on panels, or perhaps have an extra panel. That is slightly a side matter to our main discussion today, but we have considered that, just for your information.

We are going to move on. Thank you, Jessica. That has been very helpful. We might come back to you, but I am now going to move on from my opening questioning to Assembly Member Shaun Bailey.

I would like to say that we have now also been joined by Seema Malhotra MP, who is the Labour and Co-operative Member of Parliament (MP) for Feltham and Heston and has recently produced a new pamphlet

about having a Co-operative Commission for London to assist with recovery from COVID, which I am sure will come up during the discussion.

**Shaun Bailey AM (Deputy Chairman):** Thank you, Chair. Good morning, Seema. It is very good to see you and thank you for attending. I am very excited to speak about co-ops because there is something there. I really like the idea of community development. If you come from a smaller community, a co-operative can offer some introductions into things - management, etc - that normal corporate goings probably would not.

In view of that, what role will co-operatives play in London's recovery from COVID-19? The pandemic has left us with a potentially big economic downturn. Can you detail for us some of the opportunities for co-operatives to help the recovery in that situation?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Thank you very much. It is a pleasure to join you today. I am delighted to be able to speak about the report and some of this work.

I want to make a small point about the discussion that has gone on, because it is true that co-ops have also been hit quite hard during the pandemic in the way that other organisations have. One in two co-ops report cashflow problems in the UK.

What was interesting is that some of the research at the European level has shown that co-ops have been good at surviving because of the partnership, mutual support and interconnection that is there within communities. That makes a very big difference.

It is in that context that the role of co-operatives in the recovery is an idea, in a sense, whose time has come once again. If we look at what has happened during COVID, the community response has been unprecedented. We probably all have examples that we can cite from our own local areas. If we take one co-op, the London Mutual Credit Union, it was offering support loans of around £500 to National Health Service (NHS) and key workers early on. What was making a difference was having organisations that were on the same side and feeling connected to the community.

There is an opportunity for the revival of co-operative principles and values both in terms of real job creation and business opportunities, and also how we work together in a post-COVID climate.

Jessica Jacobs mentioned how, after the pandemic, people's preferences in terms of work are likely to change. We will not see a wholesale return to people commuting into central London. People have developed connections with their communities, often where they have been volunteering as well. Co-operative businesses can also provide a way to build back better and think innovatively about services on the ground that engage the local community in that recovery, not just for those who receive those services but for those who help with the delivery and the ownership of those services, too.

Research also shows that co-ops can be more resilient at times of crisis. They boost productivity. There is this very powerful idea about how they can be part of helping businesses that might be struggling. For example, businesses may question how they are going to continue in future with new ways in which they might come together and employees being able to take over some of that support and ownership. The survival of businesses post-COVID is an area where co-ops can play a big part, and there are jobs then that they can create as we start to come out of the crisis.

**Léonie Cooper AM (Chair):** Can I press you slightly on the issue of the '15-minute city'? It is a concept that has been talked about in local authorities, in this Committee and also London Councils has been talking about that a lot. You were talking about more locally based activities. Do you think that the concept of the '15-minute city' is something that local co-operatives can contribute to and how might that be rolled out?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** It is a very important idea and concept. Hounslow, in its recovery plan and thinking post-COVID, has also been talking about the '15-minute city'.

What is important is recognising how people have come together during this time. Every local authority had a community hub that was helping with the delivery of local food, medicines and supplies, but it needs to be thinking that goes further than that, because alongside the health crisis we have the economic crisis. If we want to come out of the recovery in a way that sees people back in work, and also communities being built and remaining strong, that is the place where co-operative models have a very big part to play. They will contribute as well to the enhancing of social capital, how we build and strengthen our communities, how we maintain that community's shared resilience that started to be built, and how we empower citizens.

There is a real sense, if you listen to what is being talked about today with Louise Casey and if you look at how people feel that their world has been broken by COVID, that this is not going to be a time when we are going to see recovery quickly, and people wanting to travel long distances. People have become used to wanting to be part of a local community and having solutions to their needs in the local community, too.

This will see us having a new way of empowering citizens in the recovery, working closely with local authorities - and this is part of our recommendations - to enable the advice that can contribute to the growth of co-ops and for communities to come together to develop local solutions. That will improve outcomes for people within the existing resources.

I will share one example of this that we are working on with some local residents, inspired by some of this work. We are working with the Somali community and particularly Somali women on how we can help support them to find work that could be done within the community alongside the childcare needs and the teaching of kids at home. That blended learning is going to be with us for some time. What was interesting was the barrier that emerged in the discussions around childcare, because women are doing so much more. When we talk about how the pandemic is hitting women harder, these are the real-life stories. Discussions are starting to go on around whether we could see perhaps co-operative childcare models, where the children come together both to create the work and the jobs through new childcare solutions in which they are employed and, in doing that, to enable other women to be able to go out and do the work and increased hours that they want to do.

That is an example of a shared solution, working in partnership with other organisations, taking the best advice from what works in the co-op sector elsewhere, and enabling people to be able to be in work and increase their incomes.

**Léonie Cooper AM (Chair):** That is one example that you have given. I see that Shaun is re-joining us now. These are the perils of working from home and modern technology when it does not completely work.

I wondered if you could unpack that and give maybe some more examples. Jessica [Jacobs] might want to come back in here as well. In which sectors do you think co-operatives could deliver the most immediate gains for the economic recovery? Would you be thinking more in terms of housing, which we were just discussing with Jessica, or leisure - we have also been touching on GLL and Enable, which are two big staff mutuals - or



energy, which is something the Mayor has already supported through a lot of community energy co-operatives, finance, or even retail? Could you unpack that slightly and talk about where the best and immediate contributions could be made in terms of the economic recovery? That would be really helpful.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** This is a very useful area because, perhaps if the Co-operative Commission for London were to be set up and take some of this forward as well as part of the wider economic development strategy, it would need to focus on areas that are, firstly, issues in the economy as a whole. You have talked about housing and the co-ops have had a very long history in supporting new housing models that have engaged communities in the management of those small communities as well. That is a very fruitful area and should be part of our mix much more in our housing.

In energy as well, co-ops have had a very good history, and in finance with credit unions. The finance sector is an area where, when we look at the increased strain on household finances, we see the feeling of distance between people and their banking institutions, and the numbers who feel unable to be supported when they have needs for their own family finances, or to invest in some small projects to improve their homes. Also, we have seen during the pandemic people not moving but seeking to develop home improvements.

There are also other areas. We should also look at where co-ops can be part of the mainstream economic development. We are seeing the rise of technology and its impact on our communities. Outlandish is one co-op, as an example, in north London that is looking at how to develop new apps and technology to improve business productivity or new ways in which we are going to improve people's quality of life. There are those mainstream areas. We could be looking at the impact of climate change on new solutions. There could be ways in which the co-op model is a different way to a normal limited company of people coming together to provide entrepreneurial solutions that are sustainable and are at a community level. One of the things that will be important is how we look to the sustainability of businesses, because co-ops are considerably more sustainable when you look at the statistics over a five-year period than other businesses.

I would say that we can also learn quite a lot from countries abroad where co-ops are greater, whether it is Belgium, where community energy is bigger. There is a fiscal environment that helps to support that. Alongside what we do, there are also the arguments that could be made around fiscal measures at a national level to incentivise and support co-ops playing a part in every area of our industrial strategy, too.

**Léonie Cooper AM (Chair):** You have mentioned the national picture and fiscal measures and the range of areas that co-operatives could assist in the economic recovery. How would you see the Co-operative Commission for London assisting with making that a reality as we start to recover economically? What would be the benefits of having a Co-operative Commission for London?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** The Co-operative Commission for London could provide a very useful context and analysis that is very tailored to London. We have seen other regions and nations in different times and contexts being able to set out what would be right for them for the way their public institutions work alongside the private sector and the wider economic context.

What would be very helpful for a Mayor-led Co-operative Commission for London is to be able to think about how best to develop the leadership skills around co-ops. One of the things that we have heard so much during the roundtables as part of this work is about how it is not always clear what decisions you would make, how you would go about setting a co-op, how you would go about leading a co-op and how that is different. That might be in terms of the ways you choose to incorporate the legal implications of that, the way you might be

regulated or how you might be financed. Those sources of information, advice and expertise will be very important.

How can we make sure that we develop the leadership for co-operatives within the context we have? What would that mean for local authorities? Should there be an expert who can help guide people who may want to set up their businesses, or maybe change their businesses in light of the consequences and impact of COVID. In the past we have seen local authorities do more around co-operative agency support, but whilst we have seen in the pandemic local authorities working with local businesses to provide grants, providing advice and support has not really been there.

Then how do we ensure that there are skills and a culture shift? If people have the skills, the know-how and the networks, which are also sources of advice and mentoring that make a big difference, what do we need to do culturally? How do we join up what is there already with so many good seeds and opportunities with Co-operatives UK and Hive support as well? It is not at scale and it is not reaching all parts of London. How do we have a solution that is fit for London, scales up and takes the voice of Londoners? How do we develop, take from the best, learn from the best and have a solution that is sustainable and London-wide?

**Léonie Cooper AM (Chair):** You have led very nicely into the next area of questioning that we want to pursue.

**Shaun Bailey AM (Deputy Chairman):** You have talked about how co-ops can help, and how they look like they will help with what some people consider - I do not - the new norm, with us losing our commuter numbers, etc. That is not going to materialise.

What are the challenges with having co-ops fill that space and do something new? Of course, co-ops have faced problems around scale and most things in London need to be done at a very large scale. Our real power in London is our financial system. How can a co-op fit into that and provide some of the services that more traditional banks deliver? I do not know if they can. It would be interesting to hear what you say about that.

I am particularly fond of credit unions. They have a real place in the community, for anything from teaching our young people how to save and what to save, to giving better interest rates on loans. Of course, they have not been very popular.

What are the challenges? What could the Mayor do? What could we all do to help that situation grow in London?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** You highlight and pinpoint a very important issue, which is how difficult it can be to scale. If I can pick up on your point about the credit unions, I highlight again the London Mutual Credit Union, which is perhaps the exemplar in how it has grown and sustained what it does, and is now pushing the boundaries of what credit unions can do.

Credit unions are different because they are owned by their members, not shareholders, and that does enable them to be focused on financial wellbeing and affordability and to be close to the community. The example I mentioned about how they had effectively provided a free overdraft for NHS workers and key workers at the start of the pandemic was a more proactive way in which it responded to the challenges being faced by their members. It was able to be in that closer dialogue in a way that perhaps smaller building societies and early banks may have been more inclined to do.

They do tend to make high-quality finance accessible at rates that are realistic and fair. When we look also at the confidence and trust that people have in financial services, which have been impacted in the last ten to 15 years, credit unions can play a part in that.

We do need to have a capacity-building plan, which is part of how we think about scale. We also need to have the understanding, skills and knowledge on the legal implications and accountancy. Accountancy for credit unions and co-ops can be slightly different, and not all accountants are as equally confident or trained. How do we build professional services infrastructure as well as we need to build capacity and skills? The need is there and the opportunity is there, but the capacity to deliver is not.

In terms of what the Mayor can do, the direction of travel we have seen is incredibly positive. I know the Mayor has been working - you may also have had experience of some of this - with Co-operatives UK and looking at ways in which there can be more work as part of London's recovery programme to look at financial inclusion and the social economy. I know there has been an application submitted to the Ownership Hub initiative from Co-operatives UK and the Employee Ownership Association working with City Hall. If successful, that would see London becoming a demonstrator site for a range of support to increase employee and worker ownership.

Those initiatives are really important because it is through that partnership, where the institutions and industries will be supporting and looking to change, that we will be able to see some of those ideas come out into our local communities, which is what we want to see, but they have to be backed up with support, advice, mentoring and networking, which we have not seen at high-street level for far too long. That is why the support to scale and the direction that can come out from the Co-operative Commission for London, with recommendations that can then advise the Mayor and City Hall on what could happen, is the right next step.

**Shaun Bailey AM (Deputy Chairman):** The challenge seems to be that business can achieve much of what you have just said in many individual little pockets, like chambers of commerce and big businesses doing it all themselves. It seems like you are saying that for mutuals and co-ops to take the next step, they need to be nursed through that point, which seems to add another cost. I personally think the cost will be worth it because the outcome could have a great social impact.

Who owns that piece of work? Where does it sit? Are there several organisations involved in that or are we still seeking one organisation to pull all those threads together? Which model is more realistic?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** It is going to be important that the Co-operative Commission for London is established by City Hall. My sense, having thought about this and looked at how the recovery work is happening, is that you need a central place that can convene all of those different voices and those different interests. There are some very good initiatives, like I mentioned the Hive project that is supported by the Co-operative Bank and Co-operatives UK. That does provide some support, advice and also 12 days of mentoring, etc.

There are lessons from other places. For example, Wales has had since 1982 a Welsh Co-operative Centre. It did a review seven or eight years ago. Scotland had Co-operative Development Scotland in 2004. The Greater Manchester Combined Authority had its commission as well.

What has been interesting is how they have looked at local ways in which they can embed and think about the capacity to develop co-ops, and where there can be that contribution. They are places that have had different histories as the co-op movement has developed over the last 140 years or so.

I quote what Derek Walker, Chief Executive of the Wales Co-operative Centre, said:

*“The Welsh Commission on Co-operatives and Mutuals provided excellent advice about how to grow the number of co-operative and mutuals businesses to help build a fairer economy in Wales. A similar approach could create a step change in London too. This proposal is perfectly timed to assist London’s economic recovery.”*

I mention that because --

**Léonie Cooper AM (Chair):** You are freezing again, Seema.

**Shaun Bailey AM (Deputy Chairman):** You are back.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** I will just make this last point. There would need to be implementation of the recommendations and that space also needs to be owned. City Hall, with the Mayor and with the Assembly and perhaps through your Committee, would be the right place to own the progress on the implementation of the recommendations from such a commission.

Manchester saw 42 recommendations that were adopted by the Greater Manchester Mayor. What that does is provide that leadership and that certainty that this is part of our economic development strategy, how it is going to be embedded, what guidance might go to local authorities for what part they can play, and indeed what could be a contribution from chambers of commerce because they should adapt to support co-operative models of enterprise, too.

As well, the London Mayor and City Hall now have the adult education budget. Further education and skills development to support entrepreneurship could go alongside other skills development. Could we see a greater focus also on how to support the setup and development of co-ops? It is a strand of entrepreneurship. It is a type of community entrepreneurship and one that is right for our city.

**Shaun Bailey AM (Deputy Chairman):** You are correct particularly on this idea of community entrepreneurship. That should be developed. We absolutely need to embed it in how we speak about business in particular. The goal going forward should be that co-operatives are not spoken about as a separate strange business model, but that anybody setting up in business thinks about doing the co-op model and it is top and centre.

Having it owned by City Hall rather than the Mayor is better because City Hall is better at collective work and the politics does not get in the way as much. We also need to involve our larger business environment. As businesses in London recover from the COVID pandemic, traditional businesspeople as we see them may well be more interested in the co-op model and that needs to be displayed to them. This thing about getting it together and centralising it is important.

The last thing I would say, before I go back to the Chair, is that we need to do more to elevate the normality of co-ops and the starting place is with credit unions. Communities now are - and always have been - ripe for credit unions, but people do not speak about them enough. I speak to young people all the time and it is often the first time they have even heard of credit unions. We need to make it more part of our general vernacular in London - ‘credit union’ - so that people start there and then move into co-ops. Chair, back to you because I know you are pressed for time.

**Léonie Cooper AM (Chair):** OK. Seema, you may wish to comment on some of those additional points from Assembly Member Bailey there, but I am going to bring in Assembly Member Dr Alison Moore. Alison is going to ask you a couple of questions and so, if you want to pick up some of the threads from Shaun when you are answering, do feel free to do that. Over to you, Alison, for some further questions to Seema.

**Dr Alison Moore AM:** Thank you very much. I have a couple of questions, some elements of which you have already commented on because of the way the discussion has flowed. I will try my best to ask them in a way that elicits additional information.

Before I do, for the Committee's section in terms of declarations, it has occurred to me that I ought to declare that I am a member of a longstanding credit union, the North London Credit Union, which grew out of a local credit union that was developed 25 years ago in my local area but progressively amalgamated with a number of other credit unions to widen its reach, its offer, its sustainability and whatever. That is an interesting story.

I guess, as a natural co-operator, I have encountered co-ops from a small one on a Greek island, which was a set of farmers' wives marketing their honey and local crafts, to the large dairy co-operative in New Zealand. There really are, across the world and across Britain, all sorts of examples that you can draw from.

We have a variety of sizes and roles of existing co-ops in London. What else could the Mayor do to help support those existing co-ops and to encourage the expansion of co-operatives across the city? I have in mind the comments from the Adam Smith Institute about co-operatives being very good at filling gaps, but less effective at taking up new areas. I am not sure that is correct. There is a real role within London for a strategic look. I would like your comments on that, if I might.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Thank you. That is a very important addition to the discussion. In a sense, you can set the scope and tone and culture by making those sorts of assumptions at the start of the strategy. We should be thinking more widely than co-ops being there to plug the gaps that are left. If there are gaps that are left, you almost imply that they fill in the failure spaces, which they should not be seen as doing.

In a sense, they provide a different way of providing solutions. If you look at, for example, a Co-op supermarket, it is an embedded part of how many supermarkets we do have that are competitive in that space and provide a different way in which employees and customers own that endeavour. You can see how you can have co-ops much more embedded within how our markets work in all sectors and provide a different offer, which can sometimes set a different standard as well.

If you look at the finance sector, which has also been talked about - and it was very interesting to hear about your experience of a credit union, too - in a sense, they do operate in some spaces where there has been market failure and where the larger finance institutions are not responding to people's everyday needs in a flexible way, particularly for those who may be on lower incomes.

Credit unions can also be there for everybody to be a member. Just as we found through the pandemic with the 2.7 million who have been on Universal Credit, which is unprecedented in terms of those who are first claimants, you never know when you might need to draw on some support. They are about community resilience and working together.

I see no ceiling for how co-ops and similar endeavours can play a part. The reason why I say that is, if you look at perhaps John Lewis, the resilience that co-ops have shown suggests that many of our older co-ops are even older than the largest public limited companies as well. They have survived for 150 or 200 years. That is

because they have had sustainable ways in which they have set up and have taken on board where they need to adapt --

**Léonie Cooper AM (Chair):** We lost you very slightly there again.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** With the way our national economy works, as well as the culture and community of London, the way in which new technologies bring places closer together as well, the way in which we have learned to work from home and in a sense are all together and do not notice distance in the way we used to, co-operatives combined with supportive legislation, combined with embedding in strategies and real vision, can make a very big difference. I very much hope that the Co-operative Commission for London, if it can be launched, will be able to take that advice and input to help inspire what some of that vision can be.

I want to make one comment as well on some of the closing remarks from Assembly Member Shaun Bailey. What is important to see is that this does not always work quickly. There are stories from other places where they start and they build over time. The direction of travel the Mayor has demonstrated, which I am sure you have seen as well, is about working with Co-operatives UK and starting to look at the capital's high streets and civic centres and growing London's social economy with community businesses.

Some of those aspirations are really important as part of the groundwork on which we need to build, but in the spirit of co-operation, it needs to be from the bottom up. Local authorities will be able to be enablers and supporters in their areas. The Mayor and the work of City Hall will really need to be enablers across London to make sure that we do get that scale and that we do make the most of existing resources.

I would make this point: there are some who might require additional resources, but part of what can really happen is making better use and more effective use of existing resources and existing places of offer.

**Dr Alison Moore AM:** My next question would have been about the Co-operative Commission. I was going to ask you why it would be so important, and you can give me any additional information there if you would like to.

What plays in my mind is that you talk about local authorities and there will be a variety of views across local authorities. They will come with a different ethos in approaching the whole concept of co-operatives. Some will be more supportive than others.

Do you think that the Commission would have a role in terms of setting that overarching aspiration, but also encouraging and opening up those opportunities for people right across London and ensuring it is inclusive across the whole piece?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** I very much hope so. The reason is that this conversation is really about communities and about people. People being empowered; people having a voice; people prospering and having prosperity shared across our communities; people being part of developing local solutions and part of how we deliver them.

This, therefore, has to be a debate that brings people on board with what co-operatives can deliver. When that starts to be seen, that can shift cultures, which is one of the points I made earlier.

I would like this to be something that is led by the Mayor in London - but in a very enabling sort of way - and I would like to see one person with a designated lead responsibility for promoting the co-ops and mutuals within

each relevant agency. That includes the London Growth Hub. It would include local authorities. It should include any institutions or bodies set up that might help with the London recovery work.

Also, I would go further. When you think about the touch points that people have, we should have an integrated strategy that reaches there, too. I have also suggested - and I believe it is vital - that when we look at national employment recovery programmes, work coaches, who are the main point of contact in the Department for Work and Pensions (DWP) Jobcentres for people who are seeking work or increasing work, are trained in how people can get advice on being part of setting up co-ops. They should be seen as a different way of perhaps setting up an enterprise or being involved in productive economic activity, and social activity with it. That is the combined effect of co-ops. They have social development as well as economic development.

Reaching out and seeing that in practice will shift the mindsets of local authorities and other institutions that have not had that experience and seen the benefits. With a little bit of investment of priorities - because there do not necessarily need to be many additional people - that might grow with scale, but then that will also see its own returns in helping to support that. That is what I would like to see. The Co-operative Commission for London should be able to inform, as much as to then get ideas, and then help produce a strategy that will be accepted and championed across London as well as owned by the Mayor.

**Dr Alison Moore AM:** That is a really helpful perspective because, as Shaun Bailey [AM] mentioned earlier, you referred to the '15-minute economy' that is being talked about and also the challenge we face around reshaping our town centres. There are quite a lot of opportunities, potentially, there in that context.

A final question from me is about how co-ops could be more effectively embedded within the mayoral economic recovery plans. I have in mind, for example, the adult education budget, which you talked about earlier. I remember being in a meeting a number of years ago where there was a co-operative somewhere in the Midlands that enabled small businesses and microbusinesses to have apprentices because it took up quite a lot of the load of the paperwork and the organisational element, allowing those small businesses to access apprenticeships and discharge that issue around the Apprenticeship Levy.

That seemed like quite a creative way of approaching it. How else do you think it could be effectively embedded in that economic recovery plan?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** You make a very good point about the different sizes and scales of co-ops and therefore needing different solutions and strategies to ensure that they are included in opportunities. Very large co-ops will have very different challenges from very small co-ops. In a sense, they have been parallel stories to other companies large and small. In sectors where they have been more hit by the pandemic, as an example, co-ops have suffered alongside other businesses. In sectors like food, they have done well. A lot of co-ops are in the food sector.

Your point about ensuring there are opportunities is right. There are apprenticeships. It could also be a space for kickstart opportunities when organisations meet the criteria. I have seen in my local area a desire to reach out to schools as well to become kickstart partners, too.

The Mayor of London has established the £70 million Good Growth Fund. That has already started --

**Léonie Cooper AM (Chair):** Oh dear, we have just lost Seema again. "Good Growth" were her final words.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Let me try this. Let us try this last one. The Good Growth Fund is also an important part of supporting the best practice in innovative regenerations that it is designed to do. It is about saying that Londoners should be able to participate in their local communities and have a say in what happens.

The place-based strategy as part of that is absolutely right because co-ops are very much about embedding what you do and how it happens in your place. We do not talk about place-based strategies enough. That is why that fund and what it delivers will be, perhaps, a way in which other areas can learn from how we develop place-based responses.

If we want places like our high streets and hyperlocal community places to be diverse and accessible and for people to be able to walk to the services they need, rather than take two buses, that is an example of where we can look to how we develop and deliver those solutions in partnership with local people.

If local authorities think about embedding co-operative solutions as part of their recovery plans, they will see them being more sustainable because that is how people will want to work over the next year or two. I do agree there will be some recovery and people will re-establish business-as-usual once the pandemic is over, but there will be a legacy of people wanting to work a bit more at home, spend a bit more time with their families, and spend a bit more time with their communities.

**Dr Alison Moore AM:** That comes back to how it is not one-size-fits-all and there are real opportunities in terms of how we grow a sustainable future for London. Thank you very much for that. I will pass back to the Chair.

**Léonie Cooper AM (Chair):** Thank you very much, Assembly Member Alison Moore, for undertaking those questions.

Assembly Member Susan Hall, you indicated earlier on that you wanted to ask something towards the end of this section on co-operatives. Do you still want to come in?

**Susan Hall AM:** I did. I was going to have a real go about the Mayor's London Power situation, which has been a disaster. As we are running so late, I will give that up and we can go to the next section. Thank you.

**Léonie Cooper AM (Chair):** OK. That is a jolly good thing because, also, it is not a co-operative and so I would have found it quite difficult to bring that into the discussion. If you had wanted to talk about his funding for community energy co-operatives, then that would be more on topic.

Can I thank both Jessica Jacobs and also Seema Malhotra MP for joining us this morning? We normally make recommendations. We are a cross-party committee. If we get our recommendations out in time - and we are proceeding towards an election shortly - then we will be putting those recommendations before all of the potential mayoral candidates, and would hope that those would be considered so that any initiatives around co-operatives are picked up by any future mayor coming in. Thank you very much for joining us today and sparing the time.