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the co-operative party



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A Co-operative Agenda for a Fourth Term

Our economy and our society have undergone profound and unprecedented change in recent times. The major institutions of our financial system have been found wanting, at a great cost to us all. Public confidence in the parliamentary process has been damaged. There is a feeling across the public and the private sector that large organisations that affect our lives are not being run in our interests.

This manifesto seeks to directly address this. Across the economy, the public sector and society we are looking to build institutions that demonstrably serve our collective needs as people rather than, as has happened too often, our lives and circumstances being altered by bodies over which we have too little control.

In government, Labour has made great strides toward social justice but the challenge for a fourth term is even greater. It is about building organisations with values, accountable to those with a stake in their success, and where long term social returns are put ahead of short term private gain.

As we seek to rebuild the economy there has never been a time in which the co-operative and mutual ideal has been more important. We need to pioneer a new way of doing business that will underpin the long term stability of this country's economy and ensure that all, not just the few, will be able to share in its rewards.

Co-operatives and mutuals, unlike other forms of business, exist to provide mutual self-help for members rather than to generate profits for investors. These core values drive high standards of behaviour through the sector and allow them to take a long term view of their members' interests. As we collectively count the costs of short term thinking by business— a strong and vibrant mutual sector must undoubtedly play a significant role in the new economy.

Yet for the foreseeable future, it is likely that most significant enterprises will continue to be owned by shareholders. Building a private sector more in tune with co-operative values is necessary if we are to avoid repeating the mistakes of the past. Through reconnecting our firms with their stakeholders and society we can transform the nature of business in this country – building an economy that acts in all of our interests.

Perhaps the most important thing the financial crisis has taught us is that in the modern world, no country is able to solve all of its problems on its own. As we face the greatest challenge to the world economy in modern times, the looming catastrophe of climate change and the continued emergency of global poverty; co-operation between nations has never been more important.

We also need to find new ways to rebuild faith in our political system and democratic legitimacy. The parliamentary expenses issue has turned many people off mainstream politics but in truth this disengagement has been occurring over a much longer period of time. The problem is not that people have simply disengaged but rather that they feel disempowered by the way that the political system operates. While representative democratic institutions were designed for the supervision of small scale government in a self regulating society, the world we live in now is very different. If we are to rebuild our political system and our economy we will need to take people with us.

This requires us to find new ways to increase participation and devolve power within our society. Participatory budgeting and new forms of e-participation can play a significant role in this regard. Government also needs to do much more to deliver power and ownership of public services to the communities that depend on them. Local communities must be given the right to participate in decisions that affect their lives through partnerships with government.

From foundation trust hospitals to co-operative trust schools, we are already seeing the benefits that new mutual organisations are bringing to public services. These can provide the efficiency gains of the private sector whilst providing real democratic accountability, giving users, employees and other stakeholders a real say in how their organisations are run. This way the quality of service is not dependant on the commands of producer interests or the whims of market forces, but on frontline expertise and the needs of the people that they serve. Public assets are locked into community ownership, providing further protection against privatisation and asset stripping. If we are serious about creating a new politics, then giving ordinary people real power over the services that they rely on is the best way to do it.

This manifesto is about fostering a new 21st century collectivism. Whether it's a question of people saving their football club, their local post office or even the planet, co-operative and mutual organisations can provide a means through which people can collectively meet their aspirations and help change behaviour for the better.

This document sets out how the Government can do more to create an environment in which these organisations can thrive. It also provides generic, easily workable solutions along these lines for tackling problems as diverse as fuel poverty, the shortage of affordable housing or climate change through our 'collective power' and 'new foundations' models.

In an economy short on credit and with future Government spending looking tighter than ever we cannot afford to ignore the potential for further collective action within our communities. Across the breadth of human need, there are few issues that cannot be tackled by the genius of local people, acting together. With the right support, guidance and advice, community groups and organisations have a huge capacity to change the world for the better.

For over ninety years, the Co-operative Party has stood for giving economic and political power to everyone in our society. Co-operative values and principles are truly an idea whose time has come back. The time for action is now.

Our Policies - a summary

Changing the way we do business

As we seek to rebuild the economy there has never been a time in which the co-operative and mutual ideal has been more important. As the global economy faces difficult challenges, we need to pioneer a new way of doing business; that will underpin the long term stability of the UK economy, and ensure that all people will be able to share in its rewards.

- **Supporting co-operative and mutual enterprise** – Co-operative and mutuals differ from their PLC competitors in one crucial respect; they exist to provide a service for their members rather than to generate profits for external shareholders. As a key part of the plurality of the UK economy, the Government should ensure that every assistance is given to the preservation and creation of co-operative and mutual businesses -> **page 11**
- **Employee Ownership** – Giving employees a stake in their business provides workers with economic gains and creates companies that are responsive to their frontline staff. Firms where staff have a big ownership stake and a say in decisions do not just create happier workers, they also make more productive businesses. We believe that the achievements of the co-owned sector should be recognised and built upon -> **page 12**
- **Fighting the Recession** – In face of what could potentially be the most serious downturn since the depression of the 1930s, we must utilise all the resources, skills and capital that we have at our disposal. Co-operative and mutual enterprises can play a key role in responding to the recession, mitigating its impact and creating a more resilient economy -> **page 13**
- **Remutualisation** – The financial crisis has come at a serious cost to everyone in the UK; whose savings have been risked, whose taxes may have to rise and whose livelihoods are threatened by the recession that has followed. It is vital that we learn from our mistakes and build more stable foundations for our financial sector in the future. That is why we believe all fully nationalised banks should be converted into mutuals, as this is the best solution for ensuring a stable, long-term future for these companies, and making sure that the risk taken by taxpayers will deliver for consumers -> **page 14**
- **Access to Finance** - We need to do more to ensure that our financial services industry meets the needs of the whole UK economy. In this country it is primarily credit unions that offer affordable credit and banking services to thousands who would otherwise be unbanked. It is important that the Government continues to assist credit unions to ensure that they are strong and sustainable. This will involve expanding the range of services that credit unions are able to offer so that they can offer the maximum assistance to ordinary people in these testing economic times -> **page 15**
- **A New Settlement Between Banks and Society** – Given the unprecedented support our financial institutions have received in the past year, it is vital that they recognise the obligation of their responsibility to society. We should introduce a Financial Inclusion Act, which would ensure that all people have equal access to routine financial services and credit within their means -> **page 16**

- **Land Reform** – As we seek to bring stability to the financial system, it is only right that we aim to do the same for the property markets. A key policy concern for the future has to be to keep growth in house prices consistent with other parts of the economy. We should use taxation to change incentives within the property market, ensuring that we incentivise the productive use of land rather than expected capital gains in an upward market -> **page 17**
- **Investing in a co-operative future** – Investment needs to be not only focused on what it can generate for individuals but also what it could provide for the community. The self-help model of funding can not only offer a safe and robust investment for individuals, but also provide us with services that can collectively improve our lives -> **page 17**
- **Public Infrastructure** – At a time when public sector borrowing remains high and private sector capacity to invest remains limited, we should explore the creation of new mutual organisations to build tomorrow’s infrastructure -> **page 19**
- **An economy in all of our interests** – For the foreseeable future, it is likely that most significant enterprises will continue to be owned by shareholders. Building a private sector more in tune with co-operative values is necessary if we are to avoid repeating the mistakes of the past. Through reconnecting our firms with all of their stakeholders and society we can transform the nature of business in this country – building an economy that acts in all of our interests -> **page 20**

A New International Settlement

Perhaps the most important thing the financial crisis has taught us is that in the modern world, no country is able to solve all of its problems on its own. As we face the greatest challenge to the world economy in modern times, the looming catastrophe of climate change and the continued emergency of global poverty; co-operation between nations has never been more important. This is essential to creating a new world economy – which is designed to provide for all of our long term interests, rather than short term gains for the few.

- **From speculation to long term investment** – The speculative nature of investment within the global economy rewards short term decision making and reduces the accountability of business to its owners, including the majority of ordinary citizens through their pensions. To help ensure our future economic stability, we should campaign for the global introduction of taxes on capital transfers in the international stock, credit derivative and currency markets through agreement at the G20 group of nations and the UN -> **page 23**
- **Improving economic information** – The events leading up to the financial crisis were characterised by a failure to provide the right economic information, and a lack of independence by those who did. Tackling the agency problems inherent in the supply of economic information is vital to ensuring our future stability -> **page 24**
- **Protecting the future of our planet** – Our continuing reliance on fossil fuels places an unsustainable and dangerous burden on our environment, as well as aggravating international tensions and jeopardising progress towards social justice. We should continue to advance international action on climate change, playing a leading role in pressing for and delivering international agreement -> **page 24**
- **Governing the Internet** – The United Kingdom has led the way in terms of decisions about how to govern the internet. The co-operative approach undertaken is vital as it continues to expand exponentially in terms of individual business activity and new applications -> **page 25**

- **Tackling Global Poverty** – The Co-operative Movement is one of the largest organised segments of civil society with over 800 million members, and plays a crucial role across a wide spectrum of human aspiration and need. The Government should work with the Co-operative Movement and its international partners to set up a co-operative agency for international development to help build modern and effective movements in the developing world -> **page 25**
- **Trade Justice** – We believe that trade is the best tool in the fight against global poverty. Two areas are key to rebalancing the global trading system: fair trade and trade justice -> **page 26**

Creating Sustainable Communities

Government cannot build sustainable communities alone. Doing so requires trusting people to make decisions over the services that they use, as well as the control of public services. From tackling climate change to building new affordable homes, co-operative and mutual organisations can deliver new and radical changes to the society in which we live. The role of the co-operative sector is crucial as we seek to move to a more sustainable society.

- **Opening up Participatory Democracy** – If we are to rebuild our political system and our economy, we will need to find new ways to increase participation and devolve power within our society. We commend the work that has been done to develop participatory budgeting in this country and believe that greater measures should be taken to involve all of us in how our money is spent. We should also explore how new technologies could combine delegation with social networking – to ensure that those who take part in debates constitute a representative sample of the population -> **page 28**
- **Transferring Power to Communities** – Local Government should do much more to deliver power and ownership of local services to the communities that depend on them. We believe that community-based and new mutual organisations have a vital role to play in running local services, tackling crime and anti-social behaviour, engaging young people and regenerating run-down neighbourhoods -> **page 30**
- **Energy and Climate Change** - Experts have a tendency to see solutions to fuel poverty, energy security and climate change as competing, conflicting and irresolvable. Yet a movement towards communities collectively owning their own energy has the potential to meet all three of these challenges head on. The ‘collective power’ model provides a blueprint for how this can be done – building a broad based social movement by combining an appeal to self interest with a commitment to combating climate change -> **page 31**
- **Delivering High-Quality Affordable Housing** – The tectonic shift that has occurred in the global financial markets means that the housing landscape in the UK will never be the same again. One result will be that many thousands of UK households will be caught in the gap between affordable rent and home ownership. The ‘New Foundations’ model is a new form of intermediate home ownership that can ensure these new and emerging households have access to a decent home that they can afford, and allows them to accumulate a financial stake -> **page 32**
- **Building Stronger Communities** – Through housing co-operative and other mutual organisations, tenants and residents have taken real control over decisions that affect their

lives and created strong and cohesive communities. We should take action to embed co-operative and mutual housing solutions at the heart of its overall strategy. Local authorities and other park providers should explore the use of community land trusts for parks and open spaces -> **page 34**

- **Food, Farming and Rural Communities** - The decline in the availability of rural services has been well documented, with pubs, shops and other services closing at a faster rate than ever before. Rural co-operatives and social enterprises are often the only viable alternative for rural communities looking to retain or re-introduce a service in areas of private or public market failure. We should establish a 'community right to try' in rural communities, which would give them the option and time frame of six months to consider taking over a service -> **page 35**
- **Tackling Crime and Disorder** - The role of local crime fighting partnerships has been crucial in making the reduction of crime a key priority for local authorities and other partners as well as for the police. Introducing a broad based and open membership to these bodies can make a real difference in their effectiveness, and drive further reduction of the level of crime within our communities -> **page 36**
- **Animal Rights** – Throughout its history, the Co-operative Movement has had a proud record on animal rights. We commend the work that this Government has done over the last ten years in this regard, and call for the full implementation of legislation to extend and improve the protection of animals -> **page 37**
- **Public Transport and Promoting Sustainable Travel** – For over a year, the Co-operative Party has fought the 'People's Rail' campaign to give the British public real power over Network Rail. Yet it is not just the rail network where there is an accountability gap. The recent forced nationalisation of the East Coast mainline demonstrates the degree to which private sector operators can often seek to socialise risk and privatise reward. The Government should use the opportunity created by nationalisation to create a new mutual provider as a public sector comparator to the other train operating companies -> **page 38**
- **Culture and Sport** - Cultural and sporting bodies play a powerful role in the life of the nation and often receive large subsidies. More needs to be done to ensure that they put the needs and interests of their fans and enthusiasts first. Giving ordinary people a say over the way that these organisations are run is the best way to ensure that this occurs -> **page 39**

Developing people-based public services

Public ownership does not have to mean top-down management from Whitehall or Town Halls. Local communities must be given the right to participate in decisions that affect their lives through partnerships with government. We believe that co-operative and mutual models offer the best model for the reform of public service delivery. These provide the efficiency gains of the private sector whilst providing real democratic accountability, giving users, employees and other stakeholders with a real say in how their organisations are run.

- **Making Healthcare Mutual** - Through the greater involvement of staff, users and local communities in the NHS, it has been demonstrated that we can not only strengthen citizenship, but also build services based on the frontline expertise of staff as well as the needs to the people that they serve. Moving to a mutual model has transformed the way in which services are delivered, making them more responsive to local people and focused on the needs of patients -> **page 42**

- **Transforming Social Care** - Through coming together collectively, direct payment and individual budget recipients can improve the quantity and quality of the services that they receive, and ensure a decent working environment for the carers which they rely on. We should ensure that all service-users and carers will have access to a direct payments mutual in their local community -> **page 43**
- **Children, Schools and Families** – Co-operative trust schools provide a framework in which everybody with a stake in the school's success – parents, teachers and support staff, local community organisations and even pupils – have the opportunity to be involved in running it. These principles can also be applied across children's services. By giving communities a sense of ownership over Sure Start services, we can do more to help centres deliver to all those in need of their services, particularly 'hard to reach groups.' Co-operative structures also can play a role in encouraging working across different providers, and have the potential to act as local delivery agents for the Children's Plan -> **page 44**
- **Broadcasting** – The BBC is the largest broadcasting corporation in the world and a pillar of Britain's cultural life. Yet with huge sums of money spent annually on services, the public deserves to have more of a say in the package of programs and services that are delivered. For the BBC to become truly accountable, all television license holders should be given real say over how the BBC Trust is run -> **page 46**
- **Public Sector Procurement** - In both national and local government, more needs to be done to support smarter and more strategic commissioning and procurement of both goods and services. The current and future financial pressures on the public sector and the desire for efficiency savings make getting the most from public resources essential. Mutual and social enterprises tend to provide procurers with services that are more focused on the end user and provide added value in terms of meeting wider social and environmental goals -> **page 47**
- **Open Source Software** - Open source technology is software development methodology created by a community of people dedicated to working together in a co-operative manner. By levelling the playing field and allowing open source to be as competitive as possible we can ensure that taxpayers get maximum value for money from Government IT, something that is more important than ever during the worldwide financial climate. The Government should ensure that, where possible, open source software is used as part of an effective procurement strategy -> **page 47**

Changing the way we do business

As we seek to rebuild the economy there has never been a time in which the co-operative and mutual ideal has been more important. The banks have failed, confidence is low, and unemployment is now rising. While we can be rightly proud of the action that this Labour Government has taken to prevent us suffering from the worst of the global recession, we need to do more to ensure our return to a high growth and stable economy.

For 150 years, the Co-operative Movement has been on the side of ordinary families. The original co-operative and mutual societies were formed as a vehicle for ordinary people to have access to good quality food at a fair price, purchase their own homes and insure themselves against sickness and unemployment. In contrast to other businesses of that era, they were designed to provide mutual self-help for their members, rather than create wealth for investors.

This is still their core purpose today.

As the global economy faces difficult challenges, we need to pioneer a new way of doing business: an approach that will underpin the long term stability of this country's economy, and ensure that all people, not just the few, will be able to share in its rewards. As the failings of the market have led us into recession, we are starting to see a renaissance of mutual organisations, who are continuing to extend market share and deliver profits, putting people rather than shareholders at the centre of their operations.

The months ahead will not be easy for anyone in the UK. But the length and depth of the downturn will depend largely on the solutions that we put forward. Remaking the economy in the co-operative image not only has a lot to offer in the downturn, but will enable us to go into the future with sustainable businesses that act in the interests of their employees and consumers.

Supporting co-operative and mutual enterprise

The Mutual Sector plays a vital role in British society. Over 19 million British individuals, or one in three of the population, are members of one or more mutual society. Co-operatives and mutual organisations differ from their PLC competitors in one crucial respect, they exist to provide a service for their members rather than to generate profits for external shareholders. This means that there are no conflicts of interest between the claims of consumers and owners, and no incentive to exploit customers for short term gain.

As a key part of the plurality of the UK economy, the Government should ensure that every assistance is given to the preservation of co-operative and social enterprise business structures, and to the creation of new mutual businesses. This means that the co-operative and mutual model should receive the same level of support as other forms of enterprise.

We welcome the support that the Government has given to both primary and secondary legislation which has done much to level the playing field between mutuals and other business models. The Co-operative Party endorses the recommendations made in the Review of Industrial and Provident Society Legislation in 2008, and urges the implementation of the outstanding legislative reform orders at the earliest opportunity. Yet mutual societies have not seen the same sort of review into their function as done for the Public Limited Company in 2006, nor have reviews looked at the sector as a whole, as opposed to the disreputable building society, friendly society, co-operative and

mutual insurance sectors. A further review could continue to concentrate on governance, legislation and tax treatment that would enable the mutual sector to thrive in the future.

Mutual forms of business incorporation still suffer from a lack of support, despite being robust and proven business structures. As it stands, the majority of mainstream business support providers do not have the capacity or expertise to provide services for those seeking to set up co-operatives or social enterprises.

We believe that co-operatives and mutual enterprises should be given better business support and training through Business Link in England, recognising and supporting the wealth of experience and expertise that has been built over the last thirty years within smaller independent agencies across the country. Existing co-operative businesses already invest considerable financial and human resources in supporting the development of new and existing co-operatives, and Government should look for more opportunities to match fund this support.

Regional Development Agencies (RDAs) and other arms of Government should be obliged to place the development of co-operative and mutual forms of enterprise at the core of their economic development strategies. The Government should ensure that each RDA includes at least one representative from a co-operative or other mutual on its board, to ensure that the needs of the sector are fully represented to those bodies.

Co-operatives and trade unions, founded on the same values and principles, both have long, proud and shared histories of fighting for and preserving workers rights. With rapid and global economic change it is just as vital that we continue to have modern and growing trade unions in our country as a genuine voice fighting against discrimination and abuse.

Employee Ownership

Giving employees a stake in their business provides workers with economic gains and creates companies that are responsive to their frontline staff. Evidence from the industry shows that firms where staff have a big ownership stake and a say in decisions do not just create happier workers, they also make more productive businesses.

The degree to which employee ownership boosts productivity can be seen in the performance of co-owned companies, which have consistently outperformed their PLC rivals. In cash terms, an investment of £100 in the EOI (Index of Employee Owned Companies) in June 1992 would have been worth £453 at the end of December 2008; the same amount invested in the FTSE All-share would have been worth £172. This superior financial performance is the little known story of a sector worth a combined turnover of £20-25 billion annually, and going from strength to strength.

The Co-operative Party believes that the achievements of the co-owned sector should be recognised and built upon. We believe that both employees and employers could equally benefit from a more participative form of employee share ownership and that there is a need to extend employee share ownership schemes, particularly those that give employees a collective, democratic voice.

In order to do this, the Government should develop and promote a framework of advice and legal guidance to incentivise and enable employees and employers to work together to realise this, based on the successful Supporters Direct model for football clubs.

There is also a need to increase knowledge and awareness of this important sector. Government should conduct a research review of the co-owned sector, with a specific focus on firm level financial performance. Professional bodies and government agencies should include knowledge of co-ownership structures in their training and accreditation schemes, or as part of their brief to advise local companies.

Fighting the Recession

In the face of what could be potentially the most serious downturn since the depression of the 1930s, the Labour Government must utilise all the resources, skills and capital it has at its disposal. Large scale unemployment and economic decline will have vast implications on our ability to recover, as well as having wider ramifications for health and well being, social mobility and community cohesion. In responding to the financial crisis and the recession that has followed, Labour has shown itself to be the party of action. It is important that this continues as we move towards growing our way out of the downturn.

Co-operative and mutual enterprises can play a key role in responding to the recession, in mitigating its impact and creating a more resilient economy. Social enterprises play a key role in ensuring support for the most disadvantaged back into the labour market. We welcome the intention of the Future Jobs Fund for social enterprises to deliver 10% of the 150,000 new jobs to be created, as these organisations have experience of providing a people centred and sustainable service. With self employment providing one route out of unemployment, we believe the Government should also provide support for people to establish micro social enterprises and provide an avenue for them to be connected with existing social enterprise networks.

Employee or consumer ownership has a role to play in saving viable businesses from needless insolvency or disposal. The Government should support the creation of an 'early warning' resource capable of informing workforces in advance of an insolvency or disposal of a viable business, and helping them assess the scope for acquisition by a management and employee buy-out. Where a buy-out is judged feasible, such a resource would help with the preparation of a management and employee bid for the company, with or without the participation of external stakeholders. Government should actively review the scope for allowing employees to divert a portion of possible redundancy compensation, in a tax advantaged way, if they choose to take a collective equity stake in a reconstituted business.

As a creditor, Her Majesty's Revenue and Customs will normally have a role in insolvency proceedings. Where a mutual or employee buyout is agreed, the Government should ensure that HMRC agrees to waive their debts. While this may be a write off for the Exchequer, the benefits of providing a long term sustainable future for businesses faced with the prospect of insolvency should outweigh the cost.

Financial Services

The events of the last 12 months have demonstrated serious flaws in how the UK's shareholder owned banks operate. In April 2007, nine banks occupied places in the FTSE 100 all share index. Of these, five are now substantially or wholly in public ownership. None of the four demutualised building societies, Alliance and Leicester, Bradford and Bingley, HBOS or Northern Rock still exist as a stand-alone bank.

This has had a tremendous impact on the rest of the UK economy. The massive contraction of

credit has had a hugely damaging effect on other businesses – an effect that we are still yet to see in full. It is hard to estimate what the eventual costs of the financial crisis will be on public funds, but it is likely that these will be significant and long term. Hundreds of thousands of jobs have been lost. The failure of our banking sector will come at a serious cost to everyone in the UK; whose savings have been risked, whose taxes may have to rise and whose livelihoods are threatened by the recession that has followed. It is vital that we learn from our mistakes and build more stable foundations for our financial sector in the future.

Financial mutuals have weathered the global crisis much better than their shareholder counterparts. While they have not been immune to the crisis, they have on the whole shown themselves to take fewer risks with savers' money; and have not required the same level of assistance from Government as required by the private sector.

There is one fundamental difference between co-operative and mutual financial organisations and their PLC competitors; that they exist to provide a service for their members rather than create wealth for external shareholders.

This means that profits are shared amongst the members (consumers), rather than external shareholders. As the Building Societies' Association has estimated, this provides them with a cost saving of approximately 35%, which is distributed straight back to the members - through the provision of low cost borrowing, high returns on savings and dividends.

In addition, the fact that these organisations operate using democratic voting systems, on a one-member-one-vote basis, allows them to take a long term view of their members' interests. As we collectively count the costs of our financial institutions' previous short-term thinking, this approach to business should unquestionably be the future direction that we are looking for.

Remutualisation

A strong and vibrant mutual sector must be a key feature of our economy or we are doomed to repeat the mistakes of the past. Our Government was right to take the action it did in ensuring the survival of the banks in the short term but when they return to a healthy position they should be sent back to the sector from which they came.

A starting point will be the future of Northern Rock. While the Government is absolutely right to take any ownership measures it sees fit in the short-term; any long term solution should be based on some key principles:

- Taxpayers must not be out of pocket as a result of the change.
- Hardworking families and small businesses must be protected. This means the housing market should not be closed to first time buyers, credit lines to small business should be extended and repossessions should only occur as a last resort.
- The institutions that emerge must be secure, responsible and add to the financial stability of the UK economy.
- And finally, these new organisations must continue to act in the long term interests of their consumers.

That is why we believe that all fully nationalised banks should be converted into mutuals. Mutual ownership is the best solution for ensuring a stable long-term future for these com-

panies, and ensuring that the risk taken by taxpayers will deliver for consumers in the long term. At a time when people are anxious about the security of their savings and finding it difficult to get on to the housing ladder – it is only right that taxpayer investment is rewarded with a return to customer ownership.

The same principles could also be applied to those failed banks in which the public has a considerable stake. It would be undesirable for institutions that have failed to adequately protect their savers to be allowed to risk deposits taken on the ‘casino’ functions of the market for a second time. The Co-operative Party therefore believes that when determining the long term future of these companies, the Government should explore all possible ownership structures – including splitting them into retail and investment arms and placing the retail banks into mutual ownership.

It is also important for us to strengthen existing financial mutuals. The Co-operative Party commends the support the Government has given to a number of pieces of legislation that have modernised the mutual business model and achieved a level of parity with the company form. In addition, we welcome the support given to the future development of the Mutual Sector in the Treasury White Paper ‘Reforming Financial Markets,’ and call for the speedy implementation of all proposals made.

We must also ensure that the burden of failure does not fall on those who least deserve it. Under the current set up of the Financial Services Compensation Scheme, the proportion contributed by institutions is based upon the deposits that they hold. In practice this has meant that financial mutuals have been punished for a safer business model in which they are funded through a higher proportion of deposits, paying on average three times as much proportionately as the shareholder owned institutions. We therefore call on the Government to introduce a more equitable scheme for funding the insurance of deposits of failed banks.

Access to Finance

We need to do more to ensure that our financial services industry meets the need of the whole of the UK economy. Financial mutuals have much to offer in this regard as their structure of governance has traditionally allowed them to lead the way in providing services to many citizens who are often excluded from mainstream products.

In the UK, it is primarily credit unions that offer affordable credit and banking services to thousands who would otherwise be unbanked. The last ten years have seen tremendous growth in the credit union movement. Between 1995 and 2006, the number of credit union members in the UK more than tripled to approximately 500,000, with deposits growing almost nine times to just over £500 million. We welcome the support the UK Government has given the credit union movement, both in improving the legislative framework in which they operate, as well as the significant financial assistance that they have given the sector.

It is important that the Government continues to assist credit unions to ensure that they are strong and sustainable. This will require it to help them expand their range of services to make certain that they can offer the maximum assistance to ordinary people in these testing economic times.

One way which this can be done is through the creation of a central finance facility. Most credit unions around the world which provide a wide range of services to significant proportions of the population have an organisation of this kind, which is owned and controlled by the credit unions which use them. Such a body would provide a range of services including liquidity management,

treasury management and payment services, and assist credit unions to provide other products where economies of scale and back office functions are crucial. This will be essential in enabling the credit union movement to scale up and reach out to more people.

Guidance should also be issued to all public sector employers in the UK advising them to establish payroll deduction facilities for credit unions and to promote it to their staff. There should be a standard clause in all contracts, service level agreements and grant agreements between the UK Government and public, private or voluntary organizations employing 50 or more people requiring them to offer payroll deduction facilities for credit unions as a condition of contracting with the Government.

Community Development Finance Institutions (CDFIs) also provide vital consumer credit and finance for small businesses, including social enterprises, using the personal, supportive and advisory approach that banks once provided. They help those who cannot access finance from banks, providing sustainable economic prosperity to some of the most disadvantaged areas of the UK.

Changes in the government backed guarantee facility for loans to small businesses have meant that CDFIs have seen their primary guarantee facility removed, and are finding it difficult to access the Enterprise Finance Guarantee Scheme (EFG) that has been put in its place. The Co-operative Party advocates either the modification of the EFG or the creation of a new scheme to ensure that CDFIs are able to access guarantee facilities as suitable for their needs as their mainstream counterparts.

A new settlement between banks and society

Given the unprecedented support our financial institutions have received in the past year, it is vital they recognise the obligation of their responsibility to society – whose taxes, jobs and livelihoods have been put at risk by their failure. All people should have equal access to routine financial services and credit within their means. Banks should no longer merely be able to cherry pick the most profitable customers, but ensure that their operations serve every part of the community equally.

A fourth Labour term should see the introduction of a Financial Inclusion Act, similar to the Community Reinvestment Act in the USA. This would ensure that all financial organisations must engage with, design services for, and invest in people from all geographical areas and income levels. This would require banks to report that:

- All their delivery systems are readily accessible to geographic areas and individuals of different income levels within their area of business
- Changes have been made that have improved the accessibility of its delivery systems to low to moderate income areas and individuals
- Services are tailored to the convenience and needs of those that it is required to serve

In the USA, financial institutions have often chosen to route a substantial portion of their engagement in alternative financial institutions such as credit unions or CDFIs. Mainstream financial institutions would be free to choose a similar partnership route in the UK.

Vulnerable households have been disproportionately affected by rising household utility and food bills, making it difficult to build up a savings cushion to protect themselves against the

recession. Many lower income households do not have the option of saving for the future and have no choice but to borrow to maintain an acceptable standard of living. This is not a question of making cheap and easy credit available to fuel a consumer society; financially excluded households need access to fair, affordable credit to survive.

Land Reform

It is not only the failure of the banks that has brought us into these difficult times. In the twelve years preceding the credit crunch, the unprecedented growth that occurred in the UK housing market has had a dramatic effect in the downturn.

A significant cause of this has been the rising cost of residential land. As economic growth has occurred, this has led to inflationary pressures on the prices of residential land in scarce supply, or restricted in the places where everyone wants or needs to be. There is nothing new in all of this. The last 200 years have seen regular 15-20-year cycles of economic growth and recession that have brought rapid uplift in land values, and ended in their implosion.

As we seek to bring stability to the financial system, it is only right that we aim to do the same for the property markets. Instability here has been a key determinant of every recession that we have faced over the last 30 years. Given this, a key policy concern for the future must be to keep growth in house prices consistent with other parts of the economy.

Expanding the supply of homes in the UK will be crucial. The Government should ensure it meets the target of an additional 3 million homes before 2020, as this will be crucial to making sure we do not begin the same cycle in the upturn. Community Land Trusts and Mutual Home Ownership can play a vital role in building the homes that are needed to meet demand (see *Creating Sustainable Communities* for more detail).

Yet tackling the problem of inflated land values is also important. There is significant evidence to suggest that the shortage of homes in the UK has been artificially created by a poorly functioning property market. This has had the effect of substantial growth in house prices, with the market rewarding those with property assets at the expense of people seeking places to live.

In order to prevent similar problems emerging in the upturn, the Government should use taxation to change incentives within the property market, ensuring that it incentivises the productive use of land rather than expected capital gains in an upward market. The Government should replace council tax and national non-domestic rates with a land value tax. While this would be a new method of taxation in the UK, countries such as Denmark, Hong Kong and Taiwan utilise land values to help their economies. Local Authorities in parts of Australia, New Zealand and North America have all adopted local forms of land value taxation. This is likely to not only improve economic stability but also stimulate investment in more productive elements of the UK economy over the medium to long term.

Investing in a co-operative future

One of the weaknesses of the mutual model compared with PLCs is their ability to access capital. Due to their very nature, mutual societies are not funded by equity capital provided by external investors. Traditionally this has led them to only expand through retaining profits with some access to debt capital.

Creating new and innovative financial instruments which will allow co-operative and mutual or-

organisations to have greater access to capital, while at the same time retaining their corporate purpose is a significant challenge both for the Co-operative Movement and the UK as a whole. Whether building a stronger and more diverse financial sector, a new energy infrastructure, new transport links or next generation broadband – the Co-operative Movement is in a unique position to build public assets that are held and operated for a public purpose.

Clearly raising capital from communities can play a large part in this. In the nineteenth century the Co-operative Movement was built through a self-help model of funding, where investment was not only focused on what it could generate for individuals but also for the service that it could provide for the community. As we seek to build the next generation of public assets, it is perhaps time to return to these self-help principles. Mutual societies would not only offer a safe and robust investment for individuals, but also provide us with services that can collectively improve our lives.

One way in which co-operative societies have traditionally funded their businesses is through the share capital of individual members. We welcome the Government's commitment to removing the £20,000 limit on individual investment in transferable co-operative share capital.

We also propose that a new funding model for co-operatives is developed, based on the permanent interest bearing shares (PIBs) pioneered by building societies.

This finance model was developed in the 1980s, by building societies that wanted to raise substantial funds in order to compete with the high street banks. Before its existence, the only way to do this would have been to demutualise, trading to fulfil a private purpose rather than existing to provide a service to its customers. Many institutions did not want to go down this route and they looked for an alternative way of raising external capital. Permanent interest bearing shares were invented to provide an alternative way of raising capital and enabling legislation was brought forward.

PIBS appears to provide an attractive option for funding community infrastructure because:

- They can provide core funding that is treated for accounting purposes as equity, not debt
- In a membership based organisation seeking to provide a service for the public benefit, they provide a method for funding the business, at a lower cost, where the incentive for the local community to subscribe is to provide the local service
- Membership of the corporate entity gives the local community control over what it is doing, prevents 'capture' by investor interests, and through its democratic governance structure can monitor management to ensure that it seeks to minimise risk. Management's job is not to maximise profitability, but to provide the service as efficiently as possible in the long term
- They will provide a reasonable and safe return for subscribers and subject to certain restrictions or governance arrangements (to prevent demutualisation) are tradable.

In some cases it may not be possible to raise sufficient capital from communities alone. The Co-operative Party supports the development of a social investment wholesaler to capitalise and develop the existing social market. This could utilise the expertise and diversity of existing social investors and lenders to take advantage of economies of scale to provide liquidity to institutions lending to co-operative and social enterprises.

It is also important that collective organisations, whether consumer, employee or stake-

holder owned should have the same access to the incentive schemes that have been provided to other business models. Labour should ensure that community shares in industrial and provident societies are eligible to receive the same tax incentives as shareholder companies and that Self Invested Personal Pensions Schemes are allowed to invest in co-operative and social enterprise. Where co-operatives allocate profits towards further co-operative development, this should be allowable against corporation tax.

Public Infrastructure

At a time when public sector borrowing remains high and private sector capacity to invest remains limited, the Government should explore the creation of new mutual organisations to build tomorrow's infrastructure. Because they are owned by their members, rather than shareholders, mutual organisations have the capacity to finance investment over the life of the asset and do so at a significantly lower cost than infrastructure investment funds. The way they are owned also means that there is no incentive for them to have an exploitative relationship with their customers, and that consumers are likely to receive reduced prices and better customer service.

The most high profile example of privately owned infrastructure returning to social ownership can be seen in the creation of Glas Cymru (Welsh Water). It was brought into customer ownership through raising £1.9 billion on the bond markets, the largest ever single bond issue that was not guaranteed by Government.

Glas Cymru is a single purpose company formed to own, finance and manage Welsh Water. It is a 'company limited by guarantee' and fits into the broader family of mutually owned businesses. Because it has no shareholders, any financial surpluses are retained for the benefit of Welsh Water's customers.

Financing efficiency savings to date have largely been used to build up reserves to insulate Welsh Water and its customers from any unexpected costs and to improve credit quality so that Welsh Water's cost finance can be kept as low as possible in the years ahead. These savings have also funded some additional discretionary investment in service improvements and the annual 'customer dividend'.

This can be directly contrasted with the experience of consumers in relation to the privately owned water companies in England. Welsh Water demonstrates the difference mutual ownership makes in terms of both price and service delivery.

The Government should pursue every opportunity to enable the conversion of utility monopolies to mutual organisations owned and controlled by their stakeholders, and to encourage the co-operative ownership of those that were previously privatised. It should also ensure that when building future infrastructure, full consideration is given to the development of mutual models as a method of delivery.

An example of this is the shift to next generation broadband. This is essential to our competitive future, and that requires building dependable systems for all urban and rural communities. We commend the Government's ambitious 'Digital Britain' initiative, which is central to driving social and economic success in the UK.

Across the UK, there are locally-led projects to experiment and build FTTP networks, which vary in size between local projects and those that have the potential to be large scale. Most of them are Open Networks – utility-style networks that can be used by multiple businesses to supply services

to customers in competition with each other. These projects often involve public funding, but their biggest strength is that they help build the confidence and framework to underpin other forms of funding.

Experience in Scandinavia, the Netherlands and the USA shows that mutual and co-operative ownership forms are ideally suited to this utility-style investment. And they offer a perfect platform for open competition and innovation between technical suppliers and service providers. The existence of multiple projects – forming a patchwork quilt – is a strength not a weakness, offering scope for maximum innovation by small and larger businesses in the UK.

The Co-operative Party welcomes the support given to the development of community based and mutual enterprises in the delivery of next generation broadband, through the announcement of the creation of the Independent Networks Cooperative Association (INCA) in the Government's 'Digital Britain' report. This will launch initiatives that ensure not just technical interoperability, but also business interoperability so that large service providers like Sky can interface with one "virtual" operator.

This would allow public service providers such as the BBC or the NHS to provide services at a local level directly to any customers of a local network company rather than having to transit across individual Internet Service Providers. This would mean that these public service providers would be able to provide high speed services to ordinary members of the public at no additional bandwidth cost.

An Economy in all of our Interests

An expanded role for co-operatives and mutuals will play a significant role in creating the new approach to business we so badly need. Yet for the foreseeable future, it is likely that most significant enterprises will continue to be owned by shareholders. Building a private sector more in tune with co-operative values is necessary if we are to avoid repeating the mistakes of the past. For Britain to have a successful economy and society we need an enterprise culture that acts in all of our interests over the long term. This requires a fundamental change in the way we do business.

One of the principal causes of the economic and social problems we face can be put down to a lack of accountability in our largest businesses, both to their owners and wider stakeholders. It has been a catastrophic failure of governance at every level, going way beyond, although not excusing, the failures of corporate governance in our banks. Addressing the way that our biggest companies are run will be necessary to put our economy on a sustainable footing.

A key concern is ensuring that broader interests are represented in the boardroom. The financial crisis and its aftermath have clearly shown that it is not only the owners of a business that lose out when it fails. Customers and employees have also suffered due to the failure of businesses, an anguish that would have only been worse were it not for the collective burden that we bear as taxpayers for the bold Government action that prevented crisis from turning into catastrophe. The culture of the boardroom seems unchanged, despite the 2006 change in company law which requires businesses to focus on the long-term profitability of the company and consider their impact on their wider stakeholders. Given their clear failure of boards in this regard, it is only right that other stakeholders are given a say in the boardroom. The Government should modify company law to ensure that representation is given to

employees, customers and other identified stakeholders for all publicly quoted companies. Companies should also be required to seek to ensure that their boards are as representative as possible in terms of gender and race.

More also needs to be done to improve the ability of non-executive directors to challenge an overdependence on managers. Key to this is the independence of the information they receive. The Company Secretary is responsible for this, yet in the majority of FTSE 100 companies they are appointed, remunerated and line-managed by the Chief Executive. If they are to fulfil an oversight function it is vital that non-executive directors are able to have confidence that they are receiving independent information. The Government should modify the Combined Code such that Company Secretaries are appointed by the non-executive directors, reporting to the Chair. Non-Executive directors of publicly quoted companies should also have their own independent research budgets and staff.

It is important to improve the accountability of the professional industries that provide information to board members and shareholders. The way in which firms are currently audited has been shown to have completely failed, as exemplified by the failure of banks which could not give an accurate picture of their balance sheet. The Government should take new measures to ensure that the cosy world of auditing reflects new expectations of transparency, prudence and responsibility. These should improve auditor self-governance and redefine the legal reporting duties of the sector. The Government should create a new independent body to appoint auditors to publicly quoted firms. This could be based on the successful Audit Commission, a state body, which appoints and remunerates auditors for local authorities and the NHS. The same body should also be responsible for advising on remuneration, where agency problems are much the same.

More should also be done to ensure that business addresses its environmental and social impact. The Co-operative Party welcomes the requirement, introduced in the last Parliament, for listed companies to report on their environmental and social impacts as progress. However, the absence of statutory reporting standards makes it difficult to have confidence in the information provided. These standards should be developed and imposed, with an overall four band rating of a company's social and environmental performance. It is also important that consumers have access to this information, and the Government should place a duty on companies to provide their four band rating on the products they produce, or in the case of the service sector, in all communications with clients.

Yet the most important change that needs to be made is in ensuring that company boards are held properly to account by their owners. It will come as a great surprise to many people in Britain that the biggest owners of UK companies are not foreign oligarchs or wealthy individuals, but ordinary members of the public, indirectly through their private pensions and other long-term savings. This represents over 20 million people, who between them own almost half of UK equities through their contributions to institutional funds.

The majority of institutional investors do not exercise their role as owners. Instead of taking a responsible long-term approach to ownership, in which they act to ensure a stable long term future for the business, they instead fail to take an active role – relying instead on their ability to trade out when prices change in the short term. This is self-defeating for those charged with delivering pensions over many decades into the future but it remains the predominant form of behaviour.

The effect of this has been disastrous. The short term approach to investment management has

resulted in a short term approach to business management – for which we are all now paying the price. The chronic underperformance of our ‘ownerless’ corporations can be seen in the performance of the FTSE 100 over the last ten years – which is 30% lower than it was a decade ago, despite the fact that the British economy has grown by some 45% in the meantime (at time of writing).

Ensuring that institutional investors exercise their rights and responsibilities as shareholders and long term investors is crucial. The Government should legislate to ensure that pension fund trustees and their agents are required under law to design and follow an explicit strategy for discharging the duties of ownership and promoting good governance. Failure to do so would be subject to legal action. The practice of signing over proxy votes, without direction, to either intermediary agents or the Board of Directors should be forbidden by law.

Yet creating an economy that acts in all of our interests will require further reform. Pension fund beneficiaries should have a greater say in how the companies they indirectly own are run. The Government should place a duty on pension fund trustees and their agents to collect the generalised view of their clients and beneficiaries on overarching issues of corporate governance, such as director pay. They would then be required to vote their views at company meetings.

It is not only around corporate governance issues where pension fund beneficiaries have an interest. A poll undertaken by YouGov for the Co-operative Party has shown that members of the public feel that the three biggest priorities for any company should be to treat its customers (91%) and employees (84%) fairly and act in a socially responsible way (75%). Yet fewer than 30% of the respondents felt that big British companies shared these priorities. Given this mismatch, a duty should also be placed to collect the view of beneficiaries on issues around the relationship of companies with their customers, employees and wider stakeholders – and bring forward the views of their beneficiaries through engagement with the company.

Taken together, these proposals could create a significant culture change in Britain’s biggest companies. By reconnecting our businesses with their owners and wider stakeholders we can transform the nature of capitalism in this country – building an economy that acts in all of our long term interests.

A New International Settlement

Perhaps the most important thing the financial crisis has taught us is that in the modern world, no country is able to solve all of its problems on its own. As we face the greatest challenge to the world economy in modern times, the looming catastrophe of climate change and the continued emergency of global poverty; co-operation between nations has never been more important.

The meeting of G20 leaders in London was an important step change in this process. The agreements reached constitute a global plan for recovery on an unprecedented scale. Commitments have been made to expansionary fiscal and monetary policy, a tightening of financial supervision and regulation, strengthening our global financial institutions, promoting global trade and mitigating the impact on the world's poorest countries. It is vital that as we move toward the upturn, we should not simply try to get back to the way things were before, which was unsustainable for many reasons. Global co-operation is essential to creating a new world economy - which is designed to provide for all of our long term interests, rather than short term gains for the few.

From speculation to long term investment

Financial flows play a vital role in local, national and international economies, but too little of the architecture to support them bears any relation to the real economy. Rather than a means to an end, finance has become the end in itself, with short term, high-frequency trading strategies turning over trillions of dollars every day in global markets. As we have seen in recent events, these can have tremendously destabilising effects on individual companies, sectors or countries. In some cases, this has even occurred when their economic fundamentals are largely sound.

The speculative nature of investment within the global economy rewards short term decision making and reduces the accountability of business to its owners. In the UK, almost half of this investment is provided not by a small number of rich individuals, nameless or faceless corporations, but comes from pension funds that pool the savings that we, as individuals, invest for our future.

The average UK pension fund turns over more than 100 per cent of its securities every year, which means they are traders rather than long term investors. Since they seek to avoid risk through trading, they do not worry about trying to prevent disasters by being responsible owners or lenders. This creates poor governance and instability throughout the entire economic system.

The previous section has outlined a number of measures that can be taken within the UK to create a new type of market, one which discourages the short-term speculative moving of electronic assets and encourages long-term, sustainable investment. Yet international action is also required in this regard.

A number of countries already collect taxes on certain financial transactions. Yet if these are to be set at a rate that encourages companies to behave in a sustainable manner, these will need to be agreed internationally. To help ensure our future economic stability, the Government should campaign for the global introduction of taxes on capital transfers in the international stock, credit, derivative and currency markets through agreement at the G20 group of nations and the UN. These could raise tens of billions of pounds, while also changing the incentives behind investment decisions. These could still allow for substantial national sovereignty over the collection and distribution of tax revenues, but could also provide for investment in tackling global poverty and the work of international agencies.

Improving economic information

As stated previously, the events leading up to the Financial Crisis were largely caused by a failure of responsibility and accountability in our economic system. Part of this was a failure to provide the right information and a lack of independence by those who did. Tackling the agency problems inherent in the supply of economic information is vital if we are to ensure that we do not return to the mistakes of the past.

The business model currently in existence for credit ratings agencies (CRAs) is a cause for serious concern. Under the present system CRAs are employed by the management of a firm, government or other body to give a credit rating either to particular financial instruments, a particular debt issue or for the company as a whole. They are also engaged in consultancy work for firms, advising them of the rating they would give to particular forms of structured debt and how the design could be altered to maximise their credit ratings. The financial crisis has seen the spectacular failure of these agencies to assess the risk of collateralised debt obligations or the institutions holding them.

The problem is the way in which CRAs are funded. Their core business involves them receiving payment from institutions that issue debt, rather than the investors that they are supposed to protect. This creates a clear conflict of interest, which renders them incapable of producing and delivering ratings that accurately reflect the credit-worthiness of investments and institutions and was highly significant in the 'ratings inflation' that preceded the crash.

The Government should work within the G20 group of nations and the UN for wholesale reform of the way in which CRAs operate. As a matter of priority, it should seek international agreement on a regulatory regime that will ensure that:

- The level of information regarding structured finance instruments available to the market and public bodies is raised to the same level of transparency as exists on the corporate ratings side;
- CRAs should be prohibited from issuing a rating for any asset whose construction or design they have been consulted on.

The Government should also work within the G20 and UN to create a new mutual CRA, owned and controlled by private and institutional investors. This could not only assess risk across a number of financial instruments and institutions, but would also have the express duty of predicting large market disturbances and recessions. This would be an invaluable source of economic advice for national governments, inform the position of regulators, act as an early warning system for recession and provide assistance with modelling and responding to these phenomena.

Protecting the Future of Our Planet

Our continuing reliance on fossil fuels places an unsustainable and dangerous burden on our environment, as well as aggravating international tensions and jeopardising progress towards social justice. We all know that the long-term future of our planet is at stake, and that sustained increases in the levels of carbon dioxide and other greenhouse gases could have grave consequences for our global climate.

In Bali in December 2007, a historic breakthrough towards achieving a comprehensive global climate deal was reached. For the first time, all developed and developing countries have

signed up to bring together all the world's nations to negotiate on a climate treaty going beyond 2012. It has been agreed that the world needs a long-term global goal for reducing emissions and that action needs to be guided by science.

The Government should continue to advance international action on climate change, playing a leading role in pressing for and delivering international agreement. The negotiations that will take place in December this year in Copenhagen will decide whether or not we head towards a future of a safe climate for ourselves, and for future generations. The Government must work to ensure that a deal is made in Copenhagen that will radically cut global emissions, and will provide the support needed by poor countries that are already struggling to cope with a changing climate.

Governing the Internet

The United Kingdom has led the way in terms of decisions about how to govern the Internet. At the World Summit on the Information Society in Tunis in 2005, there was a decision to use 'dynamic coalitions' and 'enhanced cooperation' as a means of tackling governance and internet-related problems, rather than working through the traditional approach of international treaties and bureaucratic agencies. This approach works through an annual event, which provides a "space" for the different stakeholders - including governments, industry parliamentarians and NGOs - to exchange views, discuss good practice and explore ways of dealing with difficulties.

During the first five years of its mandate, the Internet Governance Forum has continued to work on this model, while the UK Internet Governance Forum has provided a model for co-operative engagements with these issues at a UK level, which therefore gives authority to the UK voice at an international level. That is being matched in other parts of the world with the East African Internet Governance Forum being an exemplar for less developed countries.

We believe that this type of co-operative approach is essential for dealing with the Internet as it continues to expand exponentially in terms of individual business activity and new applications. We commend the support of the UK government for this co-operative initiative and believe that it should be at the heart of the approach for any future government.

Tackling Global Poverty

The Co-operative Party believes that everyone has the right to earn a decent living and provide for their family. Poverty is political and the Co-operative Movement has a proud record of helping to tackle global poverty through support for international development and the establishment of self-help initiatives.

Concerted action to tackle poverty is even more important in these testing economic conditions. The current crisis has had a disproportionate impact on the vulnerable in the poorest countries. It is the collective responsibility of more economically developed countries to mitigate the social impact of a crisis that was of the developed world's making. The Government should continue to act and provide leadership to ensure that the Millennium Development Goals are met.

The Co-operative Movement is one of the largest organised segments of civil society with over 800 million members, and plays a crucial role across a wide spectrum of human aspiration and need. Co-operatives provide vital health, housing and banking services; they promote education and gender equality; they protect the environment and workers rights. They play a vital role in the empowerment of the economically disadvantaged, and we will work to support them across the globe. These achievements should be recognised and built upon by the international community.

The Government should join the Secretary-General of the United Nations in supporting the proposal to initiate an international year of the co-operative.

Globally, the families of smallholder farmers comprise the vast majority of the world's poor, with over 2 billion people, or a third of the global population, dependant on their income. Despite this, donor support for smallholder families has declined considerably over the last 20 years. While recent action to reverse this trend should be commended, the financial crisis has led to them being hit by a triple whammy of falling commodity prices, reduction in remittances and difficulty in accessing credit.

Agricultural co-operatives play a vital role in allowing farmers to access services and markets, and are involved in over 50% of global agricultural production, enabling small producers to stay on their own land, and retain ownership. They provide a mechanism through which producers can come together and buy capital, thus allowing them to maximise gains from economies of scale. They also provide a natural framework for community investment, given that producer co-operatives often cover entire neighbourhoods.

Experts agree that the poor themselves must be centrally involved in the global campaign against poverty. Co-operatives do this, putting people at the centre of development, empowering communities to bring themselves out of poverty. The Government should recognise the strengths of the co-operative model which, after some difficult times, is now undergoing a revival both globally and in the UK.

In more economically developed countries, individual co-operatives have been able to build secondary co-operative structures - owned and controlled by their member organisations. These allow them to take advantage of increased economies of scale and power in national and international markets. Supporting co-operatives in the developing world to build this capacity is vital. The Government should work with the Co-operative Movement and its international partners to set up a co-operative agency for international development, which will provide support and build capacity for co-operatives across the globe. This agency can work in partnership with the Government and draw on the experience, expertise and resources of the UK Co-operative Movement to help build effective and modern movements in the developing world.

Trade Justice

The Co-operative Party believes that trade is the best tool in the fight against global poverty. Two areas are key to rebalancing the global trading system: fair trade and trade justice.

International trade rules favour the most powerful countries, putting poor families and developing countries at a disadvantage. The Co-operative Party will work with governments to replace free trade with just and equitable trade. Progress on the Doha trade round is crucial in this regard, and Labour should work towards a deal where fair trade rules and development concerns must be central to the negotiations.

The Government should continue to champion an end to trade distorting subsidies and tariffs which stop developing countries being able to sell their goods at fair prices in Europe, the United States and other more economically developed markets.

There should also be a recognition that poor countries need time to manage the transition to more open markets and should not be forced to liberalise at the expense of their develop-

ment. Labour should continue to fight for flexibility in the EU Economic Partnership Agreements and strongly support trade policies based on research and analysis of their likely social, economic and environmental impacts.

Fair trade ensures better prices and decent working conditions for farmers and workers in the developing world. It rebalances conventional trade, with fairly traded products benefiting their producers. However, products produced under fair trade conditions need to be available to the consumer at comparative prices. The Government should campaign for lower, or no, EU tariffs for fairly traded products and a change in international trade rules to create favourable tariff regimes for sustainably produced products. It should end VAT for all fairly traded products as an intermediate measure.

We commend the Department for International Development on the valuable work that has already been done to promote fair trade. Labour should continue to support and expand the role that fair and ethical trade can play in helping the world's poorest families. It should provide more support to enable smallholders to form secondary co-operatives which will enable them to access fair trade markets.

There also needs to be a fundamental reassessment of the future direction of fair trade. So far, the strategic intent of fair trade has been to establish a long-term price and a social premium, in order to help them move from a position of vulnerability to security and economic self-sufficiency. This has made a difference in the lives of tens of thousands of farmers across the world.

The time has come for the next stage in the process – a move to ownership. Through assisting fair trade producers to own an increasing portion of their supply chain, we can allow primary producers to create more highly processed products, and capture a greater percentage of the profits generated through their sale. This would also allow some of the world's poorest families to collectively own sophisticated international businesses. The Government should therefore support a shift in international development funding to support targeted aid allowing producer co-operatives to capture more of the supply chain for their products.

Creating Sustainable Communities

The Co-operative Party believes in building strong communities, where people can live together in mutual tolerance and respect, where families can thrive and feel secure. We want more affordable homes built to a high standard of design and environmental sustainability. We want improved transport links so people can travel speedily and easily. We are committed to ensuring that, as Britain grows, it does so within the bounds of environmental sustainability.

Government cannot build sustainable communities alone. Doing so requires trusting people to make decisions over the services they use, as well as over the control of public services. It is about the transfer of power from government to the governed, power for people in every area of their lives; from their place of employment, to the houses in which they live and the local services upon which they rely.

Co-operative structures, values and principles are therefore at the heart of creating the sustainable communities of the future. From tackling climate change to building new affordable homes, co-operative and mutual organisations can deliver new and radical changes to the society that we live in. The Government should recognise the potential of the co-operative sector as we seek to move towards a more sustainable society.

Opening up Participatory Democracy

The events of the previous year have highlighted the need to find new ways to rebuild faith in our political system and democratic legitimacy. This is not a problem that should be taken lightly. Social cohesion and faith in our political system has declined markedly. This is not just a problem that has afflicted our own society, but one occurring to a greater or lesser degree across all 'developed' nations.

The problem is not that people have disengaged from politics, but rather that they feel disempowered by the current way that the political system operates. Whilst representative democratic institutions were designed for the supervision of small scale government in a self regulating society, the world we live in now is very different.

As it stands, people can sometimes feel that government is something that is done to them, not something that can be shaped through conventional political means and the party political process. This lack of legitimacy, whilst catastrophic in itself, is also fatal to the ambitions of any progressive government. It makes the ability to create consensus for our policies more remote, meaning that building a more equitable and just society becomes increasingly difficult. If we are to rebuild our political system and our economy, we will need the backing of the people. This requires us to find new ways to increase participation and devolve power within our society.

Participatory budgeting is a mechanism designed to bring local communities closer to the decision making process around the public budget. It relies on a flexible set of community engagement techniques, adaptable to local circumstances, but which share a common principle – that power lies with those who decide how new money is to be spent. Pioneered in Porto Alegre in the late 1980s, it is now practiced in over 300 cities around the world, involving more than 12 million people. Common practice throughout all

of these cities has included:

- Holding city wide forums to involve local communities in discussion of their priorities and targets, as well as to evaluate and monitor ongoing activity;
- Clearly setting out the annual cycle of dialogue and decision making, linked to the council's internal budget setting processes;
- Supporting ordinary citizens through the provision of information and advice, including budgetary literacy workshops.

The Co-operative Party commends the Department of Communities and Local Government's pilot programmes for participatory budgeting, and believes that the Government should continue to encourage all local authorities to take greater measures to involve citizens in how their money is spent.

With the advent of the Internet and the pervasiveness of computers in nearly every home and institution, it is also likely that software tools can be created that give members of the public the rights and responsibilities to take part in some of the decisions traditionally dealt with through representative democracy.

Existing technology already provides us with many of the necessary tools. Survey tools such as LimeSurvey are mature platforms that allow the casting not only of simple yes/no votes but also provide the facilities to request arbitrarily complex and structured decisions from a given set of the population. Ubiquitous Forum tools such as XMB would grant the space for people to debate a given decision before it is made. Powerful collaborative tools such as MediaWiki would provide a shared blank canvas for institutions to provide official information related to a decision and for people to enhance that information and coordinate any corollary activity. And RSS-aware tools and email can be used to send timely notifications of changes to any interested party. With these tools is not difficult to envision institutions giving back to their constituencies a progressively larger share of the decisions to be made.

The biggest challenge is how to ensure that those who are interested in a given issue constitute a representative sample of the population. One answer could be combining delegation with social networking. This would allow for a person to delegate to another, for decisions as small as individual issues or for entire sectors of human activity. Key to this is transparency and accountability: a person who delegates to another must be able, at any time, to investigate how she is being represented on a given set of issues and if necessary partially or completely revoke the delegation.

The Open Source movement, with its well known transparency and reliability, not only already provides much of the required existing technology, but it is uniquely positioned to tackle the last obstacles that need to be overcome. An Open Source community tasked with solving the challenges enumerated above could not only integrate existing technology, create new tools from scratch and at least in part maintain the resulting solution; but also structure its work to guarantee that the solution is designed from the onset to be extensible, so that currently unforeseen needs can be catered for without systemic changes.

The Government should develop an open source project, centred on the development of a flexible software solution allowing fine-grained, scalable, participatory decision-making, to be made deployable by public institutions.

Transferring Power to Communities

Local Government should do much more to deliver power and ownership of local services to the communities that depend on them. We believe that community-based and new mutual organisations have a vital role to play in running local services, tackling crime and anti-social behaviour, supporting families, engaging young people and regenerating run-down neighbourhoods.

We endorse the recommendations of the Quirk Review, and believe that local authorities should accelerate the process of asset transfer. This will enable community groups to own and run anything from swimming pools, markets, disused shops and pubs, to major leisure facilities and land.

Yet it is important that any assets transferred by local authorities remain in the public interest, and accountable to the community that they serve. It is therefore suggested that community benefit societies would provide the best legal structure to enable such a transfer as:

- They are democratically accountable to a widely defined and open membership, thus ensuring that community-based organisations act in the public interest.
- They have an 'asset lock' which can guard against dissolution and ensure that resources can only be transferred to other organisations with a similar commitment to serving the community.

In rural communities, however, there are very few publicly owned assets that are able to be transferred to rural co-operatives and social enterprises. This has led to community asset transfer being an unachievable ambition for the majority of rural communities. The Government should provide specialist support for rural communities to empower them through asset ownership.

As we find ourselves in difficult times, we also face a once in a generation opportunity for community asset acquisition. The market conditions are right to take on redundant land and buildings, and transform them from potential liabilities into income generating assets for social good. Asset acquisition could create a foundation for a self-help enterprising approach that will enhance resilience in our communities, generate local multiplier effects in distressed economies and create the foundations of a much strengthened community enterprise sector as we come out of the recession.

In some cases, asset acquisition in the recession will facilitate informal social and cultural uses for redundant high street offices and shops, thereby avoiding boarded up premises and a spiral of decline. We welcome the commitment of the Department of Communities and Local Government to explore this, and believe that the Government should assist this and other schemes through the creation of a Community Asset Acquisition Fund.

Over the course of the next Parliament, the Government should undertake a number of measures to support further community ownership of assets. A number of local authorities have already used Compulsory Purchase Orders to acquire under-utilised land or other assets in partnership with community organisations. The Government should encourage all local authorities to use their compulsory purchase powers where real gains can be brought to residents and local businesses.

In 2003, the Labour Scottish Executive introduced the Land Reform (Scotland) Act, providing

a Community Right to Buy for rural communities in Scotland. This enables rural communities with a population of less than 10,000 to establish a community body and register an interest in land and buildings, providing the option to buy when the land or buildings come up for sale, following a community ballot. The Government should extend the Community Right to Buy to England in both urban and rural areas, to create an opportunity for community groups to bid for land and buildings of strategic significance to a community.

Energy and Climate Change

Our continuing reliance on fossil fuels places an unsustainable and dangerous burden on our environment, as well as aggravating international tensions and jeopardising progress towards social justice.

At the same time, it is estimated that there are currently close to 5.4 million people in Britain (1 in 5 households) who are officially classed as 'fuel poor' – which the government describes as those households having to spend over 10% of their annual income in order to heat their home

We are also fully aware that the geopolitical landscape requires us to reduce our reliance on foreign reserves. Despite the falling price of oil, it is unlikely to stabilise at its current levels.

Experts have a tendency to see solutions to fuel poverty, energy security and climate change as competing, conflicting and irresolvable. Yet a movement towards communities collectively owning their own energy has the potential to meet all three of these challenges head on.

Evidence from pioneering energy markets, such as California, Denmark or Sweden, suggests that these technologies are best deployed where policies and measures are directed at bringing together communities of households and businesses. In the UK there are also a growing number of instances where co-operative energy schemes have provided the scope for engagement, genuine community benefit and economic participation.

The 'Collective Power' model allows residents, local businesses and public sector organisations to come together to save money and help tackle the threat of climate change through collectively pooling their purchasing power. Banding together in this way, energy co-operatives are able to purchase their own energy on the wholesale markets and negotiate affordable deals for state of the art smart metering technology. This should allow households to realise savings of 10% - 20% on average on their bills.

While these organisations may begin as a practical expression of self-help, they have the capacity to revolutionise the way in which we purchase and produce energy. Once established, the co-operative forms a framework through which ordinary people can build and own an infrastructure that will reduce their long-term energy costs and manage the reduction of their carbon emissions.

Establishing a new generation of energy co-operatives will require a range of start-up support mechanisms. These would include business planning, energy market, community engagement and legal support. Government action is urgently needed to join up departmental expertise and thinking on community driven renewable energy. We suggest that the Government create a community energy and climate change unit, based on the successful Supporters Direct model. The core functions of the unit would be to:

- act as a delivery agent to join up the various departmental interests around community energy and climate change solutions;

- actively engage with existing expertise on local level renewable energy and climate change solutions (including research and practical experience) to identify development opportunities and avoid duplication of effort
- provide a support hub for the various development needs of community-based energy and climate change solutions, including advice on legal structures, financial assistance, business planning and the regulatory framework;
- encourage the development of local level organisations that not only deliver affordable clean energy but provide a route through which communities can take action on energy use reduction and the collective purchasing of energy saving products.

This new unit should be a mutual in structure, owned and controlled by energy co-operatives, perhaps with stakeholders from central and local government, key delivery agents (such as financial, planning and legal professionals), industry specialists (such as the designers and developers of technology e.g. wind turbines), local groups and enterprises and employees of the unit itself.

The Government should also ensure that the establishment of energy co-operatives is not defeated by ideological opposition. During David Cameron's first 18 months as Opposition Leader, Conservative-led authorities turned down 80 per cent of planning applications for wind farms. These planning problems remain despite new planning guidance from Government.

Local authorities should be encouraged to view the offer of community ownership as a benefit in terms of planning consent. This would reduce the upfront costs of development for community energy groups. It would also have the knock on benefit of encouraging developers to offer local communities a share or part-ownership of schemes in return for a fast-track planning process.

The Government should also make investment in co-operative energy schemes easier and more attractive, through raising the Enterprise Investment Scheme limit for renewable energy projects to £10 million, as this would greatly assist the development of community scale projects.

Overall, it is necessary for the Government to take a lead in making this happen, acting as a supporter, cheerleader and facilitator. While Governments cannot create social movements; through help and encouragement they can allow them to thrive.

Delivering High-Quality Affordable Housing

The Co-operative Party believes that everyone should have access to a decent and attractive home, at an affordable price, whether to rent or to buy in rural and urban areas. We commend the Government's commitment to build three million new homes by 2020 – homes which are desperately needed by young families, older people, key workers and first time buyers across the country.

The tectonic shift that has occurred in the global financial markets means that the housing landscape in the UK will never be the same again. The major outcome will be a new risk averse, resilient and more regulated approach to lending. This will mean that many thousands of UK households will be caught in the gap between affordable rent and home ownership.

In the aftermath of the financial crisis, ensuring that these new and emerging households have access to a decent home they can afford is a major political and electoral challenge. In addition, increasing the supply of homes is vital to ensure the long term stability of the housing market, ensuring that it does not continue to drive volatility in the rest of the economy.

The post crisis landscape presents all concerned with affordable housing supply with new challenges: new challenges that demand new solutions.

The role of Community Land Trusts (CLTs) is crucial. They work in rural and urban areas, and are a flexible tool to meet a variety of community needs. They not only offer a number of options for rent and low cost home ownership, but can also provide a mechanism for generating an income stream for reinvestment by the community. In areas where a rising population, economic investment and limited stocks of affordable homes threaten to exclude local people from the areas in which they live and work, CLTs are able to ensure a supply of affordable housing through the control of housing costs and resale prices.

In particular, the 'New Foundations' model can make a significant contribution in the supply of homes. It separates the cost of the land from the purchase price, by taking it out of the marketplace through a Community Land Trust. It ensures affordability through flexible monthly payments that are based on an affordable percentage of income. Any public subsidy is locked in and preserved for future generations, due to the structure of equity arrangements.

Unlike individual home ownership, where residents have a personal mortgage loan to buy a home, the homes are financed by a corporate loan borrowed by the co-operative. The value of the buildings is divided into shares and when members leave the co-operative, they are entitled to take the equity that they have built up with them. The net value of the shares is calculated by reference to a fair valuation formula set out in the departing member's occupancy agreement or lease, which is the same for all members. The rent is geared to be affordable at 35% of net household income, so the more residents earn the more they pay and the more equity shares they are able to own and finance.

The valuation formula in the lease requires resident members to look on property ownership in a new and different way. Rather than viewing a home as a speculative capital investment, the value of which rises and falls in line with unpredictable housing market cycles, it will see a home as a consumer durable, just like a car, or a fridge. This formula will not give mutual home owners high risk speculative house price growth when it may happen again, if ever. However mutual home owners will also be at far less risk of falling into negative equity where their houses are worth less than the outstanding mortgage loan. They will also have the benefit of lower transaction costs when they move into and out of their home.

'New Foundations' housing schemes can be developed within the existing legislative and administrative arrangements, but can be supported by action from the Government. In particular, it should:

- Exclude all homes built on land owned by CLTs from the leasehold enfranchisement provisions of the Leasehold Reform Act 1967.
- Amend the Commonhold Act 2000 to enable co-operatives to register as Commonhold Associations and develop Co-operative Commonhold housing schemes on land owned by a CLT.
- Establish a start-up fund and revolving technical assistance loan fund to stimulate the development of CLTs and Mutual Home Ownership projects.

- Ensure that HM Treasury and the Financial Services Authority work with CHFS and the co-operative housing sector to create collateralised debt structures and create a regulated bond market that is attractive to pension fund and life assurance investors

Building Stronger Communities

Through housing co-operatives and other mutual organisations, tenants and residents have taken real control over decisions that affect their lives and created strong and cohesive communities. All the available evidence shows that co-operative forms of housing perform well on value for money terms in comparison to housing association and local authority provision of housing. Additionally, they have proved themselves to be a successful model of genuine community empowerment; providing a range of social and community benefits due to the local frameworks of mutual support that they create.

The Government should take action to embed co-operative and mutual housing solutions at the heart of its overall housing strategy. The newly established Homes and Communities Agency should include co-operative and community membership and ownership or management as part of its quality standards for approval for new housing.

The Co-operative Party views the nationwide programme of voluntary stock transfer in England as an opportunity to extend co-operative principles, empowering tenants across the social housing sector. The Government should ensure that where local authorities do hold ballots on stock transfer, residents have the option to vote for community-led stock transfers, under the following models:

- Community Mutual – developed by the think tank Mutuo and endorsed by the Welsh Assembly, the Community Mutual offers active membership opportunities to all tenants. There are currently Community Mutuals in three Welsh local authorities.
- Community Gateway – developed by the Confederation of Co-operative Housing and Co-operatives UK, the Community Gateway is a means of developing tenant democracy in housing, offering communities a range of empowerment opportunities. There are currently Community Gateway housing mutuals in Preston, Watford, Lewisham and Braintree.

Local authorities, housing associations and housing mutuals could also convert to a mixed tenure version of the 'New Foundations' model. Residents in this type of Mutual Home Ownership development would be able to start on a standard rented tenancy with the right to buy equity shares as and when their income permitted them to do so. They would not be second class citizens either. They would have the right to participate in the democratic governance of their home just as any other member of the mutual. The 'Right to Buy Equity' would not mean that the home would become unaffordable for future generations of occupants or that it would move to the open housing market.

As a 'New Foundations' community becomes wealthier (as can be expected in any stable sustainable community), initial capital subsidy is released over time as member's incomes rise and they buy more equity shares. This capital subsidy could be used by the Community Land Trust to provide more affordable homes, thereby increasing the supply of socially rented homes.

In some areas tenants will prefer their housing to remain under local authority control. Where

this is the case, tenants should be encouraged and assisted to form tenant management co-operatives to take over the control of management of the council-owned housing in their neighbourhood. The right to manage should also be extended to housing association tenants, who should also be given support and encouragement to take over the control and management of their homes through management co-operatives.

In the last ten years the landscape of social housing has been transformed; with more arms-length management organisations (ALMOs) responsible for managing social housing, as well as changes to the number and operations of registered social landlords (RSLs). We welcome the creation of the Tenant Services Authority, and the duty that it places on registered providers of social housing to ensure that tenants have the opportunity to be involved their management. There is currently a wide variation in how RSLs are interpreting this. As part of the work that it is doing on behalf of residents, the Tenant Services Authority should launch a review of governance in the RSL sector, to ensure that all RSLs are able to learn from best practice across the sector.

Parks and open spaces are a focal point for communities, yet we rarely have a say in how they are run. Research indicates that this is a source of dissatisfaction for many, with more than half of the population want a say in the way that parks and open spaces are run in their communities.

The Government should encourage local authorities and other park providers to explore the use of community land trusts for parks and open spaces. This will not only give the community greater ownership over their parks and open spaces but also ensure that the land remains in their hands for perpetuity. The Government should also review the way in which the UK's National Parks are governed, to ensure that they are accountable to the people who use them.

We must ensure that the increased level of house building is done in an environmentally sustainable manner. In 2005, over a quarter of our carbon emissions came from our homes. The House of Commons Environmental Audit Committee has estimated that this figure could rise to as much as 55% unless drastic changes are made to the way in which homes are built and designed.

A significant contribution to these emissions will be the construction process. Under the current VAT regime, construction of new build property attracts a zero rate of VAT whereas refurbishment, repair and retrofit of existing buildings are charged at the full VAT rate of 17.5%. This higher VAT rate for refurbishment of buildings acts as a disincentive to the reuse of empty property, a barrier to regeneration and an obstacle to making buildings energy efficient. The Government should lower the rate to 5% to tackle these problems and increase consumer protection.

Food, Farming and Rural Communities

In Government, Labour has shown itself to be committed to tackling rural social exclusion and economic under performance. Looking beyond the traditional boundaries of the private and public sectors, ministers are increasingly aware of the potential role of mutuals in helping deliver a society that is both entrepreneurial and socially inclusive.

The decline in the availability of rural services has been well documented, with pubs, shops and other services closing at a faster rate than ever before. Rural co-operatives and social enterprises, such as community-owned rural shops or post offices, are often the only viable alternative for rural communities looking to retain or re-introduce a service in areas of private or public market failure. In many rural areas mutual social enterprises are filling the void left by retreating public and private sector providers, and offer the best available solution to social exclusion and service access problems.

Often essential rural services are run as private businesses. When the proprietor decides to retire, close the business or move from the community – the availability of these services is often at risk. Whether services are closed by the public or private sector, rural communities should be empowered to take control of the services that impact on their everyday lives.

The Government should establish a 'community right to try' in rural communities, which would give them the option and a time frame of six months to consider taking over a service through the creation of a co-operative or social enterprise. It should also ensure that appropriate finance is given to these schemes through creating a dedicated funding block for rural services through Regional Development Agencies. Local authorities should also be encouraged to provide support and pilot grants to potential projects.

More also need to be done to ensure the vitality and vibrancy of local high streets, which can often be central to the vitality and vibrancy of communities themselves. It is important that, where possible, communities have local access to a diverse offering of retail goods and services. The Government should encourage local authorities to provide a more consistent application of Planning Policy Statement 6 to ensure that this occurs.

Much of the produce that is available to consumers has travelled unnecessary distances to the point of retail, driving up costs, impacting negatively on the environment and threatening the livelihood of small-scale producers. Co-operative and social enterprises are also at the forefront of the development of robust and sustainable food systems, an alternative to the global supply model. These include farmers markets, which are enabling producers to sell direct to consumers, taking back their role in the supply chain.

The Government should recognise the achievements of these local food systems and further support their development. Wherever possible, local production should be encouraged through additional financial support for farmers that demonstrate high standards of environmental stewardship.

We believe that a key strand of any policy aimed at regenerating rural Britain should be the development and promotion of practical, self-help mutual solutions to problems facing rural people.

Tackling crime and disorder

The role of local crime fighting partnerships, known as Crime and Disorder Reduction Partnerships (CDRPs) in England and Community Safety Partnerships (CSPs) in Wales, has been crucial in making the reduction of crime a key priority for local authorities and other partners as well as for the police. Many partnerships have been effective in representing the community's interests to the police and enabling them to respond to public concerns. By engaging their communities, understanding their crime concerns, sharing intelligence, information and tasking to deal with local issues, and giving feed-back to the public, these partnerships have often succeeded in making a real difference to how the public feels about crime and the agencies who tackle it.

These partnerships form one of the unsung successes of the Labour government and are considered to have played a major part in reducing crime generally across the country. However, as with most good news stories – they rarely have a high public profile.

Yet we are still a long way from fully engaging communities in the fight against crime and from giving them ownership over the local strategy. In some cases the community is una-

ware of the work of the partnership; accountability mechanisms can be fragile, and the methodology that should help make their area safer for everyone is not always applied consistently. “Best practice” has shown excellent results but performance varies across England and Wales.

More needs to be done in order to ensure that “best practice” principles are spread throughout CDRPs across the country, making use of the experience of “co-operative governance.” These should be revised to take account of the wider partnership approach at a local level, with an emphasis on the triennial “baseline audit” and the development of a scientific approach to analysing both “crime and the causes of crime” in order to bring about change.

The Cardiff Violence Reduction Programme is an outstanding example of the value of co-operation. Fewer facial injuries were being caused by motor accidents but more were being caused by violence in the city – so the lessons from improving road safety were applied to violence. Police and medical staff shared (non-personal) data to analyse violent incidents and design strategies for prevention. Over 10 years this resulted in a 40% drop in the number of people presenting at Accident & Emergency for treatment following violence. Applying the principles of co-operative governance to a much wider range of criminal activity has the potential to make every community a safe, co-operative community.

There is also much more that can be done to ensure the active engagement of the community and the application of a well designed methodology to crime reduction. The introduction of mutual structures, with broad based and open membership can make a real difference in the effectiveness of local crime and disorder reduction partnerships, and drive further reductions in the levels of crime within our communities.

Animal Rights

Throughout its history, the Co-operative Movement has had a proud record on animal rights. We commend the work the Labour Government has done in this regard over the last ten years; banning practices such as drift net fishing and fur farming, setting minimum standards for animal welfare, banning the testing of cosmetics, alcohol and tobacco on animals, setting tougher sentences for cruelty against animals and banning hunting with hounds.

We welcome the introduction of the Animal Welfare Act in 2006, and call for the full implementation of all secondary legislation to extend and improve the protection of animals. We call for a complete ban on animals performing in circuses as a matter of priority.

The Co-operative Party is opposed to the Canadian seal hunt. The Government should support EU action to seek a ban on the import of and trade in seal products. It should also continue to support an unconditional EU-wide ban on the commercial import of listed products of harp and hooded seals. It should also continue to support a total ban on whaling and continue to push for a global ban on this unnecessary activity.

The Government should also extend welfare labelling and introduce clear fur labelling to show consumers if items for sale are made with real fur or have fur trimmings. It should also ban cages for laying birds, such that only free range eggs are available within UK outlets.

It should also continue to support research into new ways to reduce and eventually abolish the need for animal testing.

We believe that ensuring clean, safe and biologically diverse oceans and seas are key to our wider environmental objectives. Overfishing of target species, destructive fishing techniques and high

rates of by-catch and discards are posing a serious threat to the sustainability of fish stocks and the marine environment as a whole. To ensure the marine environment recovers and flourishes into the future, a wide scale network of marine reserves are required to improve the management of human impacts.

We welcome the passing of the Marine Act as an important first step in this regard. Additionally, the Government should designate 30 per cent of UK waters as highly protected marine reserves by 2020, with intermediate targets of 10 per cent by 2012 and 15 per cent by 2015. This would make a significant contribution to ensuring 'Good Environmental Status' is achieved for UK waters by 2020, as required by the EU Marine Strategy Directive. It would also go some way to implementing other international obligations, such as the 2002 World Summit on Sustainable Development agreement to develop a coherent network of marine protected areas by 2012.

Public Transport and Promoting Sustainable Travel

Transport is central to Britain's economic and social success and well being. It requires constant investment and renewal at great cost to both taxpayers and passengers. The Co-operative Party believes that in order for us to meet the challenges of the future, we will need an environmentally sustainable and integrated transport system that delivers for our needs now and in the future.

Since its creation in 2002, Network Rail has reduced delays and improved safety compared with the Railtrack disaster. Yet it is still a long way from the service that we deserve. Evidence from across the sector has demonstrated that there are serious failings in Network's Rail's corporate governance arrangements, and that these are impacting on the services provided to passengers and the public.

When Network Rail was created, it was recognised that the company needed to provide a public service, would be dependent on state financial support, and ought to be run in the interests of rail users – both passengers and train operators. This was why a non-profit structure was adopted, with appointed "Members" to oversee the organisation.

For Network Rail to become truly accountable, all citizens must be given the right to become individual members. As a genuine mutual venture, Network Rail would then give all of its members the right to elect governor representatives to a Members' Council, which would replace the role currently fulfilled by its existing membership. Industry members could continue to be nominated by their respective interest groups, be they train operating companies or trade unions.

Network Rail would be structured so that all of its members have a voice. As a genuine community mutual it will give rights to all stakeholders and guarantee that the organisation acts in their interests. This will create a genuine two way dialogue between Network Rail's management, its passengers and the public; ensuring that the future of the rail network proceeds on the basis of mutual trust and transparency.

It is not only in the rail network where there is an accountability gap. The privately run train operating companies also provide a vital public service and receive large sums of public money, yet too often also fail to be responsive to the needs of passengers and the public.

In order to move the industry forward and provide the best value to both the taxpayer and

passenger, it is important to provide competition through a diversity of providers. Across the majority of the network there is little or no competition, and the private sector is taking only a small amount of the risk involved in running and investing in infrastructure. The recent forced nationalisation of the East Coast Mainline demonstrates the degree to which private sector operators can often seek to socialise risk and privatise reward.

As we seek to further improve our railways, it is important to ensure that taxpayers and passengers get best value for money and greater public accountability. Given the problems associated with the East Coast Mainline franchise, the Government should use the opportunity created by nationalisation to create a new mutual provider as a public sector comparator to the other train operating companies.

More also needs to be done to ensure a strong passenger focus in local transport services. All too often communities suffer from having poorly integrated or insufficient services. Across the country, community transport organisations (CTOs) have played a role in responding to both individual and collective needs and driving forward social regeneration. These vary in size and focus from small operators to mainstream providers such as Hackney Community Transport. Yet they are often at a disadvantage to most commercial tender projects as they tend to lack the upfront capacity to deal with tendered contracts.

The Co-operative Party commends the passing of the Local Transport Act – which has ended many of the legislative obstacles that CTOs face. Research indicates that CTOs are more than capable of covering their operational costs through trade return, and accessing local routes would put them in an even stronger financial position, with all surpluses reinvested into the services that they provide. Yet they currently face procedural and financial obstacles to breaking the stranglehold of the mainstream service providers.

The Government should give firmer guidance to local transport authorities to make use of quality contracts to tie profitable mainstream bus routes with unprofitable public service routes. This would ensure that operators provide greater coverage for those dependent on public transport. This would help to level the playing field for CTOs, which at the moment are largely restricted to providing the unprofitable services in which the mainstream operators have no interest.

Local Transport Authorities should also be encouraged to build capacity in the community transport sector. This can be done through the purchase of facilities and rolling stock, and leasing them to CTOs under a Voluntary Partnership Agreement. This would reduce their need for upfront capital, and allow them to provide a more integrated service for passengers.

Culture and Sport

Cultural and sporting bodies play a powerful role in the life of the nation and often receive large subsidies. More needs to be done to ensure that they put the needs and interests of their fans and enthusiasts first. Giving ordinary people a say over the way that these organisations are run is the best way to ensure that this occurs.

Sports clubs are often regarded as community assets, yet too often they are owned by either private individuals who seek to promote their own interests or controlled by well meaning, but distant committees.

The Co-operative Party believes that sport should be accessible to all and that it should be controlled in the interests of those who participate in its enjoyment. Citizens can take action to help bring this about.

Through the pooling of individually held shares in supporters' trusts, many football fans have collectively won a real say over the manner in which their clubs are run. So far over 140 trusts have been established, of which 45 have representatives on the board of their club. The Government should work with the FA and the SFA to ensure that, where supporters' trusts have been established, they should be given a direct say in the running of the club through being able to elect a member of the club's board or equivalent body.

We now wish to extend this concept to the 2012 Olympics. The essence of the Olympic Games is the fellowship of citizens.

The London 2012 Olympics should be built on partnership and democratic participation. This would involve the national sporting community, the citizens of London and the wider public should be enabled to play a partnership role in the running of the 2012 Olympic Games. In order to do so, Labour should establish a membership based community group, uniting the shared ambitions of the key bid partners, the people of London, and beyond; named the People's Games.

As a genuine community mutual, The People's Games would give Londoners and UK citizens the right to become individual members. It will be structured so that all stakeholders have a voice, in addition to the key Games partners: Government, the Greater London Authority, LOCOG and the ODA.

The People's Games would provide a genuine forum for informing and where appropriate, consulting with citizens, and a focus for ensuring that the link with UK citizens remains strong. It will also give rights to all stakeholders and guarantee that the Games will reflect their interests, and have representation on the decision-making bodies that are organising and developing the Games.

More also needs to be done to ensure that participation in sport is accessible to all. The role of local sports clubs, many of which are run as co-operatives, is crucial in encouraging the development of team sport that brings many to lead healthier, more active lives. Yet all too often, there is competition between different sporting clubs for the same resources. The Government should explore the establishment of local sporting co-operatives, which would enable clubs in an area to come together with a joint agenda for encouraging participation.

A similar approach should be taken towards the UK's cultural institutions, where it is vital that those who invest passion, energy and commitment should be involved in running them. The Co-operative Party welcomes the 'duty to involve' that has been placed on the Arts Council, English Heritage, and The Museums, Libraries and Archives Council. Yet it is as important for individual institutions to ensure that the opinions of people who care about them are heard at the point where decisions are made. The Government should work with these organisations to ensure that ordinary members of the public play a greater role in running the nation's museums, theatres, libraries and other cultural institutions.

Local social and cultural clubs and associations perform a valuable function in UK society, fostering a culture of lifelong education and learning. The Government should enable clubs to come together to form community learning co-operatives that would be able to:

- form partnerships with local Higher Education Institutions that would result in more Higher Education adult learning within communities;

- make it easier for clubs to negotiate for access to local civic facilities where this learning could take place;
- act as a vehicle that might be fundable with relatively small support grants from HEFCE, to develop capacity;
- make it easier for Higher Education Institutions to accredit small-scale learning that happens in the community;
- help people to find routes of access into more substantial HE programmes.

Safety and Security in the Internet Community

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These partnerships form one of the unsung successes of the Labour government and are considered to have played a major part in reducing crime generally across the country. Yet – as with most good news stories – they rarely have a high public profile.

Yet we are still a long way from fully engaging communities in the fight against crime and from giving them ownership over the local strategy. In some cases the community is unaware of the work of the partnership; accountability mechanisms can be fragile, and the methodology that should help make their area safer for everyone is not always applied consistently. “Best practice” has shown excellent results – but performance varies across England and Wales.

More needs to be done in order to ensure that “best practice” principles are spread throughout CDRPs across the country, making use of the experience of “co-operative governance.” These should be revised to take account of the wider partnership approach at a local level, with an emphasis on the triennial “baseline audit” and the development of a scientific approach to analysing both “crime and the causes of crime” in order to bring about change.

The Cardiff Violence Reduction Programme is an outstanding example of the value of co-operation. Fewer facial injuries were being caused by motor accidents but more were being caused by violence in the city – so the lessons from improving road safety were applied to violence. Police and medical staff shared (non-personal) data to analyse violent incidents and design strategies for prevention. Over 10 years this resulted in a 40% drop in the number of people presenting at Accident & Emergency for treatment following violence. Applying the principles of co-operative governance to a much wider range of criminal activity has the potential to make every community a safe, co-operative community.

There is also much more that can be done to ensure the active engagement of the community and the application of a well designed methodology to crime reduction. The introduction of mutual structures, with broad based and open membership can make a real difference in the effectiveness of local crime and disorder reduction partnerships, and drive further reductions in the levels of crime within our communities.

Developing People-Based Public Services

Public ownership does not have to mean top-down management from Whitehall or Town Halls. Local communities must be given the right to participate in decisions that affect their lives through partnerships with government.

We believe that co-operative and mutual models offer the best model for the reform of public service delivery. These provide the efficiency gains of the private sector whilst providing real democratic accountability, giving users, employees and other stakeholders with a real say in how their organisations are run.

This way the quality of service is not dependant on the commands of producer interests or the whims of market forces, but on frontline expertise and the needs of the people that they serve. Public assets are locked into community ownership, providing further protection against privatisation and asset stripping.

The Government can continue to improve public services through better involving staff (at all levels), users and local communities in the delivery of those services.

Making Healthcare Mutual

The NHS is Labour's greatest achievement. But it is not great because of its long-standing management structures or governance arrangements – rather because it delivers health care free at the point of need, irrespective of the ability to pay.

The reform of health institutions offers the prospect of maintaining this core value, whilst bringing health services closer to their stakeholders. NHS Foundation Trusts, Community Foundation Trusts and Social Enterprises in primary care all hold out the prospect of greater accountability to the public and staff.

We commend the work done so far to promote community-based mutuality within the NHS, including the creation of 122 foundation trusts in England, with well over a million members. Foundation trusts are mutually owned bodies, regulated at arm's length from the Department of Health and accountable to a widely defined membership. This has enabled a new model of healthcare that is controlled and run locally; giving staff, local communities and other stakeholders a far greater voice in how hospitals are run.

Through the greater involvement of staff, users and local communities, it has been demonstrated that we can not only strengthen citizenship, but also build services based on the frontline expertise of staff as well as the needs to the people that they serve. Evidence from an independent report commissioned by the Department of Health has shown that the unprecedented level of patient and public involvement in healthcare is making a real difference. Moving to the mutual model has changed the way that these hospitals are run, making them more responsive to local people and more focused on patients' needs. Yet the transition to mutuality is part of a process and foundation trusts are still in an early stage of their development. The Government should make certain that Monitor fulfils its role as regulator fully, ensuring that approaches taken to membership and governance comply fully with their mutual status.

We therefore call on the Government to continue to press towards its objective of ensuring that all English hospitals attain foundation status, avoiding a two-tier system.

Yet it is not only in secondary care that mutuality has a lot to offer. Co-operative ideas already have a strong base in primary care. Many GPs are involved in out of hours co-operatives and other GP practices. As GP led health centres are developed, the Co-operative Party believes that mutual models, along similar lines to the out of hours model, can put health care professionals at the heart of an improved service proposition.

As more responsibilities are devolved to service users and the public, we also need to explore ways of improving the legitimacy and accountability of primary care trusts (PCTs) and of the commissioning decisions that they make on behalf of their local communities. We welcome the fact that the NHS Constitution ensures the right of patients and the public to be involved in the planning of healthcare services. It is important that structures are developed which give people a real say over which health services are commissioned. The Government should ensure this through an independent review of PCT governance and accountability, which should be informed by the experience of mutual and social enterprise providers within the NHS and innovation already occurring in PCTs across the country.

In England, the split in primary care between commissioners and providers offers a further opportunity to create a new wave of staff-led, patient-centred social enterprises. These have the potential to free NHS staff to innovate and meet the needs of their local populations, while at the same time ensuring more direct accountability for service users.

The Co-operative Party welcomes the fact that all English NHS staff have been given the 'right to request' moving the services that they provide into social enterprise organisations. The Government should ensure that PCTs have a commissioning strategy that ensures a future role for mutual and social enterprise and that they are prepared to encourage the development of 'right to request' proposals. Funding should be provided for the development of business cases and business plans, to ensure a level playing field with other potential providers.

We also believe that it is important that clarity is introduced to ensure that the 'right to request' option is limited to those organisations that are legally committed to trading for a public or community purpose. While exact structures are likely to vary depending upon the nature of the differing services provided; it is vital that staff, patients, carers and the general public own and control the new organisations.

This goes to the very heart of what we believe in. Reformed health institutions can be a reflection of our co-operative beliefs. But this is not a by-product of a new constitution; citizen engagement requires new skills and ways of working. This is why the Co-operative Party is working closely with health professionals to design locally owned, mutual bodies that can meet people's needs.

Transforming Social Care

The Co-operative Party fully supports the principle that users and carers should be given as much control as they want over the services that they require. We welcome the movement towards direct payments and individual budgets, which have been extremely successful in changing the quality of care and quality of life of the people receiving them.

Through coming together collectively, direct payment and individual budget recipients can improve the quantity and quality of the services that they receive, and ensure a decent working environment for the carers which they rely on. The Co-operative Party welcomes the Department of Health's pilot programme of direct payments mutuals. These have brought together service

users, informal carers and personal care assistants to ensure that both users and employees can benefit from a more formalised system of care and economies of scale. This means that recipients are able to remain in control of the day to day provision of how their care is provided, while personal care assistants of the co-operative are able to ensure that they receive appropriate employment conditions. Service users in receipt of individual budgets and their employees could receive the similar benefits from joining a similar or existing mutual organisation.

The Government should ensure that in its fourth term, all service users and carers will have access to a direct-payments mutual within their local community. In order to bring universal coverage, it should:

- Encourage local authorities to use their organisational capacity to help develop direct payments mutuals
- Develop a technical assistance fund for direct payments mutuals to cover start up capital costs
- Ensure that local authorities do not use direct payments and individual budgets as a means of reducing overall budgets, and pay a rate that reflects the cost of being a responsible employer to high quality staff.

Children, Schools and Families

To be effective in a modern global economy, young people need to be equipped not only with individual skills, but the knowledge and understanding to effectively work in teams – to learn to co-operate. In order to give young people a well-rounded education, it is equally important that education also focuses on developing ethical values and social responsibility. Through its involvement in education, the Co-operative Movement has demonstrated that it can provide a values-led, faith-neutral environment and curriculum for the future citizens of tomorrow's global economy.

Reports from OFSTED, and the results of pupils have shown the benefits of using co-operative values as a framework to deliver the breadth of curriculum areas and personal development undertaken in schools. Co-operative values and skills can empower young people as active citizens, and embed civil society skills. These should be embedded in the curriculum across early years, primary and secondary education.

It is also important to ensure that young people develop an understanding of the depth and breadth of the Co-operative Movement, both in the UK and across the world. As it stands, a very small proportion of young people leave school with an understanding of co-operatives and mutuals, as opposed to other economic models. The Government should ensure that knowledge of co-operative practice and principles are fully incorporated into the national curriculum for economics, enterprise, geography and citizenship, as well as in other subjects, where appropriate.

The Co-operative Party welcomes the Department for Children, Schools and Families pilot programme of 100 co-operative trust schools. Moving to a co-operative model provides a framework in which everybody with a stake in the school's success - parents, teachers and support staff, local community organisations and even pupils - have the opportunity to be involved in running it.

To an increasing number of schools, it provides a strong mutual 'root' and a clear mechanism for involving parents more effectively in their children's education.

The co-operative model also ensures that the school becomes more accountable. The structure is designed to ensure that those in positions of responsibility will have to remain sensitive to the needs, views and aspirations of the different groups of interested people, and that the respective views of stakeholders can be balanced in an appropriate way to suit the needs of the organisation.

There is significant potential for co-operative trust schools to provide an important contribution to the overall diversity of state education. A national network of co-operative trusts is developing, actively supported by and engaging with the huge and diverse co-operative and mutual sector. Yet this currently operates informally. The Government should work with the Co-operative Movement to create a formally constituted national support mechanism for co-operative trust schools, owned and controlled by the existing co-operative trust schools.

We welcome the initiative to develop a co-operative model for National Challenge Trusts that ensures representation from key stakeholder groups. We believe that the co-operative model should be applied to all National Challenge schools, as it provides a balance between the need for strong partners to drive forward school improvement with active participation from the community.

Existing charity law should also be reviewed to ensure that the co-operative trust model is able to develop in as democratic and participative a manner as possible, as well as enabling schools to benefit from international associations.

Existing legislation should be amended so that all mainstream state funded schools, whether community, trust, faith-based schools or academies can establish co-operative governance structures, should they wish to do so. They should also become more accountable to parents, pupils, staff and their local communities. Parent and teacher associations should become mandatory in all mainstream schools by September 2011, and should each have responsibility for appointing at least one school governor. Every school should also be required to have an elected body for students, which will play an important role in setting its ethos and overall direction.

Sure Start Children's Centres are one of Labour's finest achievements, and remain at the forefront of endeavours to transform the way services are delivered for young children and their families. We can take much pride in the fact that almost 3,000 centres are up and running, with over 500 more in the pipeline.

Yet more can be done to ensure that Sure Start delivers to all those in need of its services, particularly 'hard to reach' groups. For many people, engaging with statutory bodies and agencies is problematic. To them, state or local authority run organisations can seem intimidating, remote and make little or no connection with them at a personal level.

Giving communities a sense of ownership and involvement over Sure Start services can play a significant role in either addressing 'us and them' attitudes or simple alienation from authority. We welcome the way in which this has been addressed through the development of a 'community mutual' Sure Start centre at Millmead in Kent.

Through involving local residents in its membership structures, the centre has been able to design services around the needs of its users, as well as developing increased satisfaction, support and loyalty. Community ownership can help remove barriers and develop trust, so that the organisation is accessible to people who otherwise would be less likely to use the services.

The Government should recognise the advantages of the 'community mutual' model for Sure Start, and work to ensure the development of the model, both in the provision of new centres and the conversion of existing ones. In particular, it should:

- Create a national body to support the development of new Sure Start Mutuals, based on the successful 'Supporters Direct' Model.
- Encourage local authorities to consider converting existing Sure Start centres to the 'community mutual' model, as well as using it as a model for the provision of new services.

Co-operative trusts have not only transformed the relationships of schools with parents, staff, pupils and other stakeholders, but they have also formed a framework for co-operation between a number of different schools in the same area. As we move towards a more integrated service for young people, from early years through to further education, it is important to identify structures that encourage collaborative working across different providers.

One solution to this would be the creation of social co-operatives, which could act as the local delivery agent for the Children's Plan. These could be commissioned by Children and Young Person's Trusts (CYPTs) to provide a range of services within their appropriate communities, particularly in relationship to the Every Child Matters and Extended School agendas. The Government should ensure that the regulations and accompanying guidance around the emerging CYPTs be eased to allow the development of pilot 'mini' co-operative CYPTs, working across defined geographical localities and neighbourhoods to a locally developed Children's Plan.

Broadcasting

The BBC is the largest broadcasting corporation in the world and a pillar of Britain's cultural life. We are committed to the BBC and ensuring that it remains an excellent and greatly valued public service broadcaster.

Yet the aftermath of a series of scandals there has led many to question how responsive the BBC is to members of the public. The replacement of the board of governors with the BBC Trust in January 2009 was the first step to increasing its credentials as the voice of the license payer. Unfortunately, this has not gone far enough. The Trust has had a mixed beginning with many commentators questioning the degree to which its governance is working in providing an effective challenge to the BBC executive.

Putting all arguments regarding the current arrangements to one side, the BBC should be accountable to license holders for one simple reason alone – because we pay for it. With huge sums of money spent annually the public deserves to have more of a say on the package of services and programs that are delivered.

For the BBC to become truly accountable, all television license holders must be given the right to become individual members of the BBC Trust. As a genuine mutual venture, the Trust would then give all of its members the right to elect representatives to the Trust board. BBC staff, the Government and other stakeholders would also be represented to ensure all interests are taken into account.

The BBC Trust would be structured so that all of its members have a voice. This could provide a genuine forum for informing, and where appropriate, consulting with citizens. It would provide a medium through which TV license holders could express their views on the services that the BBC provides and a focus for ensuring that its links with viewers remain strong.

Public Sector Procurement

In both national and local government, more needs to be done to support smarter and more strategic commissioning and procurement of both goods and services. The current and future financial pressures on the public sector and the desire for efficiency savings make getting the most from public resources essential.

Mutual and social enterprises provide procurers with services that tend to be more focused on the end user. Their structures are generally established in order to balance the appropriate importance of different stakeholder groups. This is why many co-operative and social enterprises can rightfully claim to be popular with end users because their services are influenced by those individuals. They also tend to provide added value in terms of meeting wider social and environmental goals, and often deliver services to hard-to-reach groups and work in areas of market failure.

These ownership considerations are rarely taken into account when tenders for public services are being offered. Yet they can have a profound effect on the manner in which services are provided. Ultimately, it surely has to be important that public services operate in the best interests of the public. This must be demonstrated by the outcomes achieved for users and commissioners, rather than any dogmatic view of the state or private ownership of services.

When contracts to provide services are put out to tender, there should be a level playing field among potential bidders. The entire value of a contractor's offer should be taken into account in the bidding process, as part of the judgement in addition to the price. Such additional factors might include its track record and inherent expertise, its customer satisfaction or its likely social and environmental impact.

Open Source Software

Open source technology is software development methodology created by a community of people dedicated to working together in a co-operative manner.

The most important difference between software created by open source communities and that sold by vendors is that it is published under licenses that ensure that the source code (the key to understanding the software) is available to everyone with the right skills to inspect, change, download, and explore as they wish.

Some of the best and most relevant programmes have already evolved through these co-operative efforts. These include programs such as Linux, Apache and Mozilla Firefox which have had thousands of contributors.

Looking at cost savings that have been achieved by companies and governments all over the world, it is estimated that the UK Government could reduce its annual IT bill by at least £600m per year by moving to open source. By levelling the playing field and allowing open source to be as competitive as possible we can ensure that taxpayers get maximum value for money from Government IT, something that is more important than ever during the worldwide financial climate. The Government should ensure that, where possible, open source software is used as part of an effective procurement strategy.

The Government should also empower members of the public to benefit from open source software. All state funded education in information technology, from school age to adult education, should include training in the use of existing desktop open source programs.

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