

The Eastern Region Co-operative Council

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The contribution of
Co-operative
Enterprises to the
social and economic
development of the
communities they
serve is both
significant and
unique.

No other form of
enterprise offers this
constitutional bridge
between commerce
and community.

People *in*
partnership
through
Co-operative
Enterprise in the
Eastern Region

Introduction

What is a co-operative?

Most co-operatives are either limited companies, registered through Companies House, or Industrial and Provident Societies, registered through the Registrar of Friendly Societies. They are owned by either the employee-members of the enterprise, or by the consumer-members of the enterprise. They are active in all areas of the economy.

How do co-operatives benefit the region?

Co-operative enterprises are local enterprises. They are member driven. Their roots are very firmly embedded in the local infrastructure. Although other forms of enterprise can create jobs, they are not as inherently stable and rooted in the local economy as co-operative businesses. And although large, multinational corporations look attractive as they promise inward investment, the very nature of their distant and detached ownership means that, ultimately, they can not afford to take local circumstances into account when determining long term strategy. The co-operative sector can be seen to straddle the divide between business and community. Being very people-oriented yet commercial organisations, co-operatives of all kinds are particularly well placed to claim to be enterprises with mutual and local stakeholders.



The Eastern Region Co-operative Council

For the first time, the Eastern Region has an opportunity to use the combined expertise of its co-operative ventures to provide a springboard for further long-term, sustainable economic and social development. This opportunity exists through the formation, in May '98, of the Eastern Region Co-operative Council (ERCC) - a body representative of the co-operative sector within the region.

The ERCC was one of the first institutions to respond to a government discussion paper on the topic of Regional Development Agencies (RDAs). Because the co-operative sector contributes so significantly to the regional economy, not only through regular trading activities, but also through other member driven activities, it welcomes the regional approach.

In particular, the ERCC welcomes the opportunity to work with the new RDA to ensure that economic development strategies for the future are influenced by the experience, professionalism, and commitment to locality of the many and varied members of the co-operative sector.

The Eastern Region

The newly defined Eastern Region includes the counties of Norfolk, Suffolk, Cambridgeshire, Hertfordshire, Bedfordshire and Essex. It has a population of 5.3 million; 9% of UK total.

The co-operative Sector within the Eastern Region

The wider co-operative sector constitutes a significant force within the UK economy. It is estimated that the sector has a combined annual turnover of around **£15 billion**. Co-operatives being by their nature locally based enterprises, deserve due recognition as major stakeholders within regional economies.



Here is a breakdown of co-operative economic activity across the Eastern Region.

Consumer or retail co-operatives

Consumer co-operatives (also known as Retail societies) are organisations owned and controlled by their consumer members. They are based upon the first successful consumer co-operative - the Rochdale Equitable Pioneers Society, established in 1844.

There are six separate consumer co-operatives operating within the Eastern Region, these are:

- Anglia Regional Co-operative Society Ltd
- Ipswich & Norwich Co-operative Society Ltd
- Chelmsford Star Co-operative Society Ltd

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- Colchester & East Essex Co-operative Society Ltd
- Co-operative Wholesale Society Ltd - South Midlands (Beds/Herts)
- Co-operative Retail Services Ltd - South East (Cambridge/E Anglia/Essex)

The mix of business operations vary between the Societies, but generally these include food retailing, in both large and small stores; non-food retailing - usually in departmental store format; dairy operations - often with doorstep delivery; funeral services; travel agents; pharmacies; optical services; motor dealerships and petrol filling stations.

Between them these Societies have over **850,000 members** registered within the boundaries of the Eastern Region. They retain over **15,000 employees** and account for turnover in excess of **£750m**. In 1997 they produced trading profits of **£12.5m**. Members' Funds held within the region's Consumer Co-ops are over **£150m**.

Producer or Worker Co-operatives

Producer or Worker Co-operatives are defined as companies which are owned and controlled by the people who work in them.

The Eastern Region reflects the UK generally with regard to the diversification of industries in which these co-operatives trade.

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From social care to scientific instrument manufacture; from furniture restoration to bus and coach services, this diversity requires a very wide range of skills and contributes significantly to the region's knowledge base. Co-operation is a very modern style of management and offers natural career enhancement and job satisfaction.

Numbers of people involved in each enterprise vary greatly. Some co-operatives have only two members whilst the largest in the UK have in excess of 400. In the region, the largest worker co-op has 28 employee members, but most have 3 to 6.

In total there are **30 co-operative companies** in the Eastern Region, employing **176 people** with a collective turnover of over **£5 million**.

Credit Unions

Credit Unions are financial co-operatives whose members save together in order to provide a collective loan fund from which

each may borrow as the need arises. There are some long established Credit Unions in the region which are able to offer dividends to members, some which offer advice and support to other new and emerging CUs, and at least one which makes annual donations to a third world Credit Union.

Credit Unions in the region are split between those that have a community based "common bond" and those which have a workplace based "common bond". Community based Credit Unions serve not only those on low incomes, but also those who are "co-operatively minded" and wish to see their savings contribute directly to the well being of their local community. Workplace based Credit Unions exist among employees of Local Authorities, large firms and, police constabularies. These are also nationwide Credit Unions which draw in members from the Eastern Region.

Credit Unions provide invaluable saving and lending services for all sectors of society, including the socially excluded. It is estimated that there are **2,400 people** in the Eastern Region in membership of a Credit Union with a collective **asset value of £750,000**.

Agricultural Co-operatives

Agricultural Co-operatives are organisations of farmers and growers who come together to increase the power of their purchasing (eg the buying of fertilisers, feed and fuel) and of their marketing (eg the packaging and distribution of produce). The Agricultural Co-operatives in the region

have benefited from co-operation to increase their market value, to significantly enhance their trading level, or indeed just to survive and grow modestly.

The Eastern region is the agricultural heartland of England with many co-operative ventures involved in the generation, production and marketing of food. Their successes provide jobs and income for thousands of people, many of whom live in isolated rural areas with little choice of alternative employment.

There are **25 Agricultural Co-operatives** in the Eastern Region with a **turnover of £223 million** and a membership base of **1,320 farmers and growers**. This does not include the weight of the Co-operative Wholesale Society itself which, alone, farms **3,800 acres**.

Fishing Co-operatives

There are also **3 Fishing Co-operatives** in the Eastern Region with a **turnover in excess of £2 million** through a **membership base of just under 100**.

Housing Co-operatives

Housing Co-operatives are co-operatives whose members collectively raise mortgages to procure housing units which members may then either rent or jointly own.

Without the initiatives of these enterprising co-operative ventures the housing stock in many local communities would be insufficient to help sustain the local economy.

There are **nine Housing Co-operatives** within the Eastern Region.

Co-operative Consortia or Secondary Co-operatives

Co-operative consortia are, like Agriculturals, co-operatives of individual small businesses that come together for the benefit of buying or using services that, on their own, they could not afford. This form of co-operative can be applied to any commercial activity. In the Eastern Region there are taxi drivers, home care workers, craftworkers, artists, and general practice doctors who choose to work in this way.

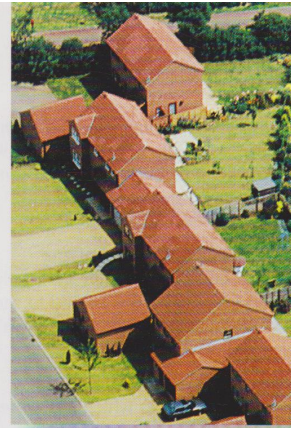
There are **9 Co-operative Consortia** with a collective **membership of 380 people** involved.

The Co-operative Bank

The Co-operative Bank has in excess of 100 branches nation-wide which are supplemented by Handybanks situated in a large number of Co-operative Societies and Post Office Counters around the country. In the Eastern Region, the Bank has 43 Handybanks and 9 major branches located in Cambridge, Chelmsford, Colchester, Ipswich, Luton, Norwich, Peterborough, Southend, and Watford.

The Bank introduced its "ethical stance" in 1992 and has received overwhelming support from both existing and new customers.

The Bank currently operates the largest telephone banking service in the UK to supplement its branch network. It is also one of the largest Visa Gold card issuers in Europe.



Within the region, the Co-operative Bank, with its distinctive market position and reputation for innovation, provides comprehensive financial services for 6 Local Authorities, 4 Retail Societies, many thousands of businesses, and in excess of 200,000 personal customers.

Co-operative Insurance

Co-operative Insurance Services is a national organisation with a total of 5,500 agents with in excess of 500 operating within the Eastern Region. Every town and village in the Eastern Region is covered by CIS through its agency structure. They offer a competitive range of life, pension, motor, and household insurances. The CIS is also a major provider of unit trusts which consistently obtain high positions in the industry's performance charts.

Co-operative Development

The co-operative movement sustains organisations which are committed to the establishment of new and the support of existing co-operative endeavours. These are called Co-operative Support Organisations (CSOs) in general, and Co-operative Development Agencies (CDAs) where they are funded largely by Local Authorities.

In the Eastern Region there are 5 CDAs and 4 other, self-financing CSOs. This network of co-operative support organisations addresses two distinct co-operative development needs:

a) **Business Support** - Co-operative development officers require not only generalist skills which any business advisor needs (eg in accountancy, the law, tax matters, valuation, marketing, information technology, etc), but also a sound understanding of the principles and practices of co-operative working. More recently, employee buyouts of existing companies have attracted considerable attention and some notable successes have been achieved.



b) Community Economic Development

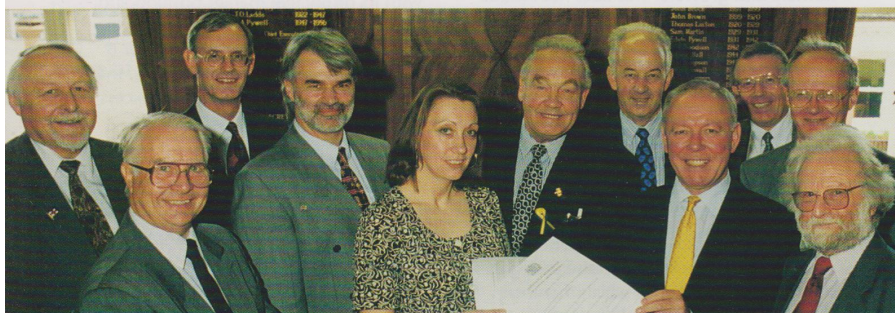
There have been various attempts to define community economic development, but the three main strands of such activity identifiable within the UK are:

- assisting in the establishment and support of enterprises which are locally based and which are committed to the pursuit of social as well as economic aims (co-operatives)
- assisting in the establishment and support of enterprises which are owned and controlled by members of an identifiable community (community businesses)

- assisting members of the community who are disadvantaged in the job market to find and retain rewarding employment, whether in some form of self-employment or in conventional employment.

Community economic development can add significant value to RDA activity; and co-operative development adds significant value to community economic development.

Co-operative Development represents an especially stable and sustainable form of local economic development.



Summary

In total, the Eastern Region hosts almost **90 registered co-operative organisations**, with a **combined membership of 855,000**, an **asset base of close to £200 million**, and a **combined turnover of £980 million**. These figures exclude the activities of the Co-operative Bank and the Co-operative Insurance Services and the work of Co-operative Support Organisations in attracting European and SRB funds into the region.

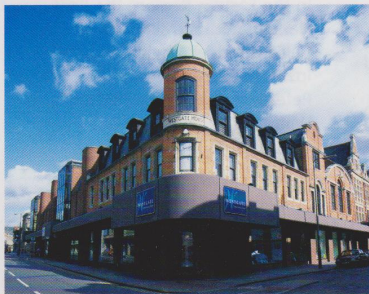
The contribution of the co-operative sector to the social and economic development of their communities within the region is therefore significant. They provide a unique facility for generating further sustainable economic growth through local investment and development throughout the six counties.

People in partnership through Co-operative Enterprise

Acknowledgments

This leaflet has been produced by the ERCC to raise the profile of the sector and to demonstrate its scale and importance in the context of the regional economy. Contributions to the cost of publication and distribution were made by:

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The Seven Co-operative Principles

International Co-operative Alliance Statement on the co-operative identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Co-operative Principles (ICA)

All forms of co-operative enterprise endeavour to adhere to the seven international co-operative principles. These are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership.

3. Member Economic Participation

Members contribute equitably to and democratically control the capital of their co-operative.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for their Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.