CO-OPERATIVES UK

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The co-operative bank

PRIDE IN PLACE: A CO-OPERATIVE APPROACH

A TOOLKIT FOR NEIGHBOURHOOD BOARDS

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You can view everything in this toolkit and more online at www.uk.coop/PIPP.

The Pride in Place Toolkit has been produced by Co-operatives UK and grant funded by The Co-operative Bank.

Image: Nudge Community Builders, Plymouth

ABOUT THIS TOOLKIT

The UK government's Pride in Place Programme (PiPP) is an initiative aimed at transforming communities. It is a significant long-term investment of up to £5.8 billion over 10 years, with over 284 of the most in-need neighbourhoods receiving funding.

PiPP is led by Neighbourhood Boards, which engage with the local community to understand priorities and needs, creating flexible long-term plans. Neighbourhood Boards will be the decision-making forum in Pride in Place areas. The Boards are designed to give communities a real say over their future.

A co-operative approach can help make that a reality, sharing power, ownership and decision-making between local people and public partners. Co-operatives are flexible by design, with governance and legal structures that can be shaped around the needs of your area. This means your Neighbourhood Board can be built to reflect local priorities, relationships and ambitions.

Setting up your board co-operatively

This toolkit will help you explore how co-operation can strengthen the governance of your Neighbourhood Board and ensure that decision-making is *led* by the Neighbourhood Board. This approach can meet the governance expectations set out in the government's Pride in Place Programme while going further in embedding local ownership and accountability.

Co-operatives UK has supported hundreds of community-led organisations to design and implement governance structures that work in practice. Read our case studies at **www.uk.coop/PIPP** to explore how communities across the UK have come together to take control, revive local assets and build something that lasts.

DID YOU KNOW?

The co-operative model has been used to transform local communities for hundreds of years. It is the perfect approach for your Neighbourhood Board to adopt as it starts to take decisions.

Lifeafterhummus, Camden

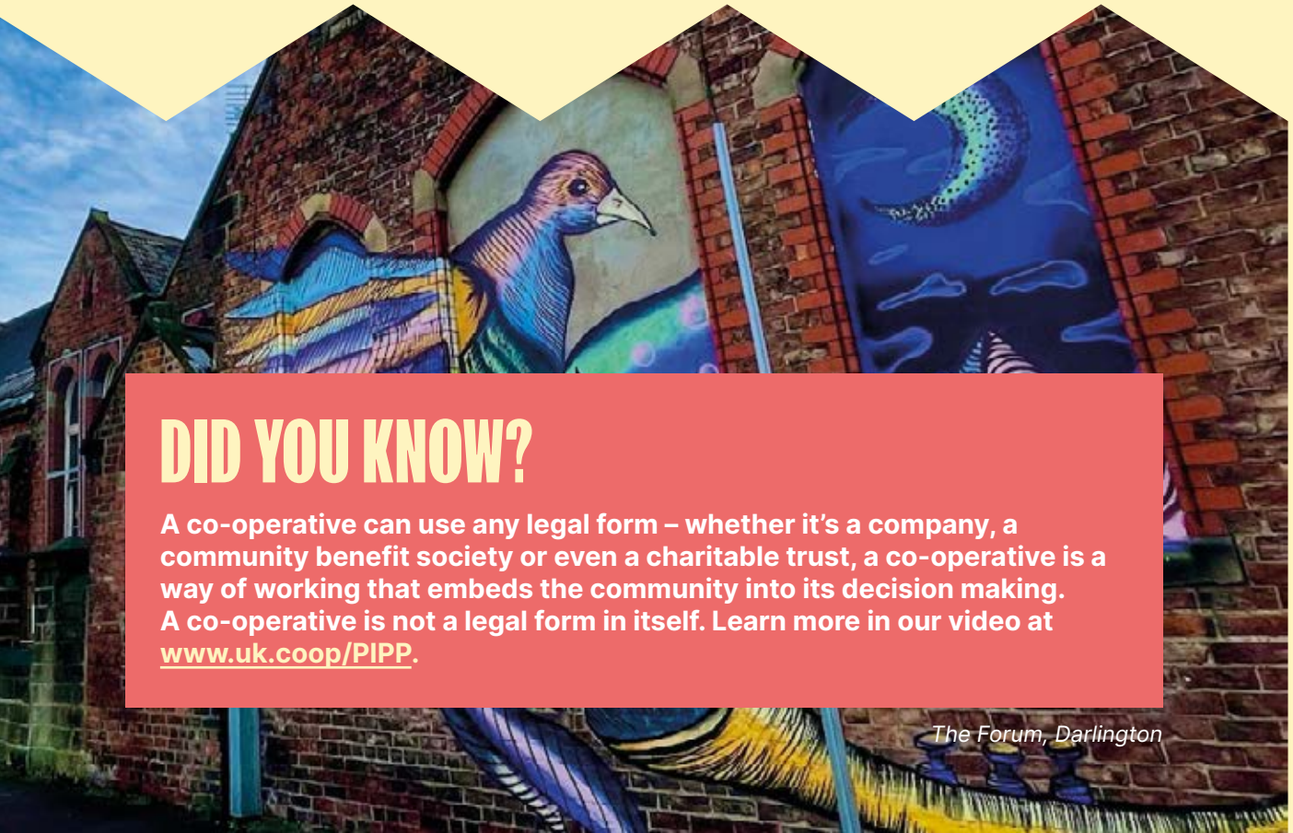
PRIDE IN PLACE
LED BY YOU – BACKED BY UK GOVERNMENT

WHAT IS A NEIGHBOURHOOD BOARD?

As part of the Pride in Place Programme, each of the 284 communities receiving funding will form a Neighbourhood Board.

Neighbourhood Boards are made up of local people who care deeply about their area and want to be part of changing it. Boards will engage with their wider community and work in partnership with their respective MP and local authority to develop a plan for their local area and distribute funding to projects to deliver on this vision. The local community and key stakeholders should hold the Neighbourhood Board to account to ensure that funds are spent effectively, efficiently and with proper oversight.

A co-operative model is a guaranteed way to embed appropriate, local ownership, control, asset management and representation within Neighbourhood Boards and their wider structures. The co-operative model can also enable more effective collaboration between stakeholders, including councils, residents and the wider community.



DID YOU KNOW?

A co-operative can use any legal form – whether it's a company, a community benefit society or even a charitable trust, a co-operative is a way of working that embeds the community into its decision making. A co-operative is not a legal form in itself. Learn more in our video at www.uk.coop/PIPP.

The Forum, Darlington

WHAT IS A CO-OPERATIVE?

A co-operative (or co-op) is an organisation that is democratically owned and controlled by its members, to meet their shared needs, often as part of a wider social purpose.

Co-ops exist across all sectors; as large businesses and as small community led organisations. A co-op can decide who its members will be and they have a say in how the co-op is run. Every co-op across the world shares the same co-operative principles and values.[1]

Co-operatives can own assets, raise capital, conduct business and generate surpluses, but will always use any surplus for the benefit of their community, a social purpose, or members.

For Neighbourhood Boards, being a co-operative means the community would have a say in deciding what the organisation does, its long-term Pride in Place Plan, its investment decisions and other priorities.

A co-op's members can be anyone who is involved with the co-op including: residents, grassroots organisations, local businesses, faith and community leaders, local authorities,[2] those that use its services or people who support its activities.

Co-operatives have a number of superpowers, including:

- Effective and efficient collaboration that allows members to achieve more together than alone
- Effective sharing of opportunity, power and wealth
- Increased economic and social resilience for individuals, organisations and communities
- Genuine community ownership, shared decision-making and long-term local stewardship

[1] https://www.uk.coop/understanding-co-ops/what-co-op/co-op-values-and-principles
[2] https://www.uk.coop/faq-guidance-can-local-authority-be-member-co-operative

GETTING YOUR CO-OP STARTED

Projekts MCR, Manchester

There are opportunities to explore, design and embed community and member-owned co-operative models at different stages of establishing Neighbourhood Boards.

This can be done from the outset or by changing the structure of an existing organisation already anchored in the community that could adapt to become the Neighbourhood Board.

The government has set an expectation for all areas to move towards a community-led way of working within three years. Your Neighbourhood Board can think about building its co-operative approach at any time during its journey.

Co-operatives UK can support with the formation and co-operative governance arrangements for Neighbourhood Boards at any stage of their journey. Your Neighbourhood Board can adopt the co-operative principles to shape how it works right now. Visit **www.uk.coop/PIPP** to take the next step and find out more.

When the time is right to set up your Neighbourhood Board as a co-operative organisation, there will be a few decisions to be made by those involved about how it should be structured.

DID YOU KNOW?

Setting up and registering a corporate organisation is known as incorporation. This section outlines the options for incorporating as a co-operative.

INCORPORATION

Incorporation means creating a legal identity for an organisation that is distinct from its members – a 'corporate body'. Co-operatives UK's experts can be on hand to help you navigate the options when your Neighbourhood Board is ready to incorporate an organisation.

Neighbourhood Boards may need to incorporate if they intend to directly (rather than via the local authority):

- Own property
- Enter into significant contracts
- Undertake significant trade
- Employ people
- Own significant assets
- Separate liability from the members (e.g. liability for the co-op's debts)
- Meet funder requirements to receive funding or grant income

BATCOM, Stroud, Gloucestershire

LEGAL FORMS

All incorporated organisations have a legal form. A co-operative is a particularly flexible and dynamic model for Neighbourhood Boards as co-operatives can register as any legal form.

Operating as a co-operative focuses on your governance, decision-making and ways of doing things. Co-ops can use any legal form but most co-operatives in the UK are incorporated using one of the following legal forms:

- **Companies (either limited by guarantee or shares or Community Interest Companies)**: With governing documents which outline how they operate co-operatively
- **Co-operative Societies:** Run for the mutual benefit of their members
- **Community Benefit Societies:** Run to benefit the wider community, rather than just its members

All incorporated co-ops are listed on public online registers, enabling people to look at their governing document and declared financial information.

When deciding on an appropriate legal form, a co-operative will need to consider:

- What it plans to do
- Who its members might be and why
- How it will look to get income or funding
- What it wants to do with its profits or assets

Co-operatives UK can help you to run a workshop to explore these topics with those involved in developing your Neighbourhood Board.

The Arcade Dewsbury

There is flexibility for your Neighbourhood Board to find the right legal form whilst operating as a co-operative to gives local people a say in its priorities.

Social enterprises, development trusts and community land trusts, can all be co-operatives and often have a membership which includes a range of stakeholders e.g. residents, grassroots organisations, local businesses, faith and community leaders, local authorities[1] or those that use its services or support its activities.

A co-operative Neighbourhood Board will choose the most suitable legal form for what it plans to focus on. Areas aiming to own and renovate community spaces might incorporate a Community Benefit Society to enable them to raise money from the community (using a community share offer) as leverage for further funding and ensure the spaces are always accessible to local people.

An existing company limited by guarantee offering services to the community could retain continuity as a company but open its membership to employees, users and suppliers as it adopted co-operative governance.

An area focusing on opportunities for young people could incorporate a co-operative charity to attract grant funding or a neighbourhood focusing on health and wellbeing might bring local stakeholders together by incorporating a co-operative community interest company which meets the needs of the community and locks in assets without the added regulation of being a charity.

Co-operatives UK can help you navigate those choices; the table opposite provides a quick guide to which legal forms might be best for what you're aiming to do.

Example of legal forms

Legal forms	Features				
	Community can become members?	Has a statutory asset lock?	Suitable for charitable status?	Can issue shares?	Meets NB* governance expectations
Co-operative Society	✓	✗	✗	✓	✓
Community Benefit Society	✓	✓ (optional)	✓	✓	✓
Company Limited by Guarantee	✓	✗ (unless it's a charity)	✓	✗	✓
Company Limited by Shares	✓	✗	✗	✓	✓
Community Interest Company (limited by guarantee) (CIC)	✓	✓	✗	✗	✓
Community Interest Company (limited by shares) (CIC)	✓	✓	✗	✓	✓
Charitable Incorporated Organisation (CIO)	✓	✓	✓	✗	✓

* Neighbourhood Boards will need to meet the expectations included in the government's governance guidelines.
[1] https://www.uk.coop/faq-guidance-can-local-authority-be-member-co-operative
[2] https://www.uk.coop/CommunityShares

GOVERNANCE

Delivering on a plan for your area will mean people coming together to make decisions. The way decisions get made is known as governance. Your Neighbourhood Board's governance can focus on meeting the community's needs by using a co-operative way of working (its governance model).

Even before you incorporate an organisation, you can adopt the co-operative values and principles to help you to work in a way that is inclusive and gives everyone a say in what's important to them. Your Neighbourhood Board, and any meetings to plan Pride in Place activity, can use our template co-operative terms of reference so that it is clear who will be involved, how goals will be set and how decisions will be made.

When you come to incorporate an organisation, it will have governance processes to clarify who has the authority to make decisions, how the organisation will manage its resources and ensure it is accountable to the community. These are written down in the organisation's governing document. In a co-operative, those governance processes prioritise things like democratic decision-making, shared ownership, community engagement and social purpose. This helps translate the co-operative values and principles into ways of working in practice.

If your Neighbourhood Board becomes a co-operative, that could mean lots of people from across your community join as members. Having various stakeholders in membership ensures that a range of voices and perspectives can come together to focus the work you do.

Members make key decisions about the organisation, for example, what its strategic goals are, what governance processes it will have and what it will do with any profit/surplus. One key decision of the members will be to elect a board of directors and then hold it to account. Some members will be able to stand for election to the board of directors.

BEFORE YOU SET UP

Until you have decided on whether to incorporate and what legal form to adopt, you can use our Terms of Reference to set you off on the right path as a co-operative. Access this at: www.uk.coop/PIPP.

BOARD OF DIRECTORS

If your Neighbourhood Board is incorporated it will need to appoint directors to form a decision-making body. The people who make up your Neighbourhood Board before incorporation may become directors of the co-operative once it is incorporated.

In a co-operative, some key decisions can only be made by members but other decisions can be delegated to the board of directors, for example, decisions about delivering on the agreed Pride in Place Plan, spending, applying for funding or entering into contracts.

Directors would either be members themselves who stood for election by the members or individuals appointed to reserved seats, for example, for the local MP and the Independent Chair. The Neighbourhood Board can decide how many directors it should have when it completes the incorporation process but there would usually be between 8 and 16 directors. Where a co-op has many members, this smaller number of people with the legal role of director means decision-making is more straightforward.

Directors have certain legal roles and responsibilities, and should have the right skills, competencies and experience to contribute to decision-making. Directors should have a role description and agree to following a code of conduct – templates for these are available from our website.

Co-operatives UK offers training for new directors and a guide to the role of a director which can be found at www.uk.coop/PIPP.

PRIDE IN PLACE GOVERNANCE AND BOUNDARY GUIDANCE

The supporting guidance for the Pride in Place Programme includes governance expectations of Neighbourhood Boards.[1] Many areas will already have set-up a Neighbourhood Board, but now want to build on how they operate to formalise working co-operatively in their communities.

A co-operative model with a membership made of key stakeholders can meet, and exceed, the governance expectations:

- **Independent Chair:** Working in partnership with the local MP/s and the Local Authority, the wider membership could be involved in the recruitment, appointment or re-appointment of an Independent Chair. Ensuring that those living, working and embedded in the community have a say and do not feel that the chair is brought in above their heads.
- **Composition of Neighbourhood Board:** Co-operative boards can ensure community representation alongside appointments and reserved seats. The governance expectations require at least 8 board members. An example composition could be:
  - Independent Chair
  - Five directors elected by and from the members
  - Reserved place for two community leaders
  - Reserved seat for MP
  - Reserved place for two ward councillors, local authority representative or relevant local positions

  Elections could be designed, by the Independent Chair, to ensure representation from residents and other specific key stakeholders so that the Board reflects the composition of the membership.

  - **Majority resident led:** The above example would meet the 51% resident led requirement and with "non-elected" persons in the majority ("Non-elected" in the PiPP guidance refers to those who have not been elected to public office such as councillors or MPs, rather than any elections to a board by members of the co-operative).

[1] https://www.gov.uk/government/publications/pride-in-place-programme-prospectus/pride-in-place-programme-governance-and-boundary-guidance
[2] https://www.uk.coop/support-your-co-operative/governance-advice-and-support/what-good-governance
[3] https://www.gov.uk/government/publications/pride-in-place-programme-prospectus/pride-in-place-programme-governance-and-boundary-guidance
[4] https://www.uk.coop/faq-guidance-can-local-authority-be-member-co-operative

Birmingham Friends of the Earth

- **Capacity and capability:** Role descriptions could be put in place to offer clarity and meet the requirements to ensure that Neighbourhood Boards have the "appropriate capacity and capability in place". Support could be provided to the membership to coach and develop those that may be interested in joining the Board at a later stage.
- **Democratic decision making:** Decisions would be made on a one member, one vote basis meaning that the local authority and MPs or any single individual could not have undue influence.
- **Composition refresh:** The first Board could be in place for a period of four years, following which the Board should see gradual changes to ensure that new voices are heard and changes in the needs of the local community are reflected.
- **Governance policies and processes:** The Board can use the Co-operative Governance Wheel[2] to promote effective performance, processes and participation. Co-ops are also expected to meet good governance requirements including transparency in dealing with conflicts of interest and meeting an agreed code of conduct as required by the Pride in Place Programme governance expectations.

The relevant local authority can be a member of the co-operative Neighbourhood Board and have a reserved place for its representative on the board of directors. Many authorities are already members of co-operatives, community benefit societies and credit unions in their area.[4]

DID YOU KNOW?

Research shows that local co-operatives help retain wealth within the UK – often within a 10-mile radius of where it's generated. This is why local and combined authorities are increasingly supportive of co-operatives.

NEIGHBOURHOOD BOARDS: A PROCESS

When considering operating with co-operative terms of reference you should go through the following steps.

1

Your Neighbourhood Board's structure

Explore your options while undertaking extensive community outreach, partnership building and member recruitment.

2

Your Neighbourhood Board's governance

Make decisions on who your members are going to be and how decisions will be made.

3

Your Neighbourhood Board's development

Make decisions about handing power to an existing organisation (possibly with changes to that organisation) or forming a new one.

4

Your Neighbourhood Board's legal form

If you decide to set up a new organisation, make decisions about its legal form.

5

Incorporate your Neighbourhood Board

Create a legal identity for your organisation that is distinct from its members.

6

Continue to build your Neighbourhood Board

Ensure you build in ongoing community-led development as your Board starts to deliver activities.

Grimsby Community Energy

NEXT STEPS

Co-operatives UK provides a range of services to develop community and/or member-owned organisations using the co-operative model, including:

- **Free online resources** to explain co-ops and their impact in local communities. This includes a **template Terms of Reference** that your Neighbourhood Board can use immediately before it is incorporated.
- **Is a co-op right for you? webinars** where you can learn more about the co-operative option and it if fits with your needs and aspirations.
- **In person workshops:** Bespoke workshops with local stakeholders to explore whether the co-op model will support your Neighbourhood Board.
- **Community engagement:** Tools and techniques to engage with residents and other stakeholders to encourage participation and better understand community needs. Our help might include working with you to develop an engagement strategy, stakeholder mapping or facilitating community meetings.
- **Registration services:** You can use our step-by-step tool[1] to determine the most appropriate legal form and governance model for your Neighbourhood Board. We can also provide bespoke reports on options, template governing documents and policies and processes.

ONGOING SUPPORT

Our offer to support Neighbourhood Boards will develop over time. Please keep checking www.uk.coop/PIPP for more details.

[1] https://www.uk.coop/start-new-co-op/start

CASE STUDIES

The following organisations are member / community-owned and operate with representative governance. Each of them exists to enable community-led regeneration.

The co-operative model has been used to transform local communities for hundreds of years. It is the perfect approach for your Neighbourhood Boards.

Headingley Development Trust, Leeds

Headingley Development Trust

Headingley Development Trust (HDT) was established in 2005 to deliver initiatives that promote and sustain the neighbourhood of Headingley in Leeds, and its community. Since then, the Trust has delivered a range of socially conscious enterprises that enrich the lives of local people.

It began with the repurposing of an old Victorian primary school – transforming it into the Headingley Enterprise and Arts Centre (HEART), a vibrant hub for arts, culture, socialising and enterprise. HEART provides immeasurable social benefit, with an events programme including music, films, talks, fitness and well-being activities.

Thanks to HDT, Headingly also hosts a regular farmers market – a family friendly community event with music and children's activities. It has a community orchard and local greengrocers. And the organisation delivers a wide range of social activities, from table tennis clubs to philosophical thought cafés.

By raising finance through community share offers, the Trust continues to invest in the local area and seek out new initiatives for making life better for its residents.

"The successes of HDT show that people want to see their money used for something ethical, local and impactful. HDT provides £1.3 million of social value into the local community and members often stress how much they appreciate this beyond traditional notions of economic value," said Membership Secretary Archie Wright-Beattie.

Find out more: www.hdtleeds.org.uk

Nudge Community Builders

Plymouth-based Nudge Community Builders is a charitable community benefit society bringing neglected buildings back into use to regenerate the Stonehouse area of the city.

“Residents reported feeling sad to see it degenerate, they felt unsafe at night,” said Nudge co-founder Hannah Sloggett. “Years of neglect had given a sense of permission for anti-social behaviour and a lack of care. Traditional regeneration hadn’t had the intended impact on the area, so we decided to get together and find a different way.”

So Nudge was formed – and has since brought several buildings on Union Street back into community use. One is The Plot, home to a food court serving Ethiopian, Eritrean and West African food and Rwandan coffee, as well as arts, crafts and business workshops.

Another is The Clipper, now a thriving cafe and mini market area for local businesses. It has also hosted book launches, art fairs and events from local organisations including Plymouth College of Art and Plymouth Social Enterprise Network. So far, Nudge’s achievements include:

- Making improvements and bringing new uses to some 4,000sqm of land
- Supporting 87 people to develop projects and businesses in Stonehouse
- Hosting 107 interventions and improvements on Union Street
- Working with 286 organisations and individuals to host 1479 events, attracting 54,000 people

Find out more: www.nudge.community

Co-operative Network Infrastructure

Co-operative Network Infrastructure (CNI) is a unique co-op that enables its members to share access to digital infrastructure that they own with other members – including fibre optic networks and data centres. (Fibre-optic networks are cabled underground bundles of thin glass strands used for transferring data.)

The organisation was formed to address the challenge of linking the separately built fibre networks of Tameside Council and Tameside and Glossop NHS Trust in Greater Manchester. Thanks to CNI, they now share a fibre network, which links council offices, doctors' surgeries and NHS sites, saving public money while improving connectivity.

"By enabling these organisations to retain ownership while connecting their infrastructure, we've helped them reduce costs and share their fibre-optic and data centre capacity with private sector providers who are members of the co-op, under a fair, non-preferential framework," said Shaun Fensom, one of CNI's founders.

The organisation has since gone on to replicate this model in places like Blackpool, Brighton and Lancaster.

"Mostly, our networks are built by local authorities," said Shaun. "Blackpool Council owns the tramway and when they dug up the track for signalling improvements, they put in extra fibre to connect their buildings. Then they joined CNI, which enables them to share with the private sector and help stimulate the local economy."

Find out more: www.cni.coop

OWNERSHIP MATTERS

Our Business GM

Our Business GM is a Greater Manchester based co-operative established to grow wealth within communities across the region. It brings together businesses that put people first to retain wealth and jobs locally, keeping more money in communities and workers' pockets.

At the heart of their service is a digital directory where businesses can shine a light on their products, services and positive impact. Members use the directory to connect with customers, collaborators and like-minded local suppliers. The directory works on three simple principles:

- Find local, buy local. From co-ops and community cafés to ethical suppliers and social enterprises – it promotes businesses that keep wealth within Greater Manchester.
- Connect with purpose. Enables like-minded organisations to build relationships with anchor institutions, public bodies and conscious consumers who care about where their money goes.
- Strengthen communities. Every purchase and partnership through the directory helps create jobs, grow community wealth and shape a fairer, greener local economy.

Members of Our Business GM also have to access tailored support and development opportunities to equip them with the right tools and knowledge to thrive – helping level the playing field and grow a movement that's creating a fairer economy in the Greater Manchester region.

Find out more: www.ourbusinessgm.co.uk

ABOUT CO-OPERATIVES UK

The UK's authority on co-operatives, Co-operatives UK empowers member-owned business to thrive.

We provide expertise across governance, HR, training, and networking to grow the co-operative economy, ensuring every co-operative can build strong, sustainable member ownership.

From football clubs and farms to convenience stores and community hubs, the UK's 7,000+ co-operatives share our commitment to a fairer society through shared wealth and member control.

Through expert advice and support,development and advocacy, we champion co-operatives and co-operation in the UK and internationally through the International Cooperative Alliance.

Learn more about Co-operatives UK: www.uk.coop/about

HOW WE CAN SUPPORT YOUR NEIGHBOURHOOD BOARD

We provide tailor-made governance services to co-operatives and member-owned organisations. These include model rules, governance guidance, new business structures, member engagement strategies, governance reviews, and board and executive training.

We support those just starting out, co-operatives looking to expand and larger or established co-operatives that need bespoke advice.

The services we offer benefit from our expert knowledge of co-operative governance best practice and experience in supporting people and organisations when they need us most: **www.uk.coop/PIPP**.

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Pride in Place Toolkit

Co-operatives UK can support with the formation and co-operative governance arrangements for Neighbourhood Boards at any stage of their journey.

Visit www.uk.coop/PIPP to find out more.

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