

Briefing 2121

Village companies
A think piece

Summary

The village company model does not focus on addressing the loss of one service or local facility, its rationale is around underpinning the overall sustainability of clusters of rural settlements. The approach is innovative in establishing a model, which enables cross subsidy from one area of community enterprise to another. The overall outcomes are: lower cost, higher quality rural services, carbon reduction, the generation of local employment and the bolstering of quality of life in rural places. The model gives people a common practical and financial stake in the development of their local communities based on enlightened self-interest and neighbourliness.

This “think-piece” puts forward the case for the creation of locally owned social enterprises to address market failure in rural areas. It has been prepared by Ivan Annibal, Managing Director of Rose Regeneration: www.roseregeneration.co.uk . Ivan would be very pleased to respond to interest about his article. His email address is: ivan.annibal@roseregeneration.co.uk

I have been musing for some time on the drivers of rural market failure. I have wondered whether or not we simply have to accept a trade-off involving limited choices in return for a high quality rural environment. The increasingly shrinking local state seems to be driving us in this direction. There is an element of needing to “be careful what you wish for” in the opportunities the Localism Act promotes for communities to take on the liabilities of a rural library or rural bus route. Big commercial concerns seem to have a limited interest in going the extra rural mile without unsustainable public subsidy. There is certainly scope to be pessimistic about the future of rural communities at the moment.

And yet....many rural communities are used to building their own solutions. If I had a £ for everyone in rural England who has told me they had the “Big Society” before it was invented I would be a rich man. I have met people who have brought superfast broadband to very remote locations using their own nous; I have eaten wonderful local produce in busy village cafes underpinned by their ability to access an online diaspora; I have supped beer in a pub owned by a community and if I was so inclined I could have borrowed a book from the same pub and travelled with the post to the nearest market town to do my shopping. I could have warmed my feet on a fire fuelled by locally produced bio-energy and nipped out to watch a film released nationally that week at my village hall.

What is frustrating in all these examples is how people have had to rely on their own resources to achieve all these choices. In many ways it is the state, which remains trapped in a former way of doing things whilst some local communities are far ahead of the game. Notwithstanding the fact that simply cutting a bit off here and a bit off there will only lead to the death of a thousand cuts, local authorities and the wider public sector seem addicted to service reduction rather than re-design. This is not the rhetoric of course and we have lots of key statements from local service providers about innovation and cost saving. I don't blame them for their limited success. There simply isn't a culture of risk taking and power shifting in the way the local state works to inspire them.

It is also worth reflecting that whilst hard pressed local authorities continue to do their best major market forces have far more impact on local rural communities than they do. Fuel poverty, slow broadband, lack of affordable rural housing, falling food prices and shrinking school rolls are all driven by the impact of the market on rural places. Rural places are increasingly seen as desirable to live in but not to work in. Planners have unwittingly colluded in sterilizing rural communities through settlement hierarchies and housing exception site approaches, which limit their scope to grow organically.

So what's the answer? Social enterprise can lead the way. The Plunkett Foundation and others have shown how this can be achieved in a niche context to revive village shops or as a structure for other single theme activities around initiatives such as broadband or community energy. The problem with single solutions to single problems is that they are often too narrow. They address one aspect of specific market failure but they don't have the capacity to tackle the sustainability of all the challenges facing a rural community.

There are many interpretations of social enterprise but at its most straightforward what it means to me is taking a thoroughly business-like approach to addressing a social challenge. Social enterprise doesn't have to concentrate on tackling one rural challenge, the model has the scope to act as a "junction box" to combine the wiring underpinning all the challenges facing a rural community. They have the potential to overcome the impact of multiple market failures by making profits in one area of community need and re-investing them in another. Enter the VILLAGE COMPANY.

The OECD new rural paradigm puts a "place" rather than a sectoral approach at the heart of its interpretation of rural economies. The village company idea, builds on this approach, it starts by looking at the challenges facing a cluster of connected communities and considering the commercial opportunities to overcome them. This involves seeing the challenges and opportunities as an inter-connected series of issues, which can be tackled as a group.

Dave Boyle, author of "How to Create a Successful Community Enterprise" identifies that "a village is a social network and you need to use it." The social networks in villages are the core resource at the heart of the village company idea. If a network of adjoining villages is prepared to work together through the medium of a social enterprise they can provide paid for services, employing local people to address, for example, the following needs: adult social care, childcare, community transport, heat, light and power, food and drink, broadband, arts and culture. Villages invigorated by the provision of these things locally become more attractive places for people to go to school and build houses.

The model could work something like this. People currently have the right to decide who provides a number of state run services for them, they don't exercise it because there are no local alternatives. A village company could deliver adult domiciliary care, childcare and other core services to those entitled to them. It just takes current commissioners in public bodies to see the benefit. At the moment for higher need based individuals entitled to state funded support, commercial companies charge huge sums for care that could be provided locally at far lower cost. A village company could employ local people to provide these services to individuals in their own community. This would save travel costs and more importantly journey times between those in need. It would also build stronger community bonds between the carers and the cared for living in the same locality. There is even scope with this model to address youth unemployment which is particularly iniquitous in rural areas by providing work for young unemployed people.

Where such an approach works effectively just think about how it could reduce A&E waiting times by enabling vulnerable elderly people to stay at home for longer. It could achieve this through providing local dedicated care, with longer home visits and wider befriending within rural communities. There are credible studies, which show how the social isolation this model overcomes is more physically harmful than smoking.

Surpluses from the core activities of a village company could be used to provide subsidized services. These services could include: community transport, entertainment and socialization opportunities for young people, shopping and gardening services for busy professionals, libraries and other leisure facilities for all. In essence creating a market based solution, where people pay a reasonable price for non-statutory services provided by their peers in their localities, through a village company, underpinned by the income it generates from providing statutory services.

The really smart part of the model is to ensure that each village company is as widely owned by the community as possible. This gives all those providing or receiving its services a sense of engagement, value and ownership. It creates the scope to generate volunteer support to build the resources and reduce the paid for running costs of the company from within the company membership. Company members will be incentivized to volunteer on the basis that the companies they own will increase their profits by reducing their cost overheads. Ultimately in a cross subsidy model this converts local volunteer labour into hard cash outcomes.

Most interestingly the village company model begins to rebuild community integration, it helps to demonstrate how income raised from the support of the elderly and childcare can underpin services like community transport, community cinema, even the community pub, all of which young people are likely to value. It shows the practical financial benefits to a community, which can be achieved through providing services to the most vulnerable individuals within it. Through the model all those with a stake in the company have a stake in the quality of life of their peers. Neighbourliness has a real opportunity to return. As a critical mass of several villages is needed to make the model profitable it also binds together clusters of communities in commercial and practical mutuality.

If the Village Company idea is to move from theory to practice it needs some pilot work. I already have a few irons in the fire but I would be very interested to identify anyone through RuSource who would like to share the vision and mission.

Ivan Annibal, 11 February 2015

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RuSource is a voluntary project partly supported by donations and sponsorship.

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