



JF4293

I suspect this Agency is superfluous. What is the necessity of the co-operatives it has set up?

Prime Minister ①

Agree these proposals?

MLS 16/9

PRIME MINISTER

CO-OPERATIVE DEVELOPMENT AGENCY (CDA)

On 7 July, Cabinet agreed that a Co-operative Development Agency Bill should form part of the legislative programme for 1983-84.

I am now writing to let you and other colleagues know of my proposals for the future of the CDA. A note on the CDA is ... attached.

2 The last review of the CDA was only two years ago and therefore it has not had much time to demonstrate fully its value since then. Nevertheless, I consider that the Agency's performance to date suggests that it should become an effective force in helping to stimulate the growth of viable industrial co-operatives. It now has better management; is pursuing clear objectives that we have endorsed; is attracting increased private sector support; and is being run under tight financial control.

3 The Agency has examined the possibility of becoming financially independent of Government. I have had to accept its view that earning opportunities are so limited that such independence is not presently possible.



4 In the light of the Agency's performance I propose to extend the life of the Agency. The decision would recognise the CDA's potential for continued promotion of industrial co-operatives, with the emphasis on job creation, and would be consistent with the Government's support for agricultural co-operatives and local enterprise agencies.

5 In extending its life I propose to give it the additional functions of a distribution channel for EC grants and trusteeship. It would also be enabled to provide training. However, in order to keep the pressure on the CDA to maximise its own earning powers and to seek increased support from the private sector, its funding should remain at the current level. Such funding would be on a more secure and practical footing than under the present arrangements; these have necessitated two major reviews and associated legislative action in less than five years of the Agency's establishment. I therefore propose that the Agency should be funded for a six year period, with an announcement in the House that this would be at a rate of no more than £200,000 per annum.

*No
to be*

6 If colleagues agree I will circulate a paper to Members of L proposing the introduction of a Bill on the above lines in November. You will recall that colleagues also agreed that this Bill could provide a vehicle for certain changes in regional



policy legislation. We will need to consider this separately in due course.

7 I am copying this letter to Members of E(A) [redacted] and to Sir Robert Armstrong.

C.P.

C P

13 September 1983

Encl

Department of Trade & Industry
1 Victoria Street
London SW1H 0ET

CO-OPERATIVE DEVELOPMENT AGENCY - NOTE

Following the report of a Working Party drawn from the Co-operative movement, the CDA was set up with All Party support by means of the Co-operative Development Agency Act 1978. The CDA's basic purpose is to **promote** the principles and practices of co-operation generally and to be able to be the representative body for the whole co-operative movement. The Act empowers the Secretary of State to make grants to the Agency up to a ceiling of £900K, with provision for further grants, made by Order, up to a total limit £1.5M. Following a review of the Agency in 1981 it was decided to extend its term and the additional funding of £600K was approved by the House of Commons on 22 July 1981. This funding will be exhausted by 31 August 1984. Legislation, either winding up the Agency or extending its life will be required to be enacted by that date.

2. In assessing the CDA's performance in 1981 we concluded that the Agency had been moderately successful in pursuing its objectives but that there was scope for improvement, particularly in its management. Further funding was made conditionally. Firstly the Agency had to improve its effectiveness assisted by the appointment of a new smaller Board and a new Director. Secondly, we modified the Agency's remit so that it was to: increase those activities assisting people setting up co-operatives, with emphasis on the encouragement of producer co-operatives; give top priority to those functions that boosted enterprises and jobs; concentrate on matters that were peculiar to co-operatives such as model rules; operate within a reduced budget; and explore the possibility of becoming financially independent of Government.

3. This latest assessment is being judged against a very short timescale; the new Director, who has been responsible for reshaping the Agency and pursuing its new objectives, has been in post for a year and other key staff for even less time. Nevertheless, the Agency has made a much greater impact in the past year than previously. The Agency has placed the emphasis firmly on economic viability for co-operatives. It has recruited specialist staff (banking, marketing, accountancy etc) to provide a more professional service to new and existing co-operatives in improving their business skills. It has also taken a number of initiatives to provide more help for new co-operatives, including an imaginative scheme in which experienced retired businessmen "adopt" a local co-operative and provide it with continuing business advice free of charge.

What benefits?
4. The Agency has been particularly adept at promoting the benefits of co-operatives and has received wide coverage in the media, including professional journals. A measure of its success lies in the number of enquiries it now receives - over 1,200 a year - which is an increase of 56% since 1981. The increased enquiry rate correlates to a notable growth of worker co-operatives over

Over the past few years. 300 co-operatives in 1980 (employing 5,300 people) increased to 500 in 1982 (6,300 employees) and 700 (7,500 employees) by March 1983. The Agency estimates 1,000 by the Autumn. While the CDA is not solely responsible for this growth we believe it has made a significant contribution by very effective promotion, by providing expert advice, and by making available to prospective co-operators model rules for easier formation and registration of co-operatives.

5. The Agency has kept within its cash limit by a combination of good housekeeping and increasing help from the private sector and the co-operative movement. The Director of the Agency has been successful in tapping private sector sources for help in "kind". Of the Agency's 12 staff, three are secondees and one or two more should be secured to operate an EEC funded training programme. The Agency estimates that the help from the private sector and co-operative movement is worth some £100,000 a year, effectively increasing its budget to £300,000. The Agency has therefore achieved a contribution from the private sector and the co-operative movement of £1 for every £2 from its public funding.

AUGUST 1983

PARLIAMENT: Legislative Prog
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10 DOWNING STREET

19 September, 1983.

From the Private Secretary

Co-operative Development Agency (CDA)

The Prime Minister was grateful for your Secretary of State's minute of 13 September, in which he set out his proposals for the future of the Co-operative Development Agency.

The Prime Minister has commented that she suspects that this Agency is superfluous. She would be grateful to know what is the record of the co-operatives it has set up.

BF

M. G. SCHOLAR

Jonathan Spencer, Esq.,
Department of Trade and Industry.

CONFIDENTIAL

So



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: J/PSO/15045/83

Your ref: *ms*

Prime Minister

SS/Env supports CDA. The report on CDA's record of achievements which you called for should arrive shortly. E5 061 00

AT
6/10
Dear Cecil,

Thank you for sending me a copy of your letter to the Prime Minister of 13 September about the future of the Co-operative Development Agency.

I am happy to support your proposal that it should continue with little change to its current level of activities. The CDA has provided valuable advice about the role of co-operatives in helping to regenerate the inner cities and I would very much like to see this work continue.

I am copying this letter to the recipients of yours.

Your ever
Patrick

PATRICK JENKIN

The Rt Hon Cecil Parkinson MP

Parliamentary
legislation
P411

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15 OCT 1983



CONFIDENTIAL

~~CC NO~~
2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

26 September 1983

NBPM

MW 28/9

Dear Secretary of State

Thank you for sending me a copy of your letter to the Prime Minister of 13 September about the future of the Cooperative Development Agency.

I am happy to support your proposal that it should continue with little change to its current level of activities. The CDA has provided valuable advice about the role of cooperatives in helping to regenerate the inner cities and I would very much like to see this work continue. I am copying this letter to the recipients of yours.

Yours sincerely

Helen Ghosh

PATRICK JENKIN

(approved by the
Secretary of State and
signed in his absence)

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PARLIAMENT : Legislation

A 11

28 SEP 1988





CC NO

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

MBPM
MS 22/9

22 September 1983

Dear Genl,

COOPERATIVE DEVELOPMENT AGENCY (CDA)

I have seen your minute of 13 September to the Prime Minister recording your conclusion that the life of the Cooperative Development Agency should be extended.

I have no comments on the substance of this decision, but I am concerned about the point which you make in your penultimate paragraph regarding the possible inclusion of legislation dealing with regional development grants. As I said in my letter of 16 August, Cabinet agreed only to consider at a later date the inclusion of the RDG legislation in the Cooperative Development Agency Bill. We are now in a position to see the implications of the policy decision on CDA, but, as I understand it, some way from any policy conclusions on RDGs. I share strongly your desire to have the Cooperative Development Agency Bill introduced in November, but I am concerned that inclusion of the RDG provisions may cause delay. Perhaps you could let me know how you see further progress and in particular when you would see a combined Bill being ready for introduction. We could then look again at whether there is any possibility of combining these two pieces of legislation.

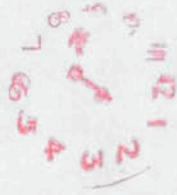
I am copying this letter to the Prime Minister, other members of the Cabinet, Sir Robert Armstrong and First Parliamentary Counsel.

John Biffen

JOHN BIFFEN

The Rt Hon Cecil Parkinson MP
Secretary of State for Trade and Industry

PARLIAMENT. Legislation
Pt II



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NSPM

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From The Parliamentary Under-Secretary

Our Ref: CT/7431/83

21 September 1983

Yr Hon Cecil,

In Nicholas Edwards' absence on a business visit to the United States, I am responding to your copy letter of 13 September to the Prime Minister on the future of the Co-operative Development Agency.

I am content that you should circulate a paper to 'L' Committee proposing the introduction of a Bill for a modestly expanded CDA.

Copies of this letter go to recipients of yours.

Yours ever

Wyn

WYN ROBERTS

Rt Hon Cecil Parkinson MP
Secretary of State for Trade and Industry
1 Victoria Street
LONDON
SW1A 0ET

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