

# HACKNEY CO-OPERATIVE DEVELOPMENTS CIC

## STRATEGIC PLAN 2011-15



Adam Hart  
HCD Strategic Director  
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## **1. REVIEW OF PREVIOUS STRATEGIC PLAN 2005-10<sup>1</sup>**

### **1.1 Background**

The previous plan had three overarching aims, all of which reflected the co-operative movement's vision and were well represented in L.B. Hackney's Community Strategy and many Central Government policies of that time .

These were to contribute locally to

- **The sustainable community development of Hackney and neighbouring areas**
- **The simultaneous growth of social cohesion, equal opportunity and prosperity**
- **Improving the local quality of life and environment**

HCD's part in delivering on these wider aims was delineated in terms of its development of a local leadership role to help ensure community accountability and ownership-(sometimes referred to as "triple devolution").

This would be achieved through its

- 1 Activities in Hackney's Local Strategic Partnerships (LSP) and in related council-led partnerships and forums.**
- 2 Rising profile in the third sector as a leading social enterprise/ CIC with a growing property base and an increasing role in local public space activities**
- 3 Engagement in wider community partnerships that could result in the formation of a neighbourhood trust**
- 4 Improved service delivery through community based business and a more engaged membership**

As all these aims are open ended any review can only focus on significant achievements and under-achievements along their pathways of implementation. Also HCD does not have the resources to conduct participant and consumer feedback events and surveys at this time.

This review will therefore be based on the more obvious and generally accepted relevant facts that should help to provide a reasonably firm platform for HCD's strategic framework from 2011 onwards .

### **1.2 Key achievements and under-achievements relating to the 2005-10 strategic plan include:**

- 1 HCD was represented on L.B.Hackney's LSP Economic Partnership Board as its Voluntary and Community Sector (VSC) representative until 2008. It played a major role in improvements to the overall Local Development Plan, and in particular the Master Plans for Dalston and Central Hackney. It also ensured that Social Enterprise would have specific representation on the LSP.**

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<sup>1</sup> Note this review concerns strategic outcomes, rather than the 2005-10 departmental workplan targets, which will be reviewed as part of the operational plan for 2011-15 . This will follow on from this paper.

However it did not significantly succeed-along with many groups in improving the council's large top-down regeneration initiatives such as the Dalston square development-although there is evidence some of our sector's concerns have now been taken on board in the final Area Plan for Dalston. The successes of many previous NRF/ERDF funded CED projects were largely not recognised or built upon by the council. Nor were we successful in our bid to become the S.E rep on the LSP. The absence of either an LBH Regeneration or Local Economic Development strategy during this period has led to a considerable practical dislocation and many missed opportunities for cross sector partnership to deliver Community Economic Development.

*The achievements of the Gillett Square Partnership (GSP) and HCVS , both in which HCD played major roles stand out as a major exceptions rather than the rule for this period..*

**2** In 2005 HCD completed the building of the Dalston Culture House (DCH) with key tenants the Vortex and Studio Upstairs on board. This has significantly increased HCD's property base and strengthened the social enterprise model of using managed workspace as a means of delivering on wider social and community development objectives. As an early CIC HCD has reinforced this practice and our profile., and the DCH has become a major inner city icon and testament to what this sector can achieve both in terms of architecture and culture-led regeneration. *It has stimulated the creation of Gillett Square through the GSP (launched in 2006) and placed HCD , along with the Vortex and other partners as key players for the hosting and the curation of a wide programme public events in Gillett Square.*

The activities in these spaces have involved over 100,000 people during this period , engaging many schools and community groups with over a 1,000 active participants and volunteers, attracting local and London wide members to its steering group and the formation of the Friends of Gillett Square They have also have helped establish and deliver new projects for HCD (such as GSquared and D4L), causing the formation of new local and wider partnerships. They are also the subject of much academic research and have won us international recognition in the press. We have also without doubt helped to trigger a new more prosperous era for Dalston, which in turn benefits many of our members and generates a sounder base for our property rental activities.

On the downside:

- The north side of square could not be built out to its full extent due to the exit of the private sector owner of Stamford from the GSP
- The promise of core funding from the council for the management and animation of Gillett Square never materialised
- Our BLF bids for developing this site and for community engagement activities based on the squared did not get passed the second stages.
- The early prospect of creating a new permanent market in the square did not get ERDF funding, also running up against L.B. Hackneys positioning and legal difficulties.

**3.** *Over this period HCD has undoubtedly played a central role in connecting up and bringing together many groups and organisations in the local VCS and cultural / creative sectors. This has mainly been achieved through its role as founding member and chair from*

2007-9 of HCVS which has administered a large grant for fund for VCS groups in Hackney and the CEN , and through its activities on the GSP and its sub partnerships , particularly through GSquared project with the Vortex which has brought together all the main cultural organisations in Dalston, and many smaller ones, as well making wider connections and delivered numerous events in the square. In the context of the LDA funded Making Space in Dalston its work to secure the key site at 17-19 Dalston Lane as an HCVS asset has also helped the formation of the Eastern Curve Steering group- comprising Arcola Theatre, HCD, HCVS, Bootstraps V22 and Open Dalston. *Such a functional partnership lays the basis for the neighbourhood trust proposal, first tabled in 2005, to make further progress, despite major remaining internal and external obstacles. .*

4. HCD's Dalston 4 London LDA funded project 2007-10 has built upon and reinforced these achievements to bring together small businesses and residents in the area, providing advice services that both formally expert and also embedded in knowledge of the locality, and organising workshops, meetings and public events with GSquared that has given individual training and opportunity , as well as provided a platform for the voice of the local business community to be heard on regeneration, community safety and planning matters, especially through the Bradbury Street Community Association that HCD started in 2005 and to help change the image of Dalston Town Centre. However there is much doubt as to how these many of these activities will be picked up and sustained , *despite the very positive independent evaluations of this work and HCD achievement of Customer First and IIP accreditation during this period.*

### 1.3 REVIEW CONCLUSION

The question as to what extent all these activities have actually contributed to the three overarching strategic aims is not possible to prove numerically , especially in the absence of local statistics on many of these items .

However there can be little doubt that HCD's area focused activities and developments around Gillett Square has contributed to Dalston now becoming one London's new cultural quarters , with an accelerating night time economy and the growth of café society up down the high street and in adjacent areas. A local and wider community has become significantly engaged and the HCD has doubtless contributed to a significant growth in social enterprise and community based activity in the neighbourhood, and the area has an increasingly cosmopolitan and tolerant cultural ambiance.. The quality of life and the local environment has been vastly improved by these and other major measures- such as transport, the new leisure centre and other and new schools.

***There is a new economic and cultural microclimate developing here, in which HCD is a key player . However there needs to be much more work by HCD –on several fronts-for these benefits to significantly reach and be taken up by the more disadvantaged members of the local population, and where there have been gains in this direction the***

***means to ensure their sustainability have yet to be fully identified and developed.. Bring together funding and social capital, in a radically changed environment, to address these issues is now HCD's major task for the future, and a central subject of this Strategic Plan 2011- 15***

***In parallel, an equally important emergent strategic issue concerns the changing market for HCD's property lettings which currently, and for the foreseeable future, generate the majority of our income and surplus. HCD, without doubt, is facing a new and third phase of this market to which it must adapt.***

The first phase was from c.1980-91, made possible by generous public sector grants to this sector, in which HCD let mainly to co-operatives and voluntary sector organizations. Rental income during this period was balanced by considerable direct grant funding to HCD.

The second phase, from c.1992-2010, was framed by the withdrawal of public sector funding for such groups and HCD's direct grant funding. This pushed HCD into the sub-prime lettings market, with low rents and many poor covenant, high risk, tenancies. Our financial control and tenant management systems were intensified to ensure HCD's viability during this period, with rental income becoming HCD's primary source of income. This has entailed exceptionally high property management overheads, compared to many commercial landlords.

The third phase which we are now entering, will be reflected as an underlying theme in this new strategic plan. It is based upon several major factors:

- The gradual collapse of the sub-prime property lettings market –this shows up most acutely for us in terms of increasing long term debt on HCD's books . Many of our tenants are, for a host of external reasons, becoming less and less solvent. This is not a blip, but an underlying trend which we must assume will not be reversed. Transitioning out of this market to new ground is a strategic imperative.
- With the area's regeneration there is a new business sector developing in Dalston, attracted by relatively low rents and the cultural diversity and creative energies at play here. HCD must now look and market itself to these new arrivals for its property lettings.
- The local co-operative movement is once again beginning to stir, after a long dormant period, and HCD, as an active member of Co-operatives UK and London Co-operative Development (LCD) consortium, is in good position to service this emergent market, through advice and lettings.

## 2. STRATEGIC AIMS, PRIORITIES AND ACTIVITIES FOR 2011-15

### 2.1 GUIDING LINE

- **CULTURE, COMMUNITY AND CO-OPERATION** are HCD's defining features. They most accurately encapsulate the focus of its mission and goals.
- These "Three Cs" need to be reflected in and given a high profile in all aspects of HCD's external and internal operations.

### 2.2 CROSS-CUTTING THEMES AND PRINCIPLES

- The current strategy will build on HCD's major achievements in delivering on the previous strategy's aims and objectives.
- It will also address the gaps in these achievements, such as **finding new means to engage with and help the more disadvantaged members of the community**, and to reduce HCD's carbon footprint.
- This strategy embraces the urgent **imperative to transition out of the sub-prime lettings market** and to establish new, firmer ground, based upon Dalston's recent and ongoing regeneration, to which HCD is a key contributor
- This strategy will be more clearly linked to helping to **realise the co-operative movement's emerging vision for Co-operation in the age of Google<sup>2</sup>**
- HCD's **Marketing and Membership activities require major overhaul** and ongoing improvements.
- Consistent well-managed use of web-based working needs to be fully deployed across all the following priorities, to the highest possible standard.
- This strategy be regularly reviewed (at all levels of HCD), as a baseline document, in the context of new opportunities and threats in the cultural, social political and economic environment.

### 2.3 STRATEGIC PRIORITIES

#### PRIORITY 1: SUSTAINABLE COMMUNITY AND CULTURAL DEVELOPMENT

HCD's major achievement in the past five years has been in taking up the challenges presented by the creation of the Dalston Culture House and Gillett Square. **The further development of these activities will continue to constitute HCD's most immediate strategic cutting edge to help deliver local economic development and the "Three Cs"**. This is especially in the context of the 2012 Olympics and the Olympic Legacy arrangements. This work will involve many other key partners such as the Vortex. LBH Culture and Regeneration, Barbican Arts Universal Board Games, Groundwork and Cadbury.

**These community and cultural activities need to be understood and promoted by HCD staff and members in these terms, as key practical drivers for Hackney's regeneration and prosperity that:**

- can attract engaged and reliable tenants to HCD's workspaces
- helps secure HCD's core rental income,

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See Robin Murray: Co-operation in the Age of Google [www.uk.coop/ageofgoogle](http://www.uk.coop/ageofgoogle)

- widens HCD's membership ,
- raises HCD's profile,
- identifies HCD's leading and development role in the local community
- reveals the social capital that HCD can mobilize.

It is these activities upon which HCD's market based rental income revenue depends. ***By investing in these activities as the top priority HCD can establish a virtuous cycle of social and economic reinforcement, which is at the heart of our long held mission statement and the vision of the commonweal.***

HCD's current seed funding and help to deliver the GSquared project through the Vortex Foundation will therefore continue to be its strategic priority expenditure and investment commitment.

## **PRIORITY 2: TRANSITIONING TO AND DEVELOPING A NEW LETTINGS MARKET**

The process of identifying and tapping into the new emergent property letting market in Dalston will require a major reorientation of our marketing activities. ***It will require new methods and training of staff to understand this market and how to engage effectively with these new businesses and its people.***

This entails require a major change in our tenant management and financial control work, which should become less intensive and less costly. It will also require a big shift in all HCD's departments, towards the work of inducting, enabling and engaging our prospective and existing tenants around a changing ,restructured local economy.

This also means that by moving into this new market HCD should aim for a time when dealing with rent arrears, payment disputes over e.g. utility bills and service charges and lease contraventions become relatively rare occurrences. This should dramatically reduce HCD'S current tenant management overheads. ***At the same time HCD should develop ways of being far more focused on bringing our tenants together as part of a useful co-operative information exchange networks, and more engaged in and supportive of HCD, its projects and governance.***

The new lettings market that this strategy aims at, accompanied by the actions outlined above, is one that should enable HCD, in time, to enjoy a much increased and sustainable surplus from its rental activities, in line with many other managed workspace businesses (even in the affordable workspace market such as Space Studios and our neighbours Bootstraps Enterprises) .

## **PRIORITY 3: CO-OPERATIVE DEVELOPMENT IN THE AGE OF GOOGLE. THE REVIVAL OF HCD'S ROLE AND FUNCTION AS A CDA**

For the past twenty years the co-operative movement has occupied a small but special corner within the field of social enterprise, in Hackney and across the whole of the UK. There is now evidence that that both bottom up and top down interest in the co-operative ideal and its forms is growing rapidly. This is been driven by, and adapted to current changes in

information technology, social, business and political cultures as well individual values and aspirations, in which co-operation is now realized to be at least as important as competition.\*<sup>3</sup>.

HCD, as a CDA is now starting to take a more active role in this re-emergent movement , both strategically and as a funded service provider. It is a member of Co-operatives UK and sits on the London Co-operative Steering Group. It is also is board and consortium member of London Co-operative Development. ***There are now growing opportunities in Hackney for the effective communication and promotion of co-operative values and forms, as well as increasing demand for advice to co-operative start-ups and the conversion of existing businesses and organisations to co-operative or mutual business forms.*** These services are being funded through the Co-operative Group's Enterprise Hub and represent one of the few funded avenues for the delivery HCD's business advice function.

***HCD must take maximum advantage of its position in these developments for a co-operative future,*** and not allow itself to lose out to possible competition, as has been our experience in the last ten years of the popularity of the Social Enterprise brand, despite HCD's representation on the board of SEL throughout this period.

In the local frame HCD's relative, the HCD Trust charity, exists to reinforce this whole agenda in Hackney. ***Under this priority HCD will be helping the HCD Trust to put its resources to best use in these promising circumstances.***

#### **PRIORITY 4: CONSOLIDATING, GREENING AND MODERNISING OUR WORKSPACES.**

##### **Consolidation**

HCD's Downham Road premises have ever since 2004 been regarded as at the end of their economic life and ripe for redevelopment and/or sale. It is now proposed to progress this matter as soon as possible, in order to consolidate our property holdings around Gillett Square-the primary site for the rolling out of our forward strategy

Working through the Gillett Square Partnership, HCD's long-term incremental development work around the Bradbury Street area is now poised to go to the next stage on the Stamford works site on the North side of Gillett Square. This site has emerged in the LBH Masterplan for Dalston as an "opportunity site" the redevelopment of which would lead on to the full building out of the square in the current car park area. ***HCD will now aim, with other suitable partners, to gain a share in this site to add to its property holdings, and play a major role in its future redevelopment, to ensure that the full potential of this area can be realized.***

##### **Greening And Modernizing**

HCD's current workspaces are generally old, poorly insulated and high maintenance premises. Especially those around Gillett Square are both complex and in use 24/7 throughout the year, presenting major security, regulatory, health and safety issues. All this burdens our management overheads, our service charges and carbon footprint. This not only

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<sup>3</sup> See Robin Murray: Co-operation in the Age of Google [www.uk.coop/ageofgoogle](http://www.uk.coop/ageofgoogle)

concerns HCD and its tenants, but also the wider environment and the image of the neighbourhood. Building on the best of HCD's existing practices and knowledge it is now imperative to search out and deploy the expertise to reduce this burden.

#### **PRIORITY 5: BUILDING SOCIAL COHESION IN HCD's NEIGHBOURHOOD.**

Whilst Hackney's increasing prosperity has many benefits there is concern at the widening gap between rich and poor. Current cuts to public expenditure will aggravate this and cause the local community to be thrown further back onto its own, independent resources of social capital, its potential and capacity to organize, to create livability and, in time, wealth.

HCD's social capital, much of it based around the Gillett Square Partnership and its subgroup activities and our partners, will become an increasingly valuable asset that can be brought into much further play to address these issues in our neighbourhood. This is true in relative and absolute terms because HCD is not heavily dependent on any single source of public or charitable funding or corporate sponsorship. With the withdrawal of much public funding for the VSC, many other local organizations with similar missions are not in such a favourable position to flourish at this time.

Activities under this priority will not only include specific projects such as community engagement and learning through culture and intermediary labour market interventions such as work experience, mentoring and local currency schemes. ***They need also to extend to the development a stable partnership framework to sustain and progress such "Big Society" activities***<sup>4</sup>. In particular this means the ***building of local institutions, such as a Dalston Trust*** that has been promoted by HCD ever since 2005. HCD's membership of the Eastern Curve Steering group on Dalston Lane and its GSquared project work on local estates provides a good platform for this important endeavour.

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<sup>4</sup> See The Big Society Challenge : [www.keystonetrust.org.uk](http://www.keystonetrust.org.uk)

### **3. IMPLEMENTATION FRAMEWORK**

This strategy is a recipe for necessary change and further development of our mission. Once adopted it cannot be implemented overnight. Although it is a matter of urgency to make a start early in 2011, these changes will need to be brought about gradually, in careful, consistent and relentless steps which can be classified as follows.

#### **1. Discussion and Understanding of this strategy**

This should take place throughout HCD, its staff, board, partners and membership. An away-day and several other smaller meetings of staff and board members need to have taken place by the end of March 2011. This will include awareness raising on making best use of HCD's co-operative identity, its values and the new opportunities for its promotion, both formally and informally. ***Of ongoing importance will be the reinforcement, for all of us, the ethic and practice of voluntary action in support of HCD's mission.***

#### **2 Transition Planning**

This planning has the aim of maintaining HCD's mission and staying on course whilst experiencing the hiatus of major change. In particular we must expect a temporary loss of rental income during this period and yet find ways delivering on HCD's strategic priorities. This will require the management of key issues in line with this strategy, such as new marketing actions, tightening of arrears policy, lowering of overheads, increasing organizational efficiency and staff skills. ***This will be reflected in an Interim Operational Plan and HCD's budget for 2011/12, to be presented to HCD's board in April 2011***

#### **3 A Three Year Business Plans For HCD.**

The three year Business Plan will follow on from the measures established in the Interim Plan, and be ready for use by June 2011. It should be fit for various purposes including the raising of working capital, property development finance and grants. Its primary objective will be ***to place HCD firmly on the road to a sustainable rental surplus of c. £100K p.a by 2014***, whilst delivering on all its strategic priorities.

The business plan will need to take account of HCD's property development plans with respect to 25 Downham Road and Stamford works. It should also be based on an appraisal of issues affecting HCD in the external environment, such as the 2012 Olympics and its aftermath, the ongoing regeneration of Dalston, and key social trends affecting HCD's co-operative, community and cultural development agendas.

#### **4 A Long Term Work Plan For HCD**

***It will be necessary to review skills and amend existing staff job descriptions before establishing an overall work plan in line with this strategy for 2011-15.*** This plan will take into account individual staff work plans that are expected in the first quarter of 2011, based on 2010 performance reviews and transition planning decisions emerging during this period, as well as the three year Business Plan for HCD.

The work plan will set key departmental targets, identify main actions for each aspect of HCD's work, and demonstrate the changing nature of our work as we make progress in meeting our core aims and objectives, establishing and developing our priorities and delivering on our mission.

***The HCD work plan will be reviewed annually and provide the overall framework within which individual performance reviews can be conducted.***

## **Appendix 1**

### **BACKGROUND and ACTION NOTES**

HCD's mission is one in which money making is subsumed to social goals,. This position does not reduce the value and importance of making money but for HCD it can never be an end in itself. It is this that marks out HCD, as member of the co-operative movement, as distinct from the traditional business sector, where money making and individual private profit rules supreme.

In particular as our principle source of revenue income is from the renting of our properties, we have to ensure that this activity directly meets our social goals or generates sufficient surplus to help fund our social projects, such as GSquared and D4L. It is this that marks us out from traditional commercial landlords, whose primary concern is for private profit.

This strategic plan is based upon this mission but seeks to adapt to the threats and opportunities that present themselves at our present time of unprecedented upheaval on a range of relevant fronts, ranging from the crash of 2008, the explosion of web-based communications, climate change, and abrupt and unprecedented reductions in public spending, particularly affecting poorer boroughs like Hackney.

In this context this plan has a closer focus on HCD's changing rental market and on the particular local conditions and opportunities in Dalston where all our properties are located.

### **The Necessity For Change: A New Lettings Policy**

Over the last 20 years HCD's properties have been redeveloped with a proportion of public finance on the basis that they would provide, along with business advice services the following social objectives:

- Opportunities for small businesses and other organisations experiencing disadvantage in the marketplace on account of a variety of factors covering access to finance, racial, gender and sexual discrimination.
- The means of pump-priming the local economy and triggering inclusive regeneration of the area with a variety of appropriate business start-ups in, or relocations to, these premises.

Thirdly, and very importantly in light of HCD's profile as a CDA, the objective has always been to satisfy both these social objectives, through maximizing rental to co-operatives, social enterprises and voluntary sector organisations. Renting to these organisations tends to satisfy these two objectives simultaneously and is therefore the preferred option wherever possible. However this third and preferable option has been largely off the agenda simply because of the post 1980's demise of this sector<sup>5</sup> .

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<sup>5</sup> *Though not without some notable exceptions e.g. not least the largely unheralded Alpha Management co-operative of actors who have been our tenants for o many years, and demonstrate the sustainability of a federal co-operative model for the self-employed . Also the Article Translation co-operative that HCD helped develop 2004-7*

HCD's post 1996 policy and constitutional change , was born out of necessity and a wider interpretation of the cooperative scope to include what is now known as the "civil economy".

The necessity has been to let at low rents and easy terms on an open market basis to any small business and organisations who could demonstrate some business viability. Hackney's demographic has enabled our tenant intake on this basis to satisfy the first of social objectives described above. This has resulted in an over 60% BEMA and 45% female clientage.

However we are now in changed conditions to which we now need to adapt. Also, and more positively, as described in the main section of this paper, we have a new freedom of choice.

It is now becoming increasingly clear that although some of the barriers of disadvantage and discrimination in the market have been eroded, where they still exist it is beyond the reach of HCD to create a sustainable reversal of fortunes in this field, with or without being in receipt of our businesses advice services. Beyond issues of poverty, language and poor education this is mainly on account of a globalizing, tightening market and rising competition and overheads in the local economy.

For HCD the clearest immediate evidence for this is the increasing proportion of long term debt and the increasing amount of work it takes to extract rent due from many of our tenants, mainly due to their increasing difficulties on multiple fronts. There is also no doubt that if this trend continues HCD's own financial viability will be at great risk.

It seems we are now experiencing a predicament has been created through a somewhat over-long reliance and emphasis on the 1996 letting policy change, and by recent big changes in the local and wider economy.

We need to recognize that whilst our lettings policy has been effective until recently , it has now outrun its time, and threatens to become a millstone that could sink HCD if we continue to adhere to it. In sum, we are in danger of over-trading in the sub-prime market, and we all know what a mess the bankers got into with that!

Facing these facts and warnings calls for a major change in lettings policy and practice, rather than any particular constitutional amendments.

A key purpose of this plan is to establish the main parameters of that change and a framework in which this change can be managed effectively and remain able to deliver on our mission .

## ***Appendix 2***

### **THE PARAMETERS OF CHANGE**

#### **1. ECONOMIC**

- Develop property base and strengthen rental income
- Reduce carbon footprint and generally economize drastically
- Develop through LCD HCD's training and advice activities as a London CDA
- Extend into new sectors e.g. social care and health

## **2. SOCIAL and CULTURAL**

- Build on the GSquared achievements in and for Dalston: including FOGS, Cultural Olympiad and Legacy,
- Our work with Eastern Curve partners in Dalston Lane.
- Further engagement with the arts groups and creative industries.
- Attract and promote co-operative activities amongst HCD's projects, tenants and members

## **3. POLITICAL / STRATEGIC**

- Productive work with national Third Sector developments groups (SEL, SEC, Co-ops UK, DTA)
- Participate on London Co-operatives Steering Group
- Represent HCD's views ,aims and values in local and national press
- Participate a leading social enterprise in Hackney's LSP and emergent LEP
- Engage through GLA with London wide initiatives and campaigns