**Post-industrial Plymouth was broke. So it took business into its own hands**

[Aditya Chakrabortty](https://www.theguardian.com/profile/adityachakrabortty)

Down by the docks this post-industrial, post-imperial city is growing a new economy. The latest article in our [new economics series](https://www.theguardian.com/commentisfree/series/the-alternatives) explores how it took back control  
  
• Listen to Aditya Chakrabortty talking about game-changing economic models on [The Alternatives podcast](https://www.theguardian.com/politics/audio/2018/apr/11/the-alternatives-social-enterprises-in-plymouth-podcast)

‘This was a way for a local authority with dwindling budgets to fill in the gaps that big business wouldn’t touch.’ Photograph: James Dadzitis/SWNS.com

Looming over one of the poorest parts of Plymouth, which is to say one of the poorest parts of Britain, is a giant graveyard. Its buried are not men and women, but the carcasses of 13 nuclear submarines. Some have been dead for decades, such as the HMS Conqueror, which sank the Belgrano 36 years ago. [Nine still have nuclear fuel rods,](https://www.plymouthherald.co.uk/news/plymouth-news/nuclear-submarines-left-rot-devonport-1043977) and there have been [repeated leaks of radioactive waste](https://www.theguardian.com/environment/2009/may/18/mod-nuclear-waste-submarines). The Ministry of Defence claims all are safe. Then again, it sometimes doesn’t even disclose breaches until months later, when MPs and journalists have had to winch out the truth.

And so the neighbours worry. Some mention the children they send to the primary school next door. Yet the boats are unlikely to be dismantled or moved any time soon. Britain lavishes official attention on the well-off, whether in David Cameron’s old seat of Witney or in Theresa May’s Maidenhead. But down by the docks in the ward of [Devonport](https://www.plymouth.gov.uk/publichealth/factsandfiguresjointstrategicneedsassessment/plymouthprofiles/areaprofiles/electoralwardareaprofiles), over [40%](https://www.plymouthherald.co.uk/news/plymouth-news/how-businesses-plan-tackle-child-1419034) of children grow up in poverty – a depth of disadvantage that arouses from Whitehall little more than a shrug.

**Meet Britain’s Willy Wonkas: the ideas factory that could save UK industry**

Aditya Chakrabortty

Read more

All this runs true to local history. For nigh-on five decades, Devonport had its own Berlin Wall, with 50 acres of land walled up by the military. Complete with barbed wire running around the top, it was loathed by locals. [It was only toppled in 2007](http://www.bbc.co.uk/devon/content/articles/2007/01/11/devonport_wall_demolition_feature.shtml). “The navy, the army, the air force: they come in, they do what they want, and take away the bits of the city they want for themselves,” says councillor Chris Penberthy, who grew up near the dockyard.

“People do things to Plymouth,” he says. “Plymouth hasn’t often been allowed to do things for itself.” He is referring to the blitz, [followed by the imposition of an Abercrombie city plan](https://municipaldreams.wordpress.com/2013/01/15/a-plan-for-plymouth-our-first-great-welfare-state-city/) and the throwing up of shoddy housing. He also means the way in which well-meaning policy experts will today pitch up with some cash and pilot their brainwaves in Devonport and the impoverished west of the city. They come with a grand scheme to deal with household budgeting or child malnutrition and stay for a few months until the money runs out. Then they hurry off. A 60s baby, Penberthy grew up to the smell of Farley’s Rusks baking nearby. It joined Clarks’ shoes on a long rollcall of big local businesses. This is the Plymouth that residents liken to a northern mill town or a Welsh mining village. Just like them, the industry left decades ago. Just like them, it voted for Brexit.

[Facebook](https://www.facebook.com/dialog/share?app_id=180444840287&href=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3FCMP%3Dshare_btn_fb%26page%3Dwith%3Aimg-2%23img-2&picture=https%3A%2F%2Fmedia.guim.co.uk%2Fb30e57e09c210672745915ee110b170dd3f44e48%2F0_105_3073_1844%2F3073.jpg) [Twitter](https://twitter.com/intent/tweet?text=Post-industrial%20Plymouth%20was%20broke.%20So%20it%20took%20business%20into%20its%20own%20hands%20%7C%20Aditya%20Chakrabortty&url=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3FCMP%3Dshare_btn_tw%26page%3Dwith%3Aimg-2%23img-2) [Pinterest](http://www.pinterest.com/pin/create/button/?description=Post-industrial%20Plymouth%20was%20broke.%20So%20it%20took%20business%20into%20its%20own%20hands%20%7C%20Aditya%20Chakrabortty&url=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3Fpage%3Dwith%3Aimg-2%23img-2&media=https%3A%2F%2Fmedia.guim.co.uk%2Fb30e57e09c210672745915ee110b170dd3f44e48%2F0_105_3073_1844%2F3073.jpg)

The abandoned market hall in Devonport, Plymouth Photograph: SWNS.com/James Dadzitis

Representing the ward next door to Devonport, Penberthy sees ingrained deprivation in one of the richest countries in human history. Primary schools hold “brushing clubs” to help children look after their teeth, and “for some of those kids, aged eight or nine, it’ll be the first time they use a toothbrush”. Ahead of next month’s local elections, women on doorsteps say, “I vote how my husband tells me.” Families ripped off by the benefits office and bilked of desperately-needed cash for their disabled children sigh, “They must be right – they are the government.”

Advertisement

What lends this even greater piquancy is Plymouth’s naval history, still celebrated in the breakfast rooms of a hundred lodging houses, with their paintings of Francis Drake on a bowling green. Before the dockyard became a radioactive burial ground, it employed tens of thousands of men. Today that figure is about 2,500.

Post-industrial, post-imperial, post-Suez, [Plymouth](https://www.theguardian.com/uk/plymouth) is no ordinary city; it is a place where the furs in which Britain wraps itself are revealed as so many rags. Which makes what it does instead important not just locally but nationally. What it is doing is one of the most intriguing experiments I have seen in any British city. However far from perfect, it shows what can happen when a council tries to shape how business behaves in its backyard. It is what a city doing things for itself looks like. And it starts neither in the council chamber nor the city centre, but in a knackered hall in Devonport. Dotted across Devonport are the grand Regency buildings that remind visitors of its vast previous wealth and pre-1914 status as an independent town. Most imposing of all is the Guildhall, with its massive Doric pillars. By the mid-2000s, it had lain empty for years, being far too large for the now-shrunken local economy. Then, to councillors’ relief, along came a regional group called the Real Ideas Organisation (Rio).

[Facebook](https://www.facebook.com/dialog/share?app_id=180444840287&href=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3FCMP%3Dshare_btn_fb%26page%3Dwith%3Aimg-3%23img-3&picture=https%3A%2F%2Fmedia.guim.co.uk%2F779e1bc812f28c1f191cec811efbe3069f84b8b2%2F0_27_2607_3258%2F2607.jpg) [Twitter](https://twitter.com/intent/tweet?text=Post-industrial%20Plymouth%20was%20broke.%20So%20it%20took%20business%20into%20its%20own%20hands%20%7C%20Aditya%20Chakrabortty&url=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3FCMP%3Dshare_btn_tw%26page%3Dwith%3Aimg-3%23img-3) [Pinterest](http://www.pinterest.com/pin/create/button/?description=Post-industrial%20Plymouth%20was%20broke.%20So%20it%20took%20business%20into%20its%20own%20hands%20%7C%20Aditya%20Chakrabortty&url=https%3A%2F%2Fwww.theguardian.com%2Fcommentisfree%2F2018%2Fapr%2F11%2Fpost-industrial-plymouth-business-social-enterprise%3Fpage%3Dwith%3Aimg-3%23img-3&media=https%3A%2F%2Fmedia.guim.co.uk%2F779e1bc812f28c1f191cec811efbe3069f84b8b2%2F0_27_2607_3258%2F2607.jpg)

Moments Cafe Photograph: SWNS.com/James Dadzitis

“The conversation began, ‘Do you think it needs to be a community centre, a business centre or an arts centre?’” recalls Rio chief executive Lyndsey Hall. “By the end, it was, ‘We don’t care what you do – just take it away.’” With a £1.75m grant, Hall did just that. Today, it’s not just a centre for community or business or arts: it’s all three – and more. “No one’s going to get rich out of running a building like this,” says Hall’s colleague Ed Whitelaw. “Why would any private company want to take it on?”

But Hall and Whitelaw don’t run a standard business. Theirs is a social enterprise, a company that uses its profits and assets for public good. Rio derives an income from the Guildhall, but it doesn’t sweat the building for every last penny.

To wander around the Guildhall is to see that ethos in action: the main hall with its stained-glass windows has just been vacated by a team of cheerleaders, and is let out for free to community groups. Other social enterprises rent office space and use the basement jail cells as meeting rooms. In the corner is a cafe and bakery.

When the council met Rio in the late 2000s, social enterprises were still a novelty. Hall had been inspired by a visit to Toronto and seeing everything from supermarket chains to the giant Harbourfront arts centre operating as community businesses. But in the UK, social enterprises, or community interest companies, were only legally recognised in 2005. A product of fag-end Blairism, they came bearing that ideology’s virtues and vices: a desire to tackle age-old social problems in new ways and a bewildered wonderment at the magic that could somehow be worked by entrepreneurs. That haze hangs over the 2005 act, which establishes a watchdog for the new businesses – [but says](https://publications.parliament.uk/pa/ld200304/ldbills/008/2004008.pdf) its “power should be exercised only to the extent necessary to maintain confidence in community interest companies”. As for how exactly communities were to be served by these companies – well, that was usually left for the companies themselves to define. Whether returning £10m or 10p to society – that’s up to them. “Some social enterprises we go, ‘brilliant, fabulous’,” says Rio’s Hall. “Other things named as social enterprises we go, ‘ugh’.”

Yet consider the possibilities that a new form of entrepreneurship offers Plymouth, which faces the same huge challenge as numberless towns and cities across Britain and the west: how to get capital and power to stay local. One answer adopted by Chris Penberthy and the other Labour politicians voted in to lead the council in 2012 was to grow a different kind of business. The next year, Plymouth raced Bristol to become the first social enterprise city in the UK.

“How do we grow our economy and grow ourselves a future? By finding companies who will do more than corporate social responsibility,” says Penberthy, who was put in charge of growing social enterprise in the city, a post then unknown to local government.

Plymouth now has more than 150 social enterprises employing over 7,000 workers earning a combined income of over £500m

“There was a lot of banging desks and ‘Do it now!’” recalls Alistair Macpherson, who worked at the council for years. In another municipal rarity, Penberthy set up a public fund to kickstart new social enterprises. More than largesse or political vision, this was a way for a local authority with dwindling budgets to fill in the gaps that big business wouldn’t touch.

Those gaps are not just the dead buildings brought back to life by Rio, which is now at work on a £7m project to turn Devonport’s abandoned market hall into a high-tech centre for virtual reality. They’re also the solar farm that Macpherson built as head of Plymouth Energy Community on contaminated land next door to a bomb dump. And they’re in the city centre’s abandoned shops, such as the one now occupied by Moments Cafe which, as well as selling mugs of tea and ham omelettes, helps dementia sufferers and their carers. Run by nurse Kate Smith, the cafe’s staff has been trained to look out for memory problems or distress among customers.

What drew Luke into the cafe was a sign reading “Memory Matters”. It was like a personal message. Last July, surgeons had removed a brain tumour by cutting out part of a lobe, and now he could no longer remember basic things, whether afternoon plans or people’s names. At the till he didn’t ask for a coffee: “I just wanted a number. A number for me to ring to speak about my memory.”

Instead, Kate took him upstairs for a quiet chat – then it all came out. How the tumour meant he’d lost his building business and split from the mother of his four-year-old girl. How his head still hurt so much, despite all the heavy-duty meds. The attempts to kill himself. How the council had stuck him in a house-share with two other men, both threatening to beat him up. How he’d run away, with nowhere else to go. “I just bawled my eyes out,” says Luke, and not because of how much trouble he was in. “It was the acceptance from Kate. She listened and understood.”

**The Alternatives: worker-owned businesses – podcast**

Listen

Which made her rare. As Smith says, “The hospital hadn’t lined up any support. The [council] housing officers didn’t twig how badly his memory had been affected.” A sick man with no money and little support had been left to fend for himself. By the time he came into the cafe, he was bedding down on the streets. This was “just before the big snow” a few weeks ago that killed rough sleepers across the country.

“You can’t leave him,” Smith remembers thinking to herself. “He’ll die.” So she lobbied council officers, drafted in support from Luke’s doctors, and got him a diary. Flip it open and the pages teem with Smith’s neatly written reminders to visit the hospital, phone the bank. It was a week’s work, reckons Smith. “And the rest,” laughs Luke. It paid off: he is now in a Travelodge while the council sorts out a permanent home. An amazing story, but it leaves you wondering why a just-opened cafe is picking up the pieces dropped by the NHS and the council – and whether tears over coffee and long hours ringing around a civic centre can ever form an actual business model. At the same time, it’s impossible to imagine such stories coming out of the mammoth Costa just a few doors down.

Plymouth now has more than 150 social enterprises employing over 7,000 workers earning a combined income of over £500m. For a city of 250,000 people, which only adopted social enterprise five years ago, that’s remarkable growth. Even more surprising is the politics. Political control over Plymouth council changes only slightly less frequently than the tide, yet the Tory administration that took over in 2016 has also encouraged and funded social enterprise. If, as looks likely, Labour returns to power next month, it is committed to doubling the city’s co-operative economy by 2025. With neither side threatening to pull the plug, national charities such as Esmee Fairbairn and Power To Change have the security they need to plough millions into the city’s sector.

To see what social enterprise could look like, walk 10 minutes west from Moments Cafe to yet another local graveyard. Once heaving with pubs and clubs, Union Street is now silent and shut. Yet inside The Clipper, once open all hours, Hannah Sloggett and Wendy Hart have plans to open a covered market and turn the two flats above into affordable homes for single fathers who lack the bedrooms for their visiting kids.

**How a small town reclaimed its grid and sparked a community revolution**

Aditya Chakrabortty

Read more

That idea came from local residents, just as most of the pair’s politics is rooted in local activism. They live minutes away, and as Nudge Community Builders want nine out of every 10 jobs associated with their projects to go to local people and 70% of the money they spend to stay within a mile of the street. Like many others I meet in the city, they mention the Preston model – only the Plymouth equivalent is much more rooted in the private sector. Looking at Hart’s platform trainers and hearing Sloggett happily describe herself as “giggly” tells you a lot about the self-confidence of a sector that’s only been around for a few years, but that is starting to see itself as a direct challenge to the rest of business.

I’m reminded of a remark from Rio’s Hall. “There was that moment on television when you’d have Alan Sugar doing The Apprentice and getting people to behave as badly as possible. Then an hour afterwards, it’d be The Secret Millionaire – with all these tycoons making people cry by giving them money out of the goodness of their hearts. “And that’s – that’s just wrong!” Her head crashes into her palms. “Why are we creating a culture where it’s OK to make money behaving as badly as possible in order for people to give it away? That’s the culture we’ve got to change. I don’t care whether it’s called social enterprise, or anything else.”

* Aditya Chakrabortty is senior economics commentator for the Guardian

*Additional reporting by Tom Wright*