



**Business Mapping and Needs Assessment –
Co-operative Enterprises in Glasgow**

Final Report for Glasgow City Council

June 2014

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Executive Summary

Introduction

- i. In January 2014, ekosgen was commissioned, in partnership with Social Value Lab, by the Co-operative Development Unit (CDU) at Glasgow City Council to undertake a business mapping and needs assessment of co-operative enterprises in Glasgow.
- ii. The objectives of the research were to produce a comprehensive report on the current profile of the co-operative sector in Glasgow, its support and development needs, and the economic and social contribution co-operatives make to the City of Glasgow.
- iii. The study involved a telephone and online survey of 37 of the 76 co-operative enterprises (49%), excluding the Co-operative Group, based within the Glasgow City boundary in order to establish their business needs and the challenges they are currently facing.
- iv. In order to assess the economic contribution of the co-operative sector to Glasgow, the survey ascertained financial information which was supplemented by financial accounts gathered from Companies House, the Mutuels Public Register, a web search, and estimations of the turnover/ profit of Co-operative Group outlets.
- v. The co-operative model is hugely successful in many countries worldwide, yet it is one that has been relatively neglected in the UK. The co-operative has very significant growth potential, and Glasgow City Council is ambitious about providing the right framework and support for co-operatives to thrive and develop.

Co-operative Profile

- vi. There are **104 co-operative enterprises** identified in Glasgow, 34 of which are Credit Union co-operatives, 28 are Co-operative Group outlets, and the remaining 42 are other, non-Credit Union, co-operatives.
- vii. The most prominent area of business across the co-operative sector is **money/ finance**, explained by the large number of Credit Union co-operatives. Shops/ retail, business services, creative/ art and family and health are also common activities. The most common forms of co-operatives are standard co-operatives (36%), financial co-operatives (33%) and consortia (11%).
- viii. Excluding Co-operative Group stores, the vast majority of co-operatives are small businesses, with 97% employing less than 50 employees and around half employing 1-4 employees.
- ix. Two thirds of co-operatives are **based in deprived parts of the city**. Co-operative members tend to be local, with 59% based within 5 miles of the co-operatives and less than 10% from outside Glasgow. There is a good spread of members across the different age brackets.
- x. The co-operative sector in Glasgow is **generally well-established**, with 57% having been set up prior to 1995, and indications are that co-operatives in the city are more established than the overall business base in Scotland.
- xi. The majority of co-operative enterprises are **optimistic about their growth prospects**, with 67% citing cautious or moderate growth as their current business strategy.

Awareness and Use of Co-operative Support Services

- xii. More than **eight in ten co-operatives are aware of the Co-operative Glasgow Business Development Fund** available from the CDU. Just under a quarter have previously used the Fund, with an additional 8% currently applying for access to the Fund.
- xiii. Those who have accessed the Fund have used it for a variety of business purposes such as service development and expansion, skills and skills utilisation, developing/ accessing new markets and other uses such as help with starting up as a co-operative and legal costs.
- xiv. **The Fund is rated very highly** by those who have already accessed funding or are in the process of applying, particularly the service and level of funding provided - the average funding accessed is £19,000. Similarly, the level of paperwork involved was not deemed too burdensome by the co-operatives.
- xv. Those who had not yet accessed the Fund have cited reasons being that they did not know the Fund was available (50%) or that they plan to access the Fund in the future (23%).
- xvi. In terms of other support providers in Glasgow, co-operatives are **generally well aware of business support organisations** such as Jobs and Business Glasgow, Business Gateway and others such as the Glasgow Council for the Voluntary Sector. However, there is **relatively low take-up** of this support.
- xvii. Overall, advice is deemed as important as financial support in terms of the most valued forms of support for co-operatives.

Needs and Demands of Co-operatives in Glasgow

- xviii. The most **common challenge currently facing co-operatives, is increasing or growing sales**, reported by 49% of respondents. Other challenges include problems with volunteer (41%) and staff (35%) recruitment/ retention, accessing finance for growth (35%) and developing and accessing new markets (32%).
- xix. Credit Unions and other co-operatives tend to face slightly different challenges. Credit Unions report having greater problems with staff/ volunteer recruitment and retention whereas non-Credit Union co-operatives tend to have challenges with increasing sales, accessing finance and accessing new markets.
- xx. The **biggest single challenge for co-operatives is accessing funding/ finance to carry out various business operations**, partly due to current credit restrictions and also not knowing where to look for funding opportunities.
- xxi. **Staff training and development** is an area in which co-operatives need most help, as reported by 62% of respondents. Business planning is another key area in which co-operatives would benefit from support, with 57% welcoming business planning support and 54% strategic planning.
- xxii. Co-operatives deem the method of support delivery (e.g. workshops, mentor support etc) to be less important than the relevance of the support to their particular needs.

The Economic and Social Contribution of Co-operatives

- xxiii. The co-operative sector in Glasgow **employs an estimated 1,117 full-time and 242 part-time employees** (including the Co-operative Group). In addition, an estimated **137 full-time and 789 part-time volunteers** are also engaged in the sector. More than half (54%) of co-operatives expect to increase their staff members.

- xxiv. The co-operative sector in Glasgow is **worth approximately £192m turnover** and **generates profits/ surpluses of £11.2m**. This amounts to around £1.8m turnover and £100,000 profit/ surplus per co-operative.
- xxv. The sector is confident of future growth and **expects to grow over the next five years to around £268m in turnover** and **£14.6m in profit**.
- xxvi. Co-operatives are underpinned by strong **social values** and many are rooted in their communities. Some 94% of the co-operatives have explicit social objectives. These range from environmental and educational objectives (32% each) to ‘doing good for the community’ (29%) to promoting local service improvement and take up (23%). All co-operatives implicitly aim from more equal profit distribution, and almost a quarter (23%) make this a specific objective.
- xxvii. Co-operatives benefit from working within the co-operative model. Nearly eight in 10 have developed new relationships with other businesses and co-operatives as a result of being a co-operative. Key social benefits identified are themed around strengthening employee ownership and developing benefits and services for their local communities.

Conclusions

- xxviii. The co-operative sector in Glasgow **is significant as an employer of over 1,300 individuals, engaging 900 volunteers, and generating annual revenues of up to £200m**.
- xxix. The sector is smaller than the social enterprise sector, though it is well established and there are signs of new co-operatives being formed in the last couple of years.
- xxx. Whilst many co-operatives operate like mainstream businesses, **there is a clear and strong social ethos that runs through the sector**, with many wishing to make a meaningful difference to the local community in which they are based and serve, such as a take-up of local services, using local employees and supporting local producers/ suppliers.
- xxxi. However, there **are clear and unmet support needs in the co-operative sector**, with finance, business/ strategic planning and staffing and recruitment issues cited as main support needs.
- xxxii. The sector appears very receptive to support offers, although there is a relatively low level of support take-up compared to awareness levels. There is a **general hand-holding and awareness-raising role for the CDU** in helping co-operatives to access support going forward.

Headline Figures Table

- There are approximately **104 co-operatives** within the Glasgow City boundary, including **34 Credit Unions** and **28 Co-operative Group** outlets.
- Co-operatives in Glasgow employ around **1,117 full-time** and **242 part-time employees**, with a further **137 full-time** and **789 part-time volunteers**.
- In addition, over half (54%) of co-operatives expect to **increase their staff numbers** in the near future.
- The co-operative sector in Glasgow is worth **£192m turnover**. This will likely grow to around **£268m** over the **next five years** if forecasts are realised.
- Even without including the Co-operative Group, the sector turns over around £126m.
- This equates to a **profit/ surplus of £11.2m**, expected to rise to just under **£15m** over the **next five years**.
- Nearly all co-operatives (94%) have **social objectives**, the most common being educational (32%) and environmental (32%) objectives, and 'doing good for the community' (29%).
- **81%** of co-operatives are aware of the Glasgow City Council **Co-operative Glasgow Business Development Fund**, with a third (32%) having used, or currently using, the Fund.
- The Fund was rated **very highly** by those who have accessed it, particularly in the **service provided** and the **level of funding** awarded.
- The biggest challenge currently facing co-operative enterprises is **growing/ increasing sales** (49%), following by volunteer and staff recruitment/ retention (41% and 35% respectively).
- As such, co-operatives would most benefit from support around **staff training and development** (62%), business planning (57%) and finance for investment and networking opportunities (both 54%).

1 Introduction

1.1 ekosgen was commissioned in January 2014, in partnership with the Social Value Lab, by the Co-operative Development Unit (CDU) at Glasgow City Council (GCC) to undertake a business mapping and needs assessment of co-operative enterprises in Glasgow.

1.2 This report presents the findings of this research, providing an up-to-date and comprehensive report on co-operative enterprises in Glasgow. It provides a current profile of this sector, its support and development needs and its economic and social contribution to Glasgow. The review is based on telephone and online surveys with 37 co-operatives in Glasgow, as well as additional financial information sourced from Companies House, the Mutuels Public Register and online research, totalling an additional 27 co-operatives, and financial information on the 28 Co-operative Group outlets in the city, sourced from annual accounts available on the Co-operative Group website. Co-operatives were primarily identified by the CDU, although additional co-operatives were identified by ekosgen during the course of the research.

Context

The Co-operative Glasgow Model

1.3 The co-operative model is one which has been hugely successful in countries as far-ranging as Spain, the United States, Canada, China and India. The Mondragon Corporation, a federation of worker co-operatives in Spain and world leader in the co-operative movement, and employing over 80,000 staff and turning over more than €14bn¹, is an exemplary example of how a co-operative model can successfully employ large numbers of staff and trade in a sustainable manner. This model has been relatively neglected in the United Kingdom for a number of years, although there is significant potential for growth. For this reason, GCC has committed to helping the sector realise its potential, and further develop the sector to the point where it is working successfully in other nations.

1.4 GCC made commitments in its Strategic Plan 2012-2017 to develop Glasgow as a Co-operative City and to promote and support co-operative, mutual and social enterprise business models in the city through the creation of a CDU:

“By December 2012, we will have put in place staff resources in a co-operative unit to promote co-operatives and other social enterprise models in the city. We are working with the Co-operative Councils Network to provide support and expertise to local businesses on adopting a social enterprise approach and will set targets for the city in this area.”²

1.5 The ‘Co-operative Framework’ was agreed at the GCC Executive Committee on 2 May 2013 and these commitments are now Council policy. As part of this initiative, GCC has made funding of £500,000 available per annum for 2013/14 and 2014/15 to assist with co-operative development.

1.6 In order to deliver this commitment, the Council recognises that it needs to fully understand:

- The number of co-operative enterprises in the city;
- The nature of their business;
- Their ‘group served’ classification;³
- Their staff and financial resources;

¹ <http://www.mondragon-corporation.com/eng/>

² Glasgow City Council (2012) *Strategic Plan for 2012 to 2017*, p. 11. Online at: <http://www.glasgow.gov.uk/CHttpHandler.ashx?id=14572&p=0>

³ This relates to the profile of their customers and members

- The economic and social impact they have on the city; and
- Their support needs in relation to not only developing their organisation, but also sustaining it through periods of economic instability.

The Co-operative Development Unit (the CDU)

1.7 The CDU was established within Development and Regeneration Services at GCC to support the development of Co-operatives and other social enterprises in the city. The CDU is undertaking an audit of activity across the Council to provide a base from which to progress. The aim of the CDU is to assist GCC in becoming a Co-operative Council. The Unit's purpose is:

- To deliver on the Council's commitment to develop and coordinate co-operative activity across the Council;
- Conduct and/ or commission research on Co-operative Council activity across the UK and the wider co-operative economy, to identify potential opportunities for Glasgow City Council;
- Promote the development of co-ops, mutuals and social enterprises;
- Provide advice and support to individuals, businesses and social enterprises on developing co-operative business models. This will include sign-posting to other appropriate organisations as required; and
- Provide small grants for co-operative business start-up activity or business development.⁴

The Co-operative Glasgow Business Development Fund

1.8 As part of the GCC financial commitment to develop the co-operative sector, £500,000 is being made available to co-operatives in the Glasgow City boundary from October 2013 to March 2015. The Co-operative Glasgow Business Development Fund was designed to be a key instrument for the CDU in promoting, developing and supporting Glasgow's co-operative business sector.

1.9 The Fund aims to grow the *"co-operative, mutual and industrial provident society sectors in Glasgow and to facilitate co-operative start-up businesses. Funding is aimed at transformational business development activities in areas such as capacity, service provision, capability and financial sustainability."*⁵ Specifically, the Fund will support activities that will build capacity and support activities in areas such as:

- Operations (relating to business start up, growth and development needs);
- Skills and skills utilisation;
- Marketing and business development;
- Governance and financial controls.
- Service development and expansion; and
- New markets"

1.10 Co-operatives can apply for grants ranging from £2,500 to £25,000.

Defining Co-operatives

1.11 Glasgow City Council defines co-operatives, mutuals and social enterprises as follows.⁶

- Co-operatives: *"businesses owned and run by and for their members."*⁷

⁴ <http://www.glasgow.gov.uk/co-operativeglasgow>

⁵ Glasgow City Council (n.d.) *Co-operative Glasgow Business Development Fund: Information and Guidance for Applicants*, p.2

⁶ Information taken from: GCC (2013) Executive Committee Meeting: Co-operative Glasgow. Item 2. 2nd May 2013, p. 3. Online at:

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dh%96m%81%88>

- Mutuels: “organisations which are owned by, and run for the benefit of their current and future members.”⁸
- Social Enterprises: “independent businesses that exist specifically for social and/ or environmental purposes.”⁹

1.12 As identified in the Executive Committee paper:

*“the essential difference between co-operatives, mutual organisations and social enterprises is that co-operatives are expected to subscribe to the statement of identity agreed by the International Co-operative Alliance and adhere to the values of: self-help, self-responsibility, democracy, equality, equity and solidarity. Co-operative members also believe in the ethical values of honesty, openness and social responsibility.”*¹⁰

Scope and Objectives of the Research

1.13 The objectives of the research were to:

- Produce a comprehensive report on co-operative enterprises in Glasgow that provides a current profile of this sector, its support/ development needs and its contribution to the Glasgow economy;
- Provide recommendations (based on findings) on the way forward for the development of co-operatives in Glasgow; and
- Provide recommendations (based on findings) on priorities for resource allocation to address the development needs of co-operatives in Glasgow.

Approach

1.14 The study has involved a mapping exercise of co-operative enterprises in Glasgow, a telephone and online survey with a sample of Glasgow co-operatives, as well as desk research of co-operative’s annual accounts. Specifically, the work has involved:

- Conducting a desk-based exercise to identify any co-operatives not identified by the CDU. The CDU had already undertaken a mapping exercise to identify co-operatives in Glasgow. This identified a further nine co-operatives. This brought the total number of co-operatives identified in the Glasgow City boundary to 104, after removing a couple of duplicates and seven businesses who are no longer trading/ trading as a co-operative. It is, however, possible there are additional co-operatives in the city which have not been identified, although these are likely to be small in number;
- A telephone survey achieving 29 responses and an online survey achieving a further eight responses from co-operatives in Glasgow. This represented 49% of our sample which is a good response rate. This provides a 95% confidence level, with +/-11.5% margin of error and a sufficient number of responses to allow aggregation of the sample data achieved to the full number of co-operatives. While telephone was the preferred method, those co-operatives who were not willing to participate by telephone were given the option of completing the survey online, to increase the response rate and increase engagement;

⁷ International Co-operative Alliance, the global custodian of co-operative values and principles

⁸ Mutuo, a not-for-profit society that promotes new mutual societies

⁹ Social Enterprise Scotland

¹⁰ Information taken from: GCC (2013) Executive Committee Meeting: Co-operative Glasgow. Item 2. 2nd May 2013, pp. 3-4

- An analysis of financial information on turnover and profit/surplus from co-operative's annual accounts (from Companies House, the Mutuels Public Register and company's websites) where it was not possible to obtain data through a survey;
- It was not possible to survey individual Co-operative Group or John Lewis stores in Glasgow, or to obtain information on their economic contribution to the city, despite multiple attempts. Instead, where information was available, we have used their annual accounts, available on the website, to estimate their contribution in Glasgow. As such, the majority of the analysis excludes the Co-operative Group and John Lewis and is based on the 37 survey responses, grossed up to the total sample size of 76, where appropriate.

Structure of the Report

1.15 The report is structured in the following way:

- Chapter 2 provides a profile of co-operative enterprises in Glasgow;
- Chapter 3 provides details on co-operatives awareness and use of co-operative funding and business support services, identifying those support services most valued by co-operatives in Glasgow;
- Chapter 4 analyses the needs and demands of co-operatives in Glasgow, as identified by our survey sample;
- Chapter 5 examines the social and economic contribution of co-operatives to the City; and
- Chapter 6 provides the conclusions and recommendations, concerning how to develop co-operatives in the city and priorities for resource allocation to address development needs of co-operatives in Glasgow.

2 The Profile of Co-operatives in Glasgow

Introduction

2.1 This chapter profiles co-operative enterprises in Glasgow. In all, 104 co-operatives were identified, including 28 outlets in the city which are part of the large Co-op Group.

2.2 The initial database provided some information on the full 104 co-operatives. This included their location, main area of business and the nature of the co-operative. Additional information was gathered through the 37 survey responses regarding their typical member and customer profile, their year of establishment (which was also supplemented by financial records) and their current business strategy. Using these 37 survey findings, estimates are made for the total group of 76 co-operatives (discounting the Co-operative Group), by grossing up the surveys findings to the total number.

2.3 As detailed in the introduction, the Co-op group were not included in the survey. However, given the number of Co-op Group outlets in the sector, this chapter provides analysis of the Co-op Group in its own right and the rest of sector. Analysis is also provided for the overall co-operative sector (including the Co-op group and non Co-op Group enterprises). Where possible, the analysis is provided for the sample only and is broken down between Credit Unions and the remainder of the co-operatives, where useful.

2.4 There are a total of 34 Credit Unions in the sample of 76 co-operatives identified, excluding the Co-operative Group. 20 of these completed our survey, giving a response rate amongst Credit Unions of 59%.

2.5 The 37 responses for the non Co-op Group enterprises are broadly representative of the whole non Co-op Group sector business base; details of the sample and how it compares to the wider business base are detailed below. Please note that throughout this analysis, percentages may not sum to 100 due to rounding.

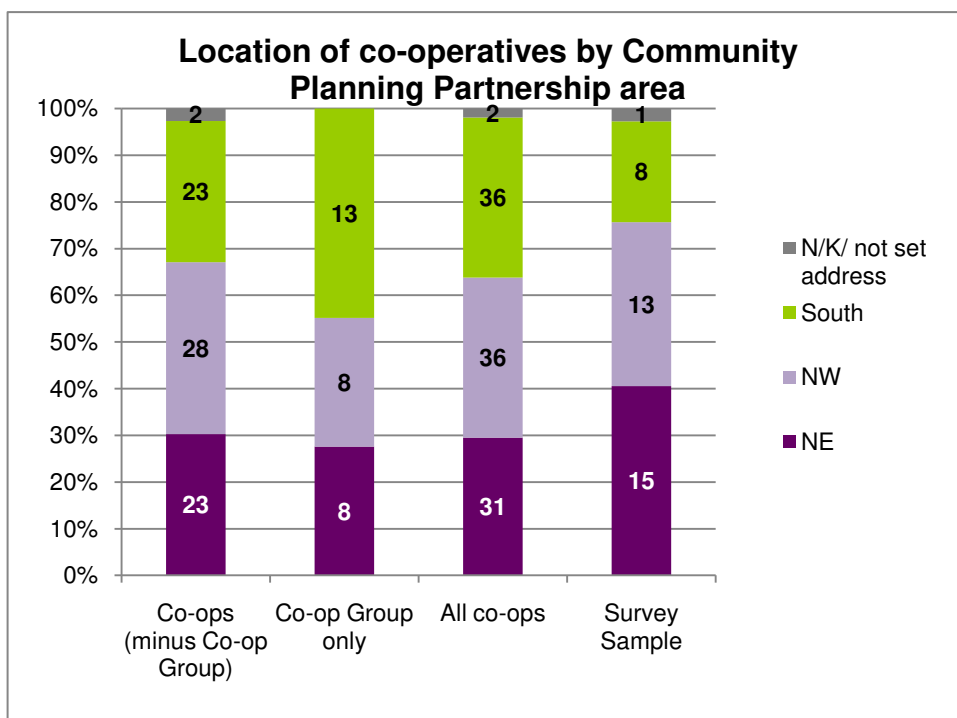
2.6 The co-operative business base represents a small proportion of the Glasgow business base. In 2012 (the most recent database), there were 18,255 enterprises in Glasgow (ONS – Business Demography 2012). Of the database, 67 co-operatives were established before and during 2012, representing 0.37% of the total business base.

Location

2.7 Of the 104 co-operatives identified, 30% are located in the North East sector, 34% in the North West sector and 34% in the South (see Figure 2.1). For 2%, the address is unknown. This is based on the recorded postcode of each co-operative, grouped by Community Planning Partnership area. It was considered that analysing the location at a ward level would not be suitable, given the relatively small sample size.

2.8 Our survey sample is slightly over-represented in the North East sector, at 41%, and the North West sector, at 35%.

Figure 2.1: Location of Co-operatives



2.9 It is interesting to note that approximately 80% of the co-operatives surveyed are located within the 20% most deprived datazones in Scotland (Scottish index of Multiple Deprivation, 2012), with just 20% of co-operatives located in areas outside the 20% most deprived. In all, excluding the Co-operative Group, two thirds of all city co-operatives are in the most 20% deprived areas. As Chapter 5 shows, a number of respondents have set themselves social objectives, hoping to bring social and economic benefits to their local and wider areas. Thus, it is likely that some co-operatives may have been set up to fill an identified need in these areas, many of which have high levels of deprivation.

Area of Business

2.10 Across the whole co-operative sector, the most prominent area of business is money/ finance (41 co-operatives or 39%), explained by the large number of Credit Unions operating as co-operatives. There are also a number of shops (25 co-operatives or 24%), dominated by the Co-op Group. The other prominent sectors are business services (10 co-operatives or 10%), creative/ art (7 co-operatives or 7%), family and health (6 co-operatives or 6%), and housing co-operatives (6 co-operatives or 6%).

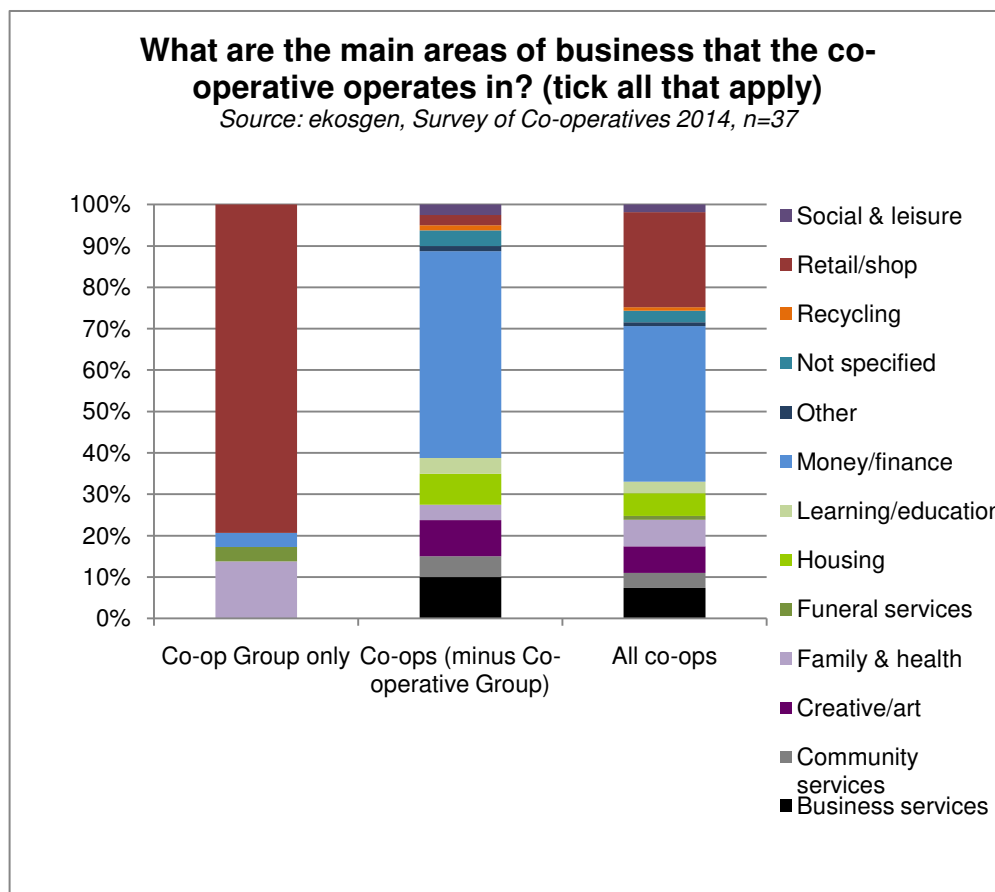
2.11 The Co-op Group is predominantly focussed on retail, although a number of stores are also classified as family and health, due to the number of pharmacies. They also have one co-operative bank.

2.12 The profile of the non Co-op Group is dominated by money/ finance (40 co-operatives or 53%). Following this, the sectors most represented are business services (7 co-operatives or 9%), creative/ art (7 co-operatives – 9%) and housing (6 co-operatives – 8%). Community services, family and health, learning and education, retail and shops, social and leisure and recycling have less prominence. A small minority are classified as other or are not specified.

2.13 The findings are based on database provided by GCC, supplemented by survey data. Survey respondents were able to tick all sectors that applied; with a number of co-operatives stated that they operated across a number of different areas of business.

2.14 Our survey sample is slightly over representative of money/ finance (with 21 respondents or 57% of the total), learning/ education (9 respondents – 24%) and creative/ art (6 respondents – 16%) co-operatives, while retail/ shops (2 respondents – 5%) are under-represented.

Figure 2.2: Main areas of business that the co-operative operates in

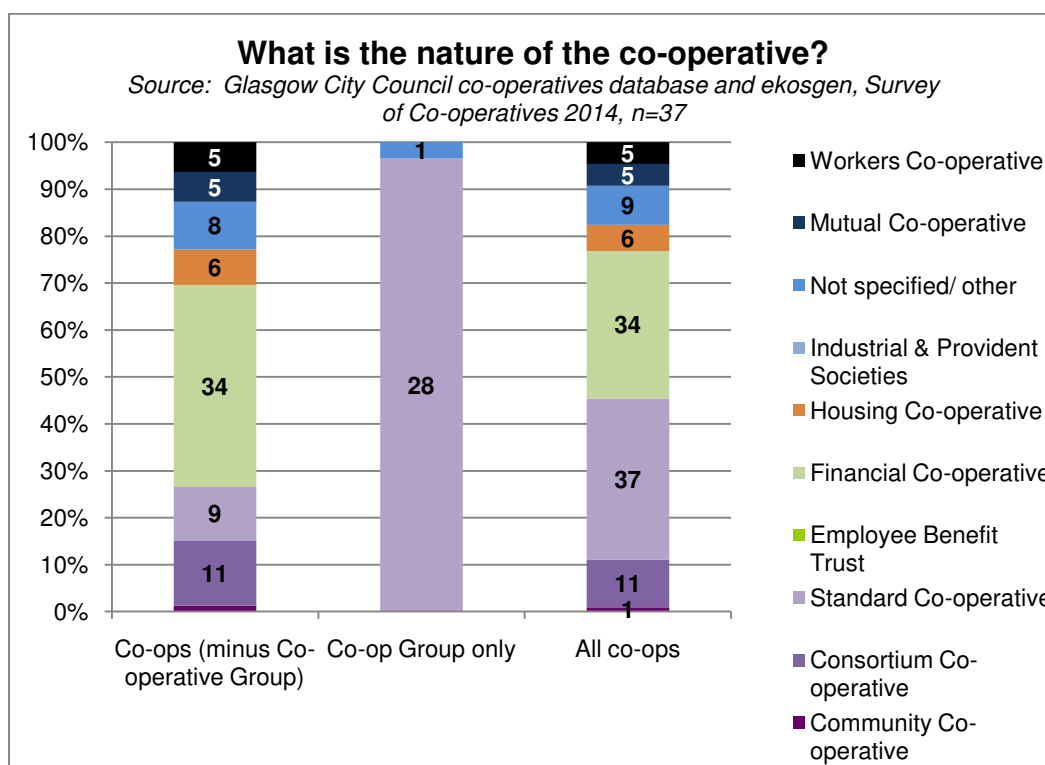


Nature of the Co-operative

2.15 The most common forms of co-operatives are standard co-operatives (36%, 37 co-operatives), financial co-operatives (33%, 34 co-operatives) and consortia (11%, 11 co-operatives) (see Figure 2.3). The ‘standard’ co-operatives are dominated by the Co-op Group (28 of the 37 standard co-operatives) and the financial co-operatives by the Credit Unions. These aside, there a wide range of co-operative types, including community co-operatives, housing, mutual and workers co-operatives.

2.16 Our sample was broadly representative of the non- co-operatives sector. The ‘standard’ co-operatives are under-represented given that the survey did not cover the Co-op Group.

Figure 2.3: Types of Co-operative



Main Products and Services

2.17 The main products and services offered – based on our survey sample – are financial services, see Table 2.1. These are most commonly in the form of loans and savings accounts etc. from Credit Unions (19 respondents). In addition, two co-operatives offered financial education services for schools, in addition to their core financial services.

2.18 There are a range of other products and services offered, and these are predominantly those with a social focus, including learning and education (7), community services (5) and housing (3).

Table 2.1: Main Products and Services Offered by Co-operatives

Product/ service	Number of respondents
Financial Services	19
Learning and Education	7
Community Services	5
Housing Services	3
(Sustainable) Food Production	3
Arts and Crafts	3
Events	2
Design and Architecture	2

Note: Respondents were asked “what are the main products and services you offer?” This was an open-ended question, to which a range of different products and services were stated. All 37 respondents answered this question. These results were then coded to draw out the most common products/ services; if a co-operative mentioned a number of different areas, these were coded separately, bringing the totals to more than 37.

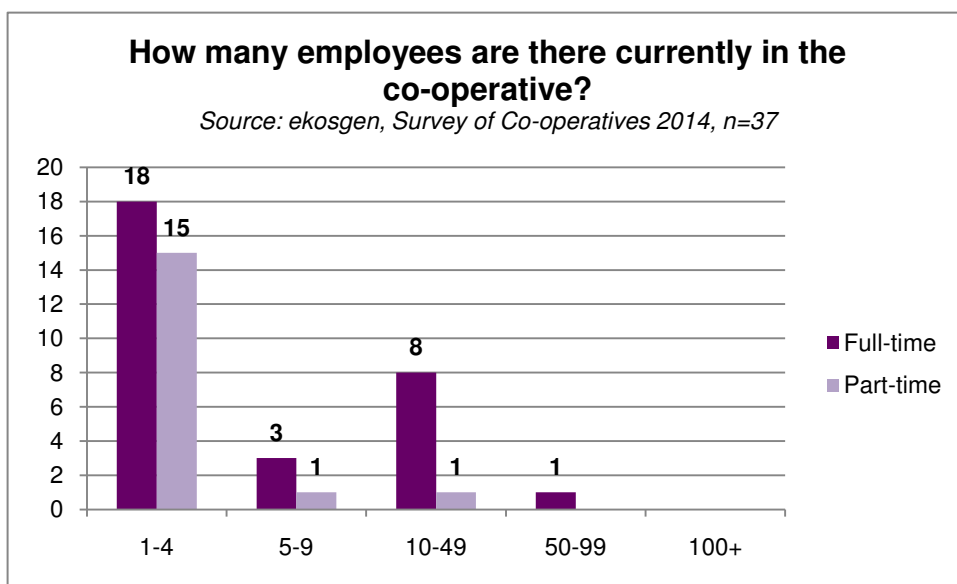
2.19 One response was also noted for each of the following: Marketing/ Creative Services, Media, Second Hand Clothing, Web Design, Corporate Sponsorship, Taxis and Trade Services.

Employees and Volunteers

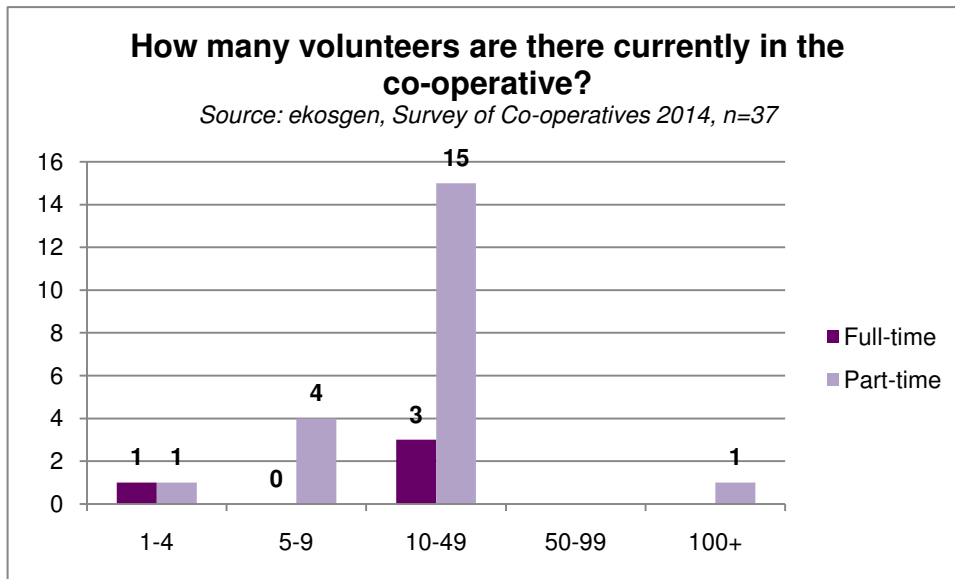
2.20 The vast majority of co-operatives (outside the Co-op Group) are micro-businesses. In all, 97% of co-operatives surveyed are small enterprises (employing less than 50) and 18 (49%) employ 1-4 employees. On average, co-operatives are smaller than businesses across Glasgow as a whole. Just one co-operative had 50-99 full-time employees as a medium sized enterprise.

2.21 The sample co-operatives also have a significant number of part-time staff, although again these numbers are relatively low. In all, 15 respondents employed 1-4 part-time staff (41%), while just one respondent employed 5-9 part-time staff and one employed 10-49 part-time staff (3%).

2.22 **Figure 2.4: Number of employees in the co-operative (excluding Co-op Group)**



2.23 Whilst paid employee numbers are low, co-operatives rely somewhat on volunteers. In all, 15 respondents had between 10-49 part-time volunteers, while 3 respondents had between 10 and 49 full-time volunteers, suggesting that volunteers made up a fairly significant proportion of the workforce. This will be partly due to Credit Unions, by law, only being allowed to have volunteers on their Board, thus increasing the number of volunteers in the co-operative sector.

Figure 2.5: Number of volunteers in the co-operative

Member Profile

2.24 Respondents were asked what their typical *member* profile was by age, gender and geography.

2.25 Although specific details were not provided by all respondents, it is estimated that, of the 28 respondents who provided data concerning members' age, approximately 18% estimated that their members were predominantly aged 25-49 years, 7% estimated that members were predominantly aged above 50 years, 36% predicted that their members were aged over 25 years (ticking both the 25-49 and 50+ years boxes), and 39% estimated that their members were roughly split approximately across the different age brackets. Thus, generally, there was a spread across the different age brackets, although few members are aged under 25 years.

2.26 Where there is a gender dominance, this is female. Just 7% of co-op member profiles are male-dominated, whereas 18% are female dominated. For the majority, 75% estimated that there was a roughly even split/ representation.

2.27 Members are generally local, and 59% are from within 5 miles of the co-operative. Less than 10% are from outside Glasgow.

Customer Profile

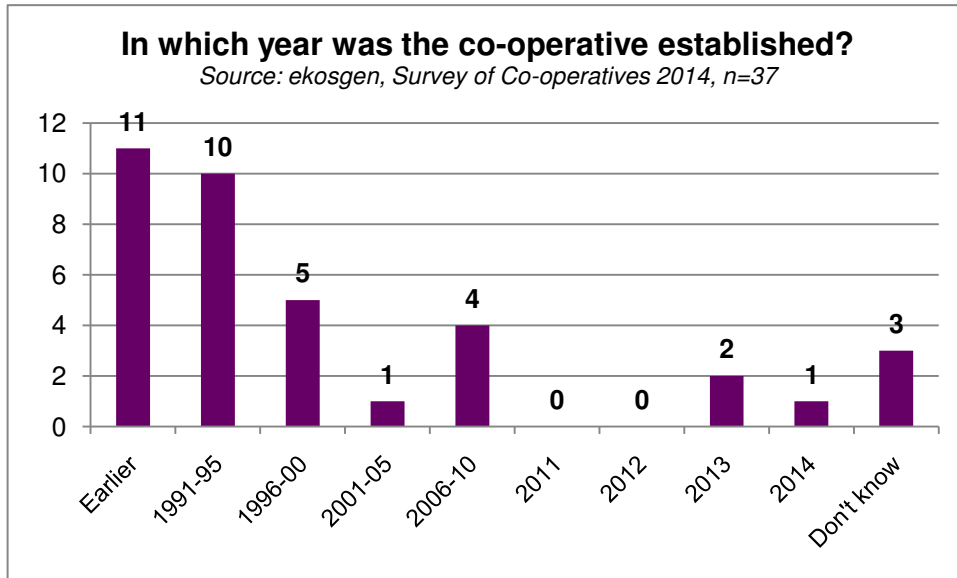
2.28 Customers are also based locally. In all, 46% estimated that their customers were based locally (within 5 miles), 8% in the rest of Glasgow, 4% either locally *or* in the rest of Glasgow, 13% within the rest of Glasgow and outside, and 29% estimated that their customers were located across the locale, the rest of Glasgow and outside Glasgow.

Year of Establishment

2.29 The co-operatives surveyed are generally well established. Almost one third were established prior to 1991, and 27% were established between 1991 and 1995. No co-operatives were established in 2011 and 2012. However, there has been a recent increase in the number of co-operatives for the

first time since 2011, with 2 new co-operatives in 2013 and 1 in 2014. Their creation is directly attributable to the support given by the CDU, and these co-operatives would not have been established without the CDU. The indications are that co-operatives in the city are more well-established than the overall business base in Scotland, with a third or so established pre-1991 comparing to 20% in the mainstream business base nationally.

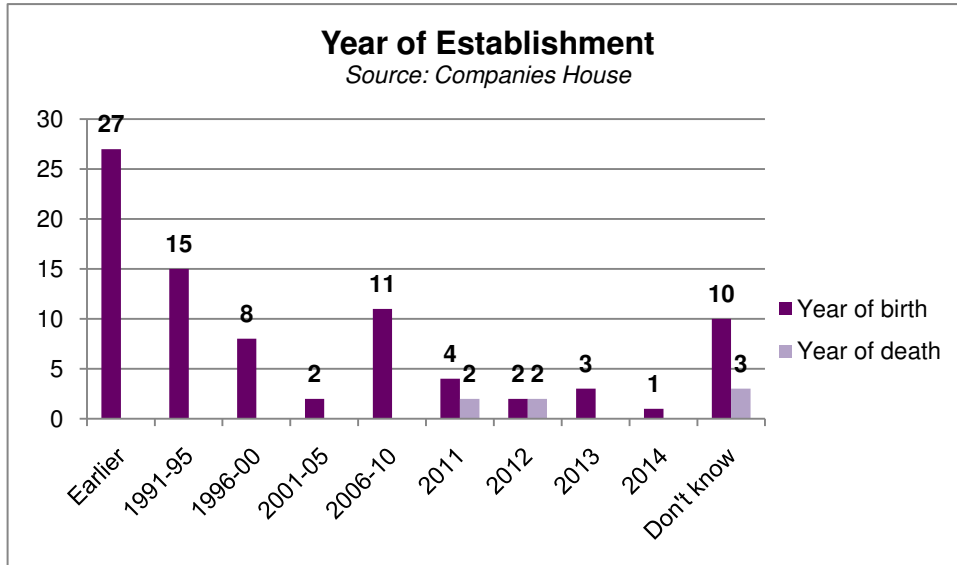
Figure 2.6: Year of Establishment (survey sample)



2.30 Data on the year of birth was available for additional co-operatives from desk research. When analysing the whole sample, a similar trend is apparent, with 33% being established prior to 1991 and 18% between 1991-95. Four co-operatives were established in 2011 and two in 2012 in the whole sample, however two also ceased to exist in 2011 and two in 2012, meaning the number of businesses in the sector has broadly remained the same in the last few years.

2.31 Figure 2.7 below shows the year of establishment and year of death amongst all 83 co-operatives initially identified by the CDU (seven of these are no longer trading/ trading as a Co-operative, although the year of death was not available for all of these).

Figure 2.7: Year of Establishment (whole sample)



2.32 The table below shows the rate of start-ups compared by co-operatives and the Glasgow business base, where data is available. In terms of the rate of start-ups, it is evident that the rate of start-ups amongst co-operatives is significantly lower than amongst the wider business base. This is especially true in 2012. In the wider business base there is much greater ‘churn’ (start-ups and failure rates), than the more stable co-operative sector.

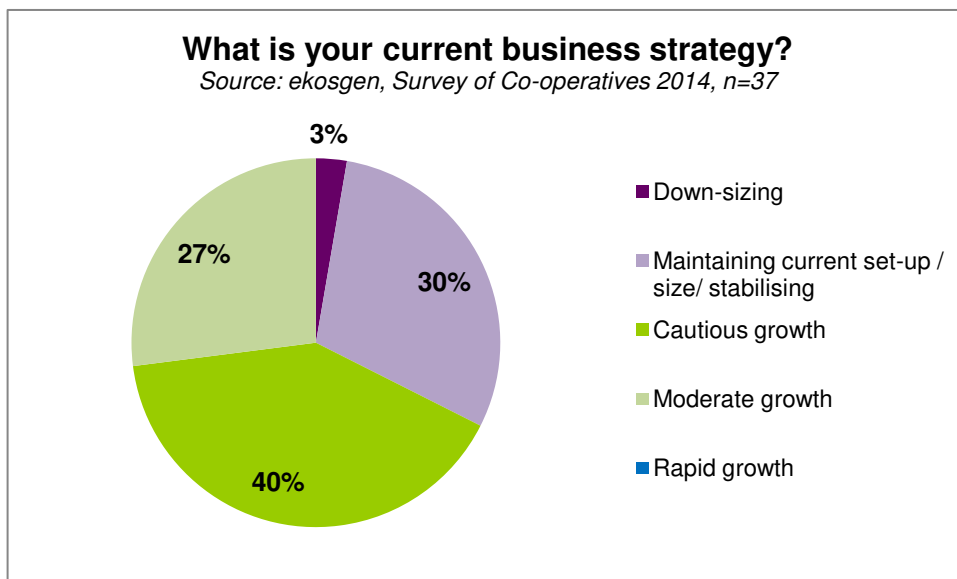
Table 2.2: Start-up rates by Co-operatives and Glasgow Business Base

Year	Rate amongst co-operatives	Rate amongst Glasgow Business Base
2011	5.97	12.33
2012	2.90	12.60

Sources: Companies House; ONS – Business Demography (2009); ekosgen Survey of Co-operatives (2014); Companies House calculated by dividing the number of start-ups by the total number of (co-operative) enterprises, and multiplying by 100

Current Business Strategy

2.33 Figure 2.8 below illustrates the current business strategy of those co-operatives surveyed. The majority (67%) are relatively optimistic about their growth prospects, although this is cautious/moderate growth, rather than rapid growth. In all, 15 respondents (40%) stated that their current business strategy was cautious growth and 10 respondents (27%) stated moderate growth. None are expecting rapid growth. Just one respondent (3%) was currently downsizing, while nearly a third were looking to maintain their current set-up.

Figure 2.8: Current Business Strategy

Summary and Conclusions

2.34 In total, 104 co-operatives have been identified in Glasgow, of which 28 are in the large Co-operative Group. Our survey reached 49% of all co-operatives outside of the Co-operative Group, 37 enterprises.

2.35 In terms of location, approximately a third are located in each of the three Community Planning area sectors. Our survey sample was slightly more representative of the North East. Co-operatives tend to be more concentrated in deprived datazones in Glasgow, especially when excluding the Co-operative Group.

2.36 Money and finance dominates the main area of co-operatives' businesses. Shops/ retail, business services, creative/ art and family and health are also common activities. Excluding the Co-operative Group, money and finance represents over half of business activities, followed by business services, creative/ art and housing.

2.37 There are a wide range of types of co-operatives in Glasgow, 'standard co-operatives' being the most common, largely the Co-operative Group. Closely followed are financial co-operatives given the relatively high proportion of Credit Unions. The most common products/ services offered by the survey sample are financial, learning and education, community services and housing.

2.38 In terms of size, the vast majority of co-operatives in Glasgow are small businesses. This is greater than the proportion in Glasgow as a whole. Members are broadly representative by age, are mainly based locally, and there is a slightly greater proportion of females than males in their membership base.

2.39 Co-operatives in Glasgow are generally well-established, being established either prior to 1990 or in the 1990s, and co-operatives are more established than the average business in the mainstream business sector. Fewer have been established in the 2000s, although there has been a slight increase in recent years as a direct results of the work of the CDU. The co-operatives are generally optimistic about their growth prospects, albeit cautiously.

3 Awareness and Use of Co-operative Support Services

Introduction

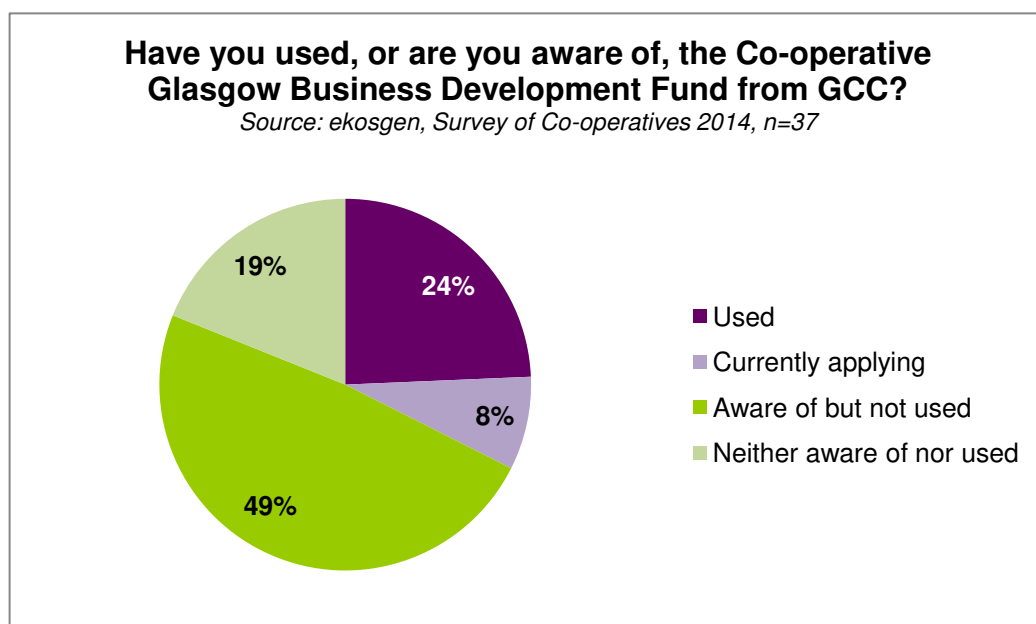
3.1 This chapter examines the extent to which Glasgow-based co-operatives use, or are aware of, the Co-operative Glasgow Business Development Fund available from the CDU, and other co-operative support services. For those co-operatives who have accessed the Fund, the chapter focuses on their experience in dealing with the Fund and what the funding was used for. For those who are yet to seek funding, the chapter explores their reasons for not doing so, and measures that can be taken by CDU to encourage them to access the Fund in the future.

Awareness/ Use of CDU Co-operative Fund

3.2 As discussed in Chapter 1, the CDU offer a Co-operative Glasgow Business Development Fund to help develop and support co-operative enterprises in Glasgow. Co-operatives can apply for a minimum grant of £2,500 and a maximum grant of £25,000.

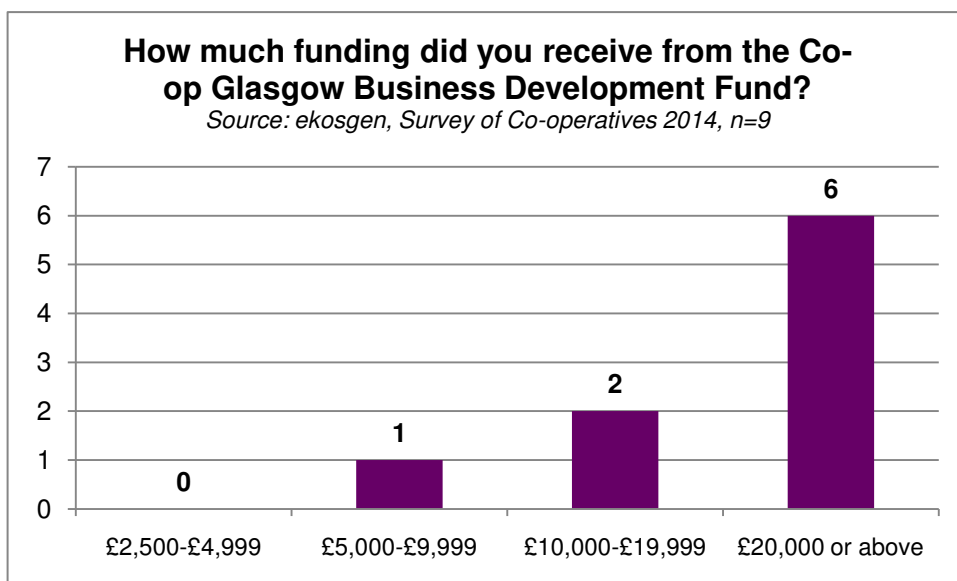
3.3 There is a good level of awareness of the CDU's Co-operative Fund amongst co-operatives in the city, as shown in Figure 3.1. Of the co-operatives interviewed, 12 (32%) had either used the Fund or were in the process of applying for it. A further 18 co-operatives (49%) were aware of the Fund but had not yet accessed it. Only a small proportion, seven co-operatives (19%) were not aware of the Fund.

Figure 3.1: Awareness/Use of CDU Fund



3.4 Of those nine co-operatives who have already accessed the Fund, grants have been towards the upper end of the scale, with an average of £19,000 being awarded to the co-operatives (out of a maximum of £25,000). The breakdown of awarded funding is shown in Figure 3.2 below.

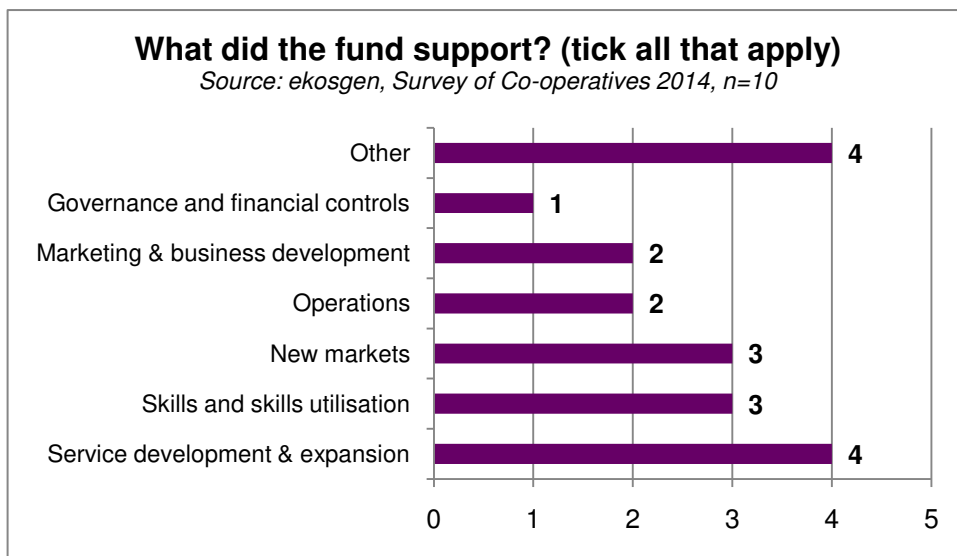
Figure 3.2: Amount of Funding Received



3.5 The Fund has been used to support a variety of business purposes (Figure 3.3 below). Four co-operatives indicated the Fund has been used for service development and expansion (e.g. improved infrastructure and expansion into a larger space, new equipment to aid development into new markets), and three for both skills and skills utilisation (e.g. member training) and accessing new markets. Business operations (e.g. a new telephone payment system) and marketing and business development (e.g. branding and website creation) were supported by the received funding for two co-operatives each. ‘Other’ uses for the Fund ranged from the strip and fit out of a shop, rental, and staffing costs, to website and branding costs, legal costs, the funding of software and hardware, and the development of a community development plan with partners to identify co-operative priorities.

3.6 To some extent, this use of funding reflects the profile of co-operatives well. For example, there is a reasonable prominence of service development (which can link in to social objectives) rather than an emphasis on sales per se (growth into new business markets).

Figure 3.3: Business Areas Supported by the Fund



3.7 For the ten co-operatives that could answer what the Fund did/will support, four were Credit Union co-operatives and six were other co-operatives. The Credit Unions tended to use the fund for service development operations and up-skilling, whereas non-Credit Union co-operative funding accounted for both marketing and business development responses and three of the 'other' responses, which included developing a community development plan, legal costs, and the strip and fit out of a shop.

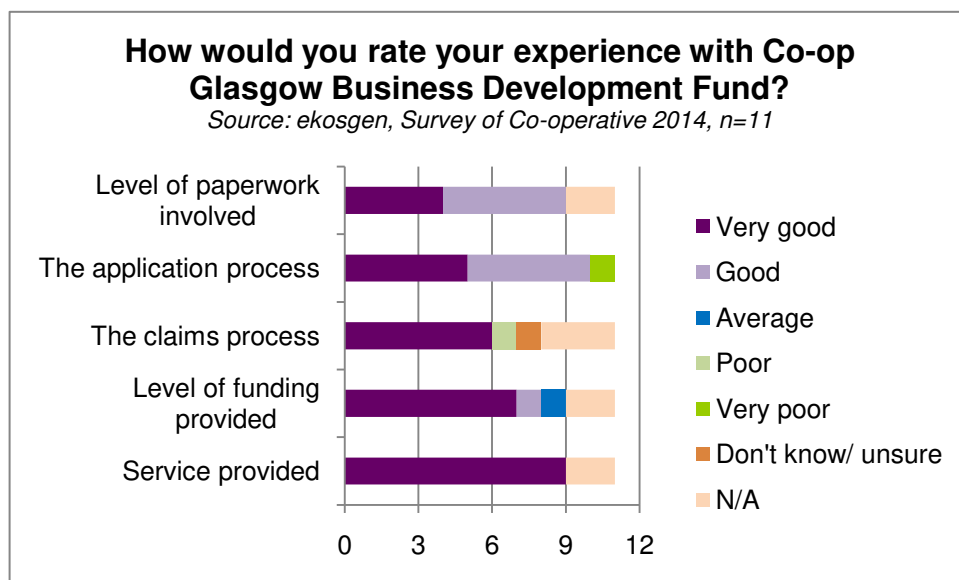
3.8 The nine co-operatives who have already accessed funding, and two of the three who are in the process of applying, were able to answer questions on their experience with the Co-operative Glasgow Business Development Fund. Their responses are shown below in Figure 3.4.

3.9 In all, co-operatives rated their experience with the CDU Fund very highly. All nine co-operatives who have received funding rated the service provided as 'very good', good feedback on the service provided by the CDU. Not surprisingly, given the relatively high funding levels awarded to co-operatives so far, the level of funding provided was also highly rated; with seven co-operatives rating it as 'very good', one as 'good', and one as 'average'. The level of paperwork was not deemed to be too burdensome/ time-consuming by co-operatives, with four rating it as 'very good' and five as 'good'.

3.10 While Credit Unions and non-Credit Union co-operatives both rated the service provided very highly, Credit Unions rated the other aspect of the Fund slightly higher than non-Credit Unions.

3.11 The only negative experiences reported by co-operatives were one 'poor' rating for the claims process, stated because, unlike other grants, they had to submit invoices prior to receiving the grant which involved a lot of upfront expenditure beforehand, and one 'very poor' rating for the application process. This was given by a co-operative who were unsuccessful in accessing the Fund and who felt they were not given feedback or an opportunity to re-submit their application.

Figure 3.4: Co-operative's Experience with Fund



3.12 The CDU have been proactively making co-operatives aware of the funding opportunities that they provide. Four in ten co-operatives (40%) indicated that they were first made aware of the Fund by direct contact from the CDU. Nearly one in four co-operatives (23%) found out about the Fund through word of mouth. The remainder first became aware of the Fund through press releases,

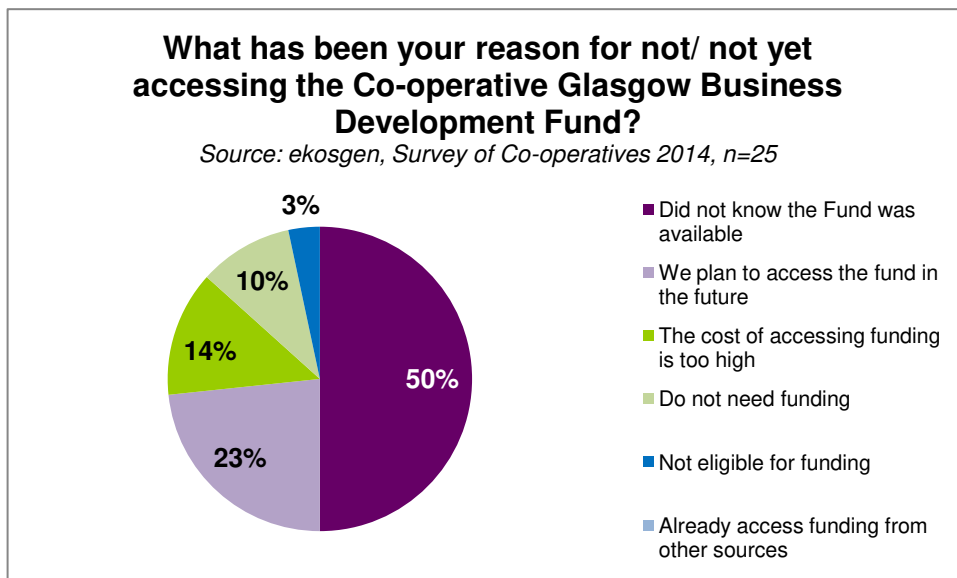
referrals from other organisations, and other sources, such as the Credit Union Strategy Group, the East End Forum, and other networking events.

3.13 The 25 co-operatives who had not already accessed the Fund were asked the reason(s) for not doing so. The results are displayed below in Figure 3.5, and respondents could choose more than one option. Half of the responses (50%, 15 respondents) were that the co-operative was unaware that the Fund was available for them. This is in contrast to the 30 respondents (81%) who are aware of the Fund (see Figure 3.1), suggesting that many co-operatives know about it but not that they could apply themselves. Almost a quarter of responses (23%) indicated that co-operatives plan to access the Fund in the future.

3.14 Four co-operatives cited the cost of accessing funding being too high as a reason for not yet applying to the Fund. In all of these cases this was a ‘time cost’ rather than a ‘financial cost’, in that they have not had the time to research/apply to date. Albeit a small minority, the time constraint associated with researching and applying for funding suggests that moves from the CDU to make more detailed information regarding the Fund more widely available, and give support to potential applicants through the application process, might help some co-operatives overcome this barrier. However, as already shown at 3.10, the CDU generally perform well in proactively approaching eligible co-operatives.

3.15 Perhaps surprisingly, none of the 25 co-operatives who are yet to access the Co-operative Glasgow Business Development Fund report that they are already accessing funding from alternative sources. This may suggest that the CDU’s Fund is a relatively unique offering to co-operatives based in the city.

Figure 3.5: Reasons for Not Accessing Fund



3.16 Co-operatives were asked what might encourage them to seek funding from the CDU via the Co-operative Glasgow Business Development Fund. There were a wide variety of responses. Four co-operatives indicated that, as the survey was the first they had heard about the Fund, they were now likely to look into it. Other responses showed that some co-operatives found the whole funding process to be daunting, as shown in the following quote:

“Public sector application processes can be very long and complicated, and I sometimes think it can be better to concentrate on different things”

3.17 This suggests that, despite the Fund being relatively straightforward to apply for (based on feedback from successful applicants), the perceived difficulties of trying to access public sector funding may discourage smaller co-operatives with limited resources. Also, the perceived requirements/ restrictions placed on the Fund can also discourage a number of potential applicants, as shown by the following responses when asked what would encourage them to apply:

“I wouldn’t – we don’t need to access funds. We are self-sufficient and wouldn’t like to have to jump to someone else’s tune”

“It would depend what it could be used for. We are generally focussed on trying to get by day-by-day”

3.18 Further suggestions as to what would encourage co-operatives to seek funding reinforce the potential value of CDU hand holding and support. One cited capacity building in their co-operative would help them apply, one that more time would help and another the use of community resources. Another stated that specific support to help them with growing and/ or employing more staff would encourage them to apply.

Awareness/ Use of Other Support

3.19 Aside from the services offered by the CDU, there are a number of organisations who offer a range of different support to co-operatives in the city. Some of these support providers are generally well-known among the co-operative community, others are less so.

3.20 The co-operatives surveyed were given a list of nine different support providers and the support that each offers.

- Co-operative Development Scotland (CDS)
- Co-operative Enterprise Hub (CEH)
- Co-ops UK
- Jobs and Business Glasgow (JBG)
- Business Gateway (BG)
- Just Enterprise (JE),
- Glasgow Council for the Voluntary Sector (GCVS)
- Glasgow Social Enterprise Network (GSEN)
- Community Ownership Support Service (COSS)

3.21 These providers range from one support offer (e.g. Co-operative Development Scotland – co-operative advice) to four different support offers (e.g. Business Gateway – access to market info, 1-2-1 business advice, workshops, and signposting to further funding sources). Respondents were asked which support offers they were aware of and which they had used.

3.22 As shown in Figure 3.6, the most used support provider is one-to-one business advice from Jobs and Business Glasgow and advice from the Glasgow Council for the Voluntary Sector, each used by ten (27%) of the co-operatives surveyed. The Glasgow Council for the Voluntary Sector has the most well-known support offers among co-operatives in Glasgow – with 29 (78%) co-operatives aware of their advice offer and 28 (76%) aware of their signposting services. As shown by the chart, co-operative advice is the favoured form of support by co-operatives.

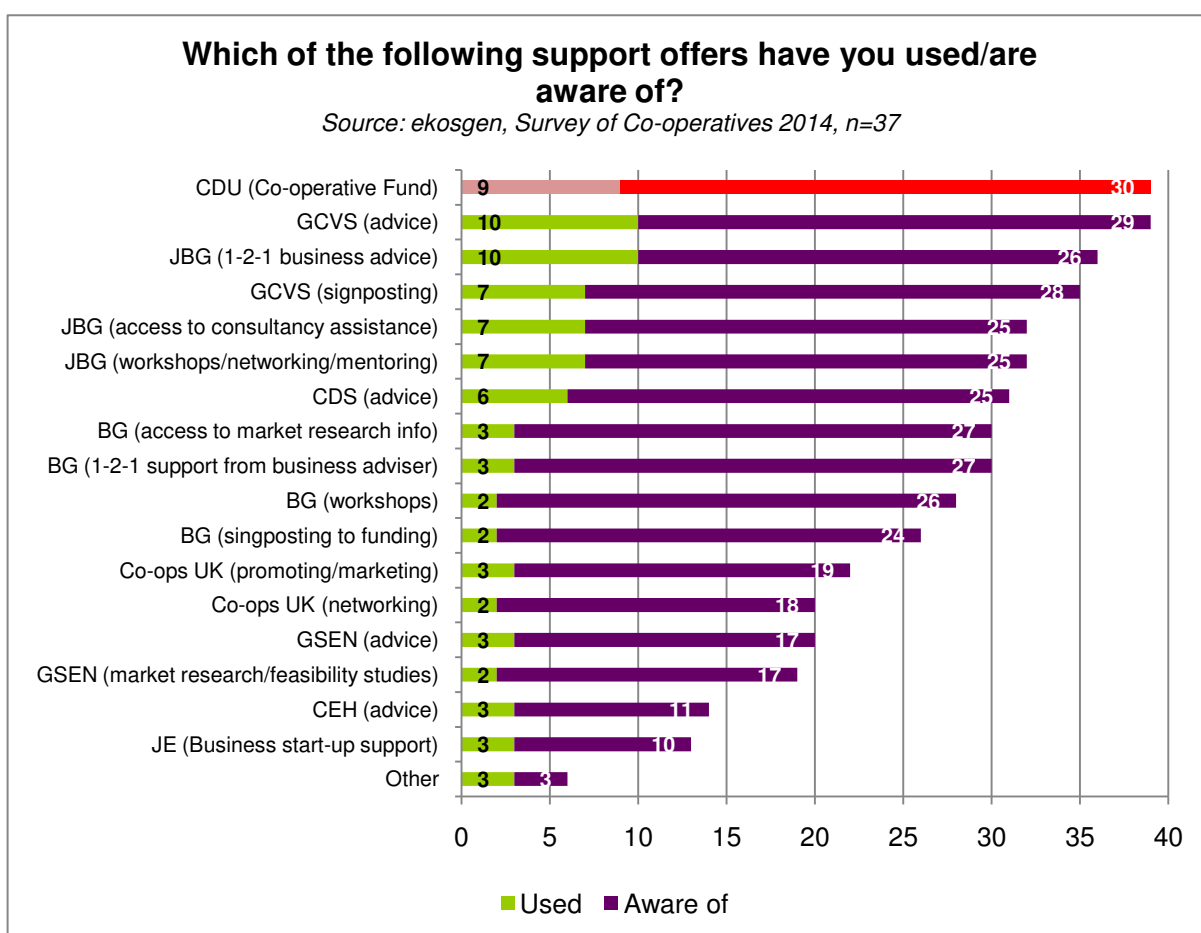
3.23 In all, there are generally low levels of take-up of support compared to awareness – awareness levels are generally good. Local business support organisations, such as Jobs and

Business Glasgow, tend to be better known than co-operative sector bodies, like Co-operative Enterprise Hub and Co-ops UK.

3.24 Relatively few co-operatives were aware of, or had used support for social enterprises. This suggests limited cross-over between the co-operative and social enterprise sectors. Co-operatives tend to have different support needs and demands than social enterprises.

3.25 The Co-operative Glasgow Business Development Fund from the CDU has been added to the figure (support used shown in light red and support aware of in dark red) to show its standing amongst other support providers/offers in the City of Glasgow. The Fund is the third most used, and has the highest levels of awareness, of co-operative support services out of those identified. This shows a good profile for the CDU support amongst the co-operatives cohort.

Figure 3.6: Awareness/ Use of Other Support Offers



3.26 At the other end of the scale, none of the co-operatives surveyed had used, or were aware of, the advice, training, and land/building asset purchasing services provided by the Community Ownership Support Service.

3.27 When asked if they had received any other form of co-operative support in the past three years, six in ten co-operatives (60%) indicated that they had not. The remainder (35%) stated that they had received other forms of support, except for two co-operatives (5%) who were unsure. This shows that when seeking support, the majority of co-operatives do not look outside the major support providers named above.

3.28 Those who had received other support included a number of grants – the Integrated Grant Fund (x2), the Community Planning Grant and £25,000 of Scottish Government de minimis funding for underpinning loans – from Glasgow City Council, business mentoring from Senscot, subsidy wage arrangements from Community Jobs Scotland, volunteers from Business Glasgow, support from the Co-operative Group, other Credit Union support and advice, and other mainstream support such as with legal and HR issues.

3.29 Overall, advice is as important as financial support in terms of the most valued forms of support. This is important, since there is often an assumption that support needs to be in the form of grants to be attractive to potential beneficiaries. In all, five co-operatives deemed the advice they had received to be of most value, whether this was from the CDU or other organisations such as Interactive Scotland, the Royal Institute of Architects or the Intellectual Assets Centre. This advice ranged from help with set-up, collaboration, tax regimes, and articles of association.

3.30 A further six co-operatives indicated that financial support was the most important support they had received – with two co-operatives citing the CDU's Fund, two stating the Integrated Grant Fund and two citing Scottish Government de minimus funding.

3.31 In summary, co-operatives are well aware of main support providers in Glasgow and their offers, especially the CDU's Co-operative Fund and support from business support organisations such as Jobs and Business Glasgow. However, there is a low take-up of this support, perhaps due to large, established Credit Unions feeling they do not need support and small, community co-operatives not having the resources or capacity to research/ apply for support. Of those who do engage in support, advice is the favoured support type. The vast majority of co-operatives are aware of the Fund available from the CDU, the third (32%) who have used/ are applying to it rating it highly in terms of the service provided and funding levels provided.

4 Needs and Demands of Co-operatives in Glasgow

Introduction

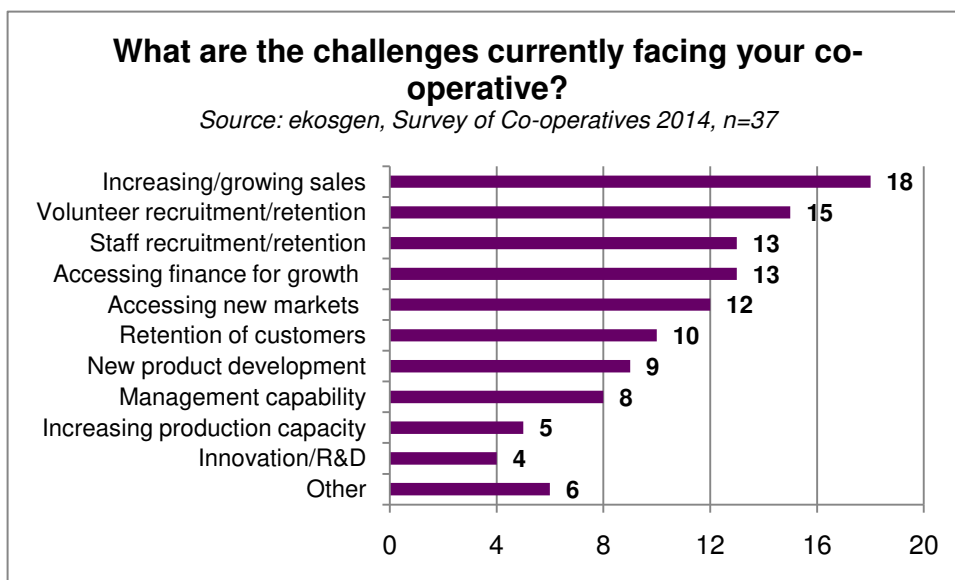
4.1 This chapter analyses the needs and demands of co-operative enterprises in Glasgow, as identified by surveyed co-operatives. It first looks at the challenges currently faced by the co-operatives, then examines the type of support they feel they would benefit from, as well as the preferred delivery method for this support. Analysis is typically undertaken for both the Credit Unions and for the remainder of the co-operative sector.

Co-operative Challenges

4.2 The most common challenge, reported by just under half (49%) of the co-operatives, was increasing or growing sales (see Figure 4.1). This is the most commonly cited business concern regardless of size and sector. However, one quarter of all challenges reported (25%) were staffing or volunteer related, either challenges with their recruitment or retention. This is likely to reflect the smaller co-operatives who rely heavily on the input of volunteers to keep the organisation running, and as is common, tend to struggle with the recruitment of new volunteers. Accessing finance for growth (35%) and developing/ accessing new markets (32%) were reported as a challenge by respondents, again key concerns of the wider business community.

4.3 Innovation and R&D was not generally identified as a concern, with only 11% of respondents citing this as a challenge. This partly reflects the profile of the co-operative sector with many being Credit Unions, a sector in which innovation and R&D may not be deemed priorities. Similarly, increasing production capacity was only reported by 14% of respondents to be a challenge, again reflecting that a significant proportion of the co-operative base is in the service sector.

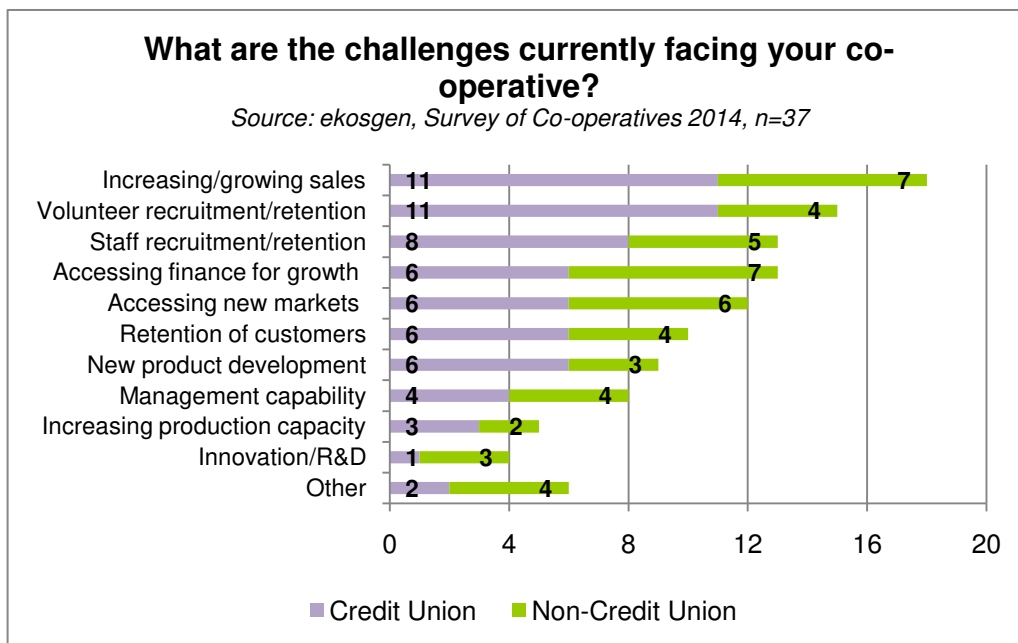
Figure 4.1: Challenges Currently Facing Co-operatives



4.4 In all, 113 challenges were reported by the co-operatives, giving an average of 3.1 current challenges per co-operative in Glasgow. Of the 113 challenges, 64 were reported by Credit Unions in the surveyed sample, while the other 49 challenges were reported by non-Credit Union co-operatives. This breakdown of current challenges is shown below.

4.5 Credit Unions and other co-operatives tend to encounter similar challenges, although Credit Unions have far greater problems around the recruitment and retention of staff/ volunteers. For the 20 Credit Unions in the surveyed sample, volunteer recruitment/ retention is the biggest current challenges (for 55% of Credit Unions), along with increasing sales. For the 17 non-Credit Union co-operatives surveyed, increasing sales (41%), accessing finance for growth (41%) and developing or accessing new markets (35%) are the main challenges.

Figure 4.2: Challenges Currently Facing Co-operatives (Credit Union/ non-Credit Union)



4.6 In an open-ended question, co-operatives were asked ‘what is the biggest single challenge facing your co-operative?’ Responses indicated that the biggest single challenge is accessing funding/finance to carry out various business operations (business development, delivering services, maintain or grow staff base, logistics/premises), identified by 20% of respondents. This was, in part, due to the recent economic downturn restricting finance (e.g. credit restrictions, fundraising and sales), although also even knowing where to look for new funding opportunities was a significant challenge. Linkages between the CDU’s Fund and business support organisations, such as Business Gateway and Jobs and Business Glasgow, could help overcome this problem by raising awareness levels of available finance.

4.7 Other responses included the need to grow in size, or to increase their market share (4 respondents, 13%). For others, the greatest challenge is recruiting new, or younger, volunteers (4 respondents, 13%), and regulatory requirements or reforms affecting their co-operative (3 respondents, 10%).

4.8 Due to the large proportion of Credit Unions co-operatives in the sample, five responses were related to this particular sector. For example, when asked for their biggest current challenge, some Credit Unions said the following:

“Payday loans and the competition from them”

“Bad debts – getting money back in from defaulters”

“Legislative constraints around increased solvency levels and controlling bad debts”

“How to do more lending - and more to engage members in lending – this is crucial for the business to grow, be sustainable and profit. (We) need to increase this.”

“People going bankrupt means the co-op loses money. (We) need a new arrears process and need to employ someone to deal with arrears”

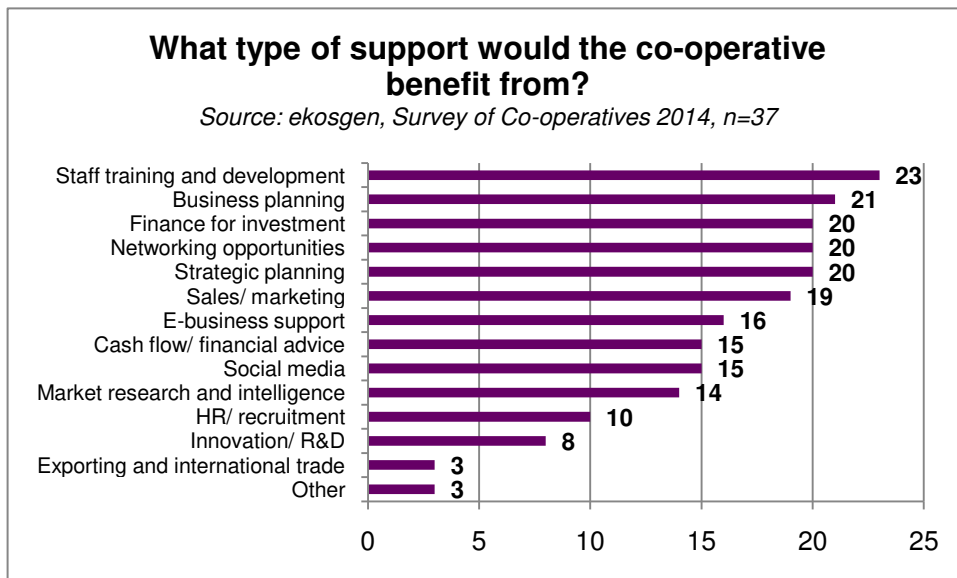
Co-operative Needs and Demands

4.9 Co-operatives were asked about the types of support they feel they would benefit from, with the results displayed in Figure 4.3 below. Respondents generally felt that there was a lot that they could benefit from, with 208 types of support reported to be beneficial – an average of 5.6 per co-operative, nearly double the amount of challenges respondents felt they faced.

4.10 ‘Staff training and development’ is an area in which co-operatives need help, indicated by almost two thirds (62%) of respondents, which links back to the high levels of staff/volunteer recruitment problems shown in Figure 4.1. However, business planning is the key area in which co-operatives need the greatest help, with 57% indicating they would benefit from this type of support, and 54% stating that they would welcome ‘strategic planning’ support.

4.11 There are also other significant support needs. These include opportunities to network (54%) and support with sales and marketing (51%). Financial support needs are also reported by at around half of all co-operatives, either finance for investment (54%) and financial or cash flow advice (41%).

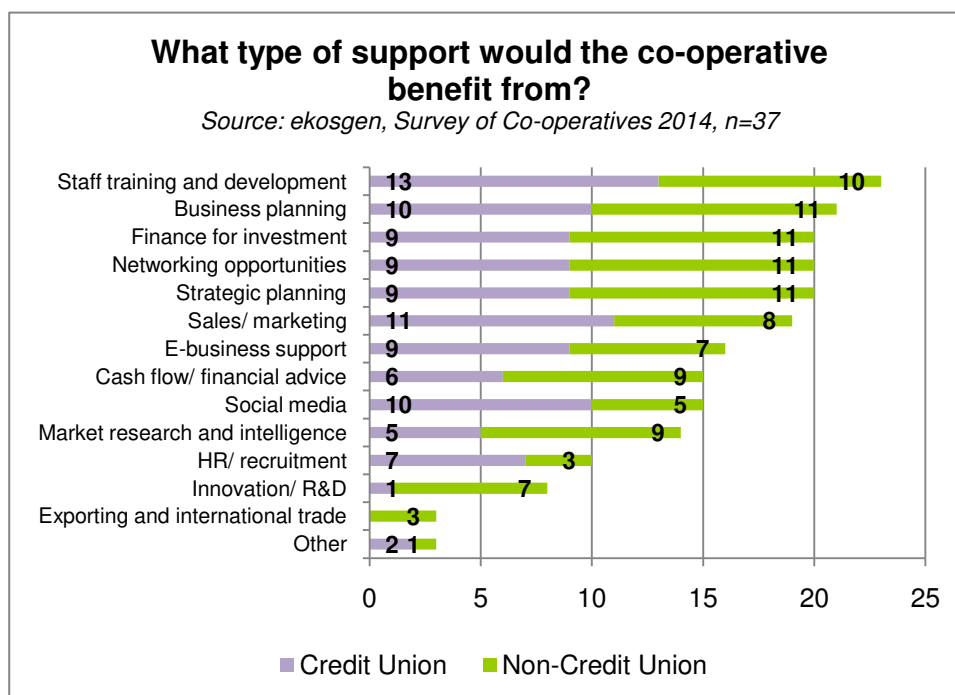
Figure 4.3: Support Welcomed by Co-operatives



4.12 In all, 208 types of support were reported as potentially beneficial – nearly double the number of challenges experienced, Non-Credit Union co-operatives indicated slightly more support offers that they would benefit from (106) than Credit Unions (101), despite the surveyed sample containing three more Credit Unions than non-Credit Unions. The breakdown of the types of support that would be beneficial for Credit Unions and non-Credit Unions is shown in Figure 4.4 below.

4.13 Staff training and development is the type of support that would be most welcomed by Credit Unions (65%), reflecting that more than half of all Credit Unions considers this to be a challenge for their businesses. There is also a significant demand for sales/ marketing (55%) and social media support (50%) amongst Credit Unions. For non-Credit Union co-operatives, who tend to be smaller in size, subjects such as social media and e-business support tend to be of less importance. These co-operatives regard support in business and strategic planning, networking, and finance for investment to be of most benefit (65% each). Interestingly, market research and intelligence (53%) and innovation and R&D (41%) would also be of substantial benefit to non-Credit Union co-operatives.

Figure 4.4: Support Welcomed by Co-operatives (Credit Union/ non-Credit Union)



Gaps in Current Support

4.14 Nine co-operatives (28%) stated that support relating to finance/funding is a current weakness in the support available in Glasgow, which links to ‘finance for growth’ being named the biggest single challenge for co-operatives. A number felt that there is a general lack of awareness of funding sources, as well as an understanding of these sources.

4.15 Five co-operatives (16%) stated that they felt there was a gap in the provision of *networking* support for co-operative in Glasgow, and another five respondents (16%) that more support was needed to bring co-operatives together. These are two related issues, and are reflected below:

“Networking (not joined up enough - too much isolated working)”

“Co-operatives should be self-financing autonomous independent firms, but should be able to co-operate with each other. The movement is so fragmented and could self destruct the more it moves away from its principles and philosophical ideals.”

“A lack of communication - co-operatives tend to work alone away by themselves but would be useful to have support to bring everyone together.”

“Real issue is that co-ops don't link up well enough - always informally done - we don't talk to each other. Information exchange and linking needed. The social enterprises do it properly but we need that for co-ops”

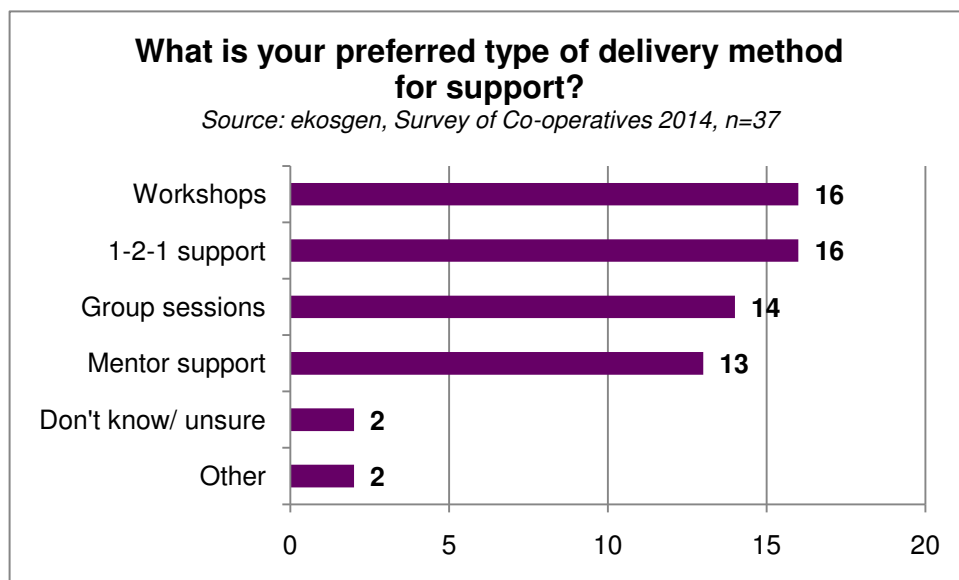
4.16 This evidence shows that support provided in the form of networking events, workshops, forums, collaborations etc would help to fulfil the support needs of a large proportion of co-operatives in Glasgow who feel that co-operative trading has become too fragmented and isolated. This could be developed as a key area of activity for the CDU. This was also evident in interviews with a number of Credit Unions who stated that “they don't view each other as ‘competition’”, and that “they don't want to see each other fail” as it would be detrimental to the co-operative movement.

4.17 Nearly one third of co-operatives (31%) felt there were no gaps in the support (by subject) provided, or that they could not give a confident answer to this question as they did not know what was available. Where gaps in the nature of support available was identified, this comprised specific support, such as legal advice to help them set-up and establish themselves as co-operatives (2 respondents, 6%), or more general support to develop and grow, including support for sales and marketing, service development, leadership, higher level strategy making, IT, culture and ethos, B2B within co-operatives, and professional speakers to present (1 respondent each, 3% each).

4.18 Co-operatives generally welcome all different methods of support delivery, as shown by Figure 4.5 below. Respondents' preferences range from one-to-one mode (43%), workshops (43%), group sessions (38%), and mentoring (35%). Of the two co-operatives who gave ‘other’ responses, one indicated that they would prefer a mixture of all the above delivery methods and one reported that they would prefer one-to-one consultancy support.

4.19 These findings suggest that it is less important how support is delivered, so long as the support is relevant to co-operatives' needs.

Figure 4.5: Preferred Support Delivery Method



4.20 Only a small number felt there were weaknesses in current delivery methods and/or were able to comment. Four co-operatives (11%) indicated that they felt all necessary support was available/sufficient, but that they needed to be made aware of it all so that they could become more involved, as some “felt slow at linking with support offers”. Three respondents (8%) indicated that

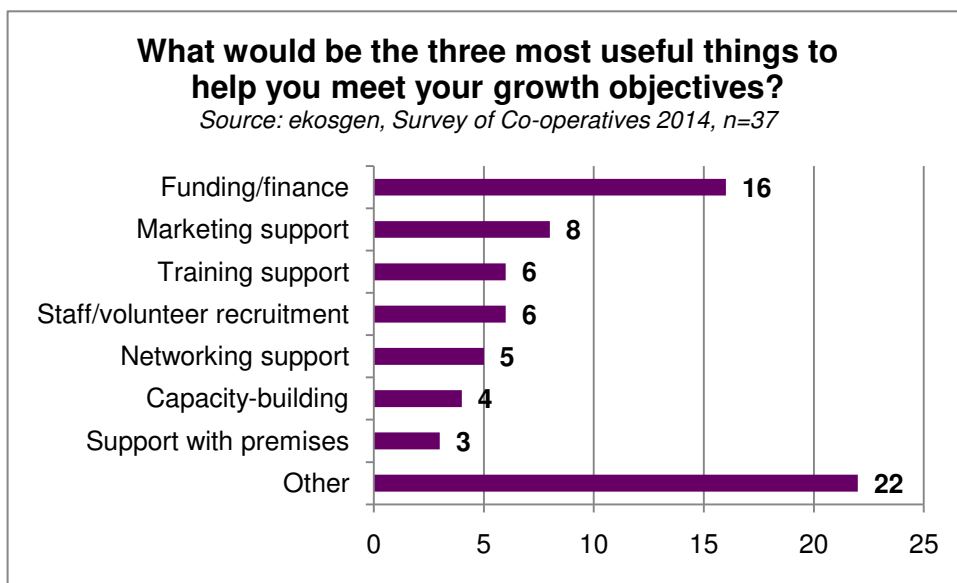
more mentoring support would be useful, three (8%) would welcome more support in the form of group sessions, one co-operative (3%) reported that business support through workshops would be beneficial, and one respondent (3%) stated that there was a lack of online space/ hubs for co-operatives to learn about/ access support.

Support to Meet Growth Objectives

4.21 Finance for investment (54%) or financial advice (43%) are the top two forms of support required for co-operatives to meet growth objectives. This is also the area where business felt they would receive greatest benefit in terms of support.

4.22 Other support required to meet growth targets are marketing support (22%), linked to the need to achieve sales, and support for staff/ volunteer recruitment (16% of respondents) and training (16% of respondents), linked to the current challenges involved in staff and volunteer recruitment and retention shown in Figure 4.1. Networking support (14%), which was described by 59% of co-operatives in Figure 4.3 as support they would benefit from, is required to meet growth objectives, as well as assistance with managing and building capacity (11% of respondents), and support with co-operative premises (8% of respondents), such as help with purchasing or renovating premises.

Figure 4.6: Three Support Needs to Meet Growth Objectives



4.23 In all, 22 'other' support needs were given by co-operatives, though these were generally tailored to the specific nature and sector of the co-operative in question, and so could not be grouped together. These included support with business aspects such as e-commerce, succession planning, IT and knowledge-sharing, consultancy support, tighter restrictions on services such as payday loans and trust deeds, and other sector-specific support.

4.24 In summary, the main challenges currently faced by co-operatives in Glasgow include increasing/ growing sales, linked to the need for support in marketing, and HR issues such as the recruitment and retention of volunteers and staff. Co-operative challenges can also be quite sector-specific, due to the large proportion of Credit Unions in the co-operative community, such as bad debts, legislation constraints and payday loans. There is a strong feeling that the co-operative community in Glasgow is too disjointed at present. Support with networking and communication can help overcome this problem. In terms of co-operative needs, support in the training of volunteers/ staff

and business and strategic planning would be of most benefit. In general, co-operatives deem the method of support delivery to be less important than the relevance of the support to their specific needs.

5 The Economic and Social Contribution of Co-operatives

Introduction

5.1 This chapter provides an analysis of the estimated economic and social contribution of co-operatives to Glasgow. This is based on survey data provided by the 37 co-operatives from whom responses were obtained, company accounts available through Companies House, the Mutuals Public Register and via websites. This data is then grossed up to the size of the sector (76 co-operatives, excluding the Co-operative Group) to estimate the economic and social contribution of co-operatives to Glasgow. Unfortunately, it was not possible to obtain detailed data from the Co-operative Group or John Lewis; as such, Co-operative Group estimates are made using information from their annual accounts, although this is not available for all questions. Where possible, the estimated Co-operative Group data is added to the grossed up co-operative sector data, in order to gauge the contribution of the co-operative sector as a whole.

5.2 The assessment of employment impacts covers the estimated number of employees and volunteers in Glasgow co-operatives and related recruitment strategies. The chapter also reviews the wider economic benefits of co-operative trading, including the estimated turnover/ profit/ surplus of co-operatives, and other economic factors, such as the proportion of sales/ turnover accounted for by the co-operative, given that for some, trading through the co-operative is just a proportion of their business income. Reliance on income from public sector contracts is analysed. Finally, a range of social impacts are analysed, focusing on the extent of co-operatives' social objectives and other positive social outcomes achieved from co-operative trading.

Employment Impacts

Employment Contribution of all Co-operatives to Glasgow

All Surveyed Co-operatives

5.3 Table 5.1 details the estimated number of part-time and full-time employees and volunteers working across Glasgow. Overall, it is estimated from the survey sample that there are 313 full time employees and 51 part-time employees at the 37 co-operatives surveyed. This is an average of 8 full-time employees per responding co-operative, and just over 1 part-time employees per respondent.

5.4 In addition, an estimated 68 individuals are volunteering full-time and 404 part-time in the 37 surveyed co-operatives. This equates to an average of 2 full-time volunteers and 11 part-time volunteers per co-operative.

Surveyed Co-operatives: Credit Unions and non-Credit Unions

5.5 Of the 20 Credit Unions that answered our survey, it is estimated that there are nearly 88 individuals employed full-time and 18 employed part-time. This is an average of over 4 full-time employees per responding co-operative and just less than 1 part-time employee. In terms of volunteers, our sample suggests there are 42 full-time volunteers currently volunteering at the 20 co-operatives surveyed, representing an average of 2 per Credit Union, and 281 volunteering part-time, representing 14 per respondent.

5.6 When analysing the sample for non-Credit Unions, an estimated 225 full-time employees (an average of 13 per respondent co-operative) and 33 part-time employees (an average of 2 employees per respondent) are currently working at these co-operatives.

All Co-operatives¹¹ (Grossed Up), excluding the Co-operative Group

5.7 To calculate estimated employment/ volunteer impacts across the sector (excluding the Co-operative Group), firstly, the employment/ volunteer impacts of the 17 non-Credit Union respondents have been grossed up to the total number of non-Credit Union co-operatives (42). This gives an estimated total of **543 full-time** and **80 part-time** employees and **63 full-time** and **297 part-time** volunteers.

5.8 Similarly, to calculate the impacts for Credit Unions, the employment/ volunteer impacts of the 20 Credit Unions have been grossed up to the total number of Credit Union co-operatives (34). Doing this, we can estimate that there are a total of **154 full-time** and **32 part-time employees** amongst the Credit Unions, and an estimated **74 full-time** and **492 part-time volunteers**.

5.9 Overall, then, it is estimated that there are **697 employed full-time** and **102 employed part-time**. In terms of volunteers, an estimated **137 are volunteering full-time** and **789 part-time**. This is a total of **1,725 involved in the co-operative sector overall** when paid and volunteer staff are included. This will increase further when the Co-op Group employees are included.

Table 5.1: Estimated number of employees and volunteers

	Non-Credit Union Survey Sample (n=17)	Non-Credit Union Sector (n=42)	Credit Union Survey Sample (n=20)	Credit Union Sector (n=34)	Sector Total
FT employees	225	543	88	154	697
PT employees	33	80	18	32	102
FT volunteers	26	63	42	74	137
PT volunteers	123	297	281	492	789
Total	407	983	429	752	1,725

5.10 Previous research findings from September 2012, provided by the CDU, estimated that there are 550 volunteers and 160 paid staff at Credit Unions in the city, although whether these are full or part-time is not known. The figures from the survey - 566 volunteers and 186 paid staff – are in line with this research, and show the Credit Union sector to have grown slightly over the past 18 months.

All Co-operatives (Grossed Up), including the Co-operative Group

5.11 However, it must be stressed that these employment numbers will be understated due to the exclusion of the Co-operative Group. It is possible to estimate the number of Co-operative Group employees as a proportion of the UK total. With 0.62% of the Co-operative Group's outlets based in Glasgow, and approximately 90,000 employees UK-wide (www.theco-operative.coop), this gives a figure of 560 Co-operative Group employees in Glasgow – 20 employees per outlet. Assuming that 75% of these are full-time and 25% are part-time, this equates to an additional 420 full-time and 140 part-time employees.

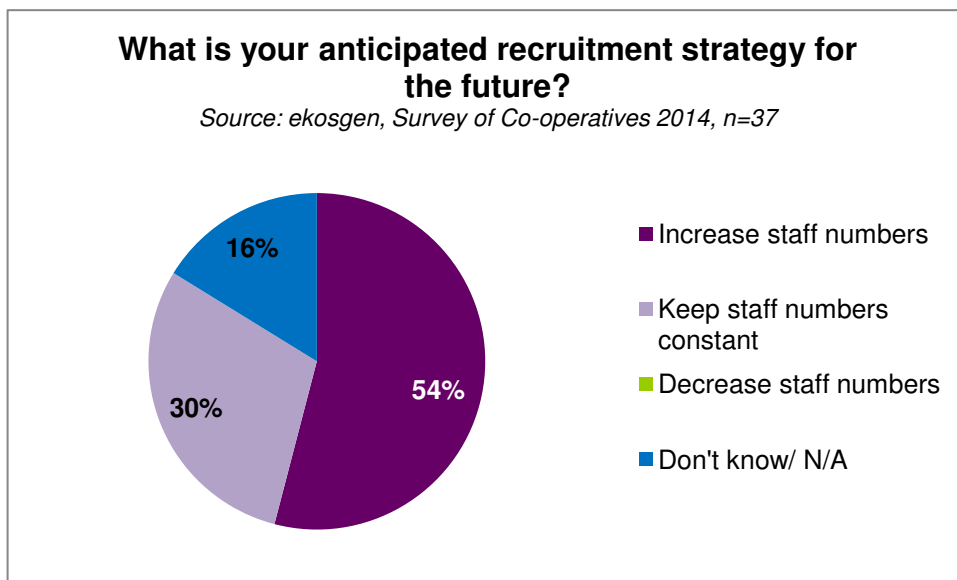
5.12 In all, this raises the employment numbers for the Glasgow co-operative sector to **1,117 full-time employees** and **242 part-time employees**.

¹¹ The 'All Co-operatives' figures in this chapter excludes the Glasgow John Lewis store.

Anticipated Recruitment Strategy

5.13 More than half of respondents were hoping to increase their staff members. For the majority, however, this is relatively modest increases of to 20% (for 11 out of 15 seeking to increase staff). Overall, the average anticipated increase in staff for those expecting an increase is 26%. Just under a third wanted to keep staff numbers at the same level.

Figure 5.1: Anticipated Recruitment Strategy

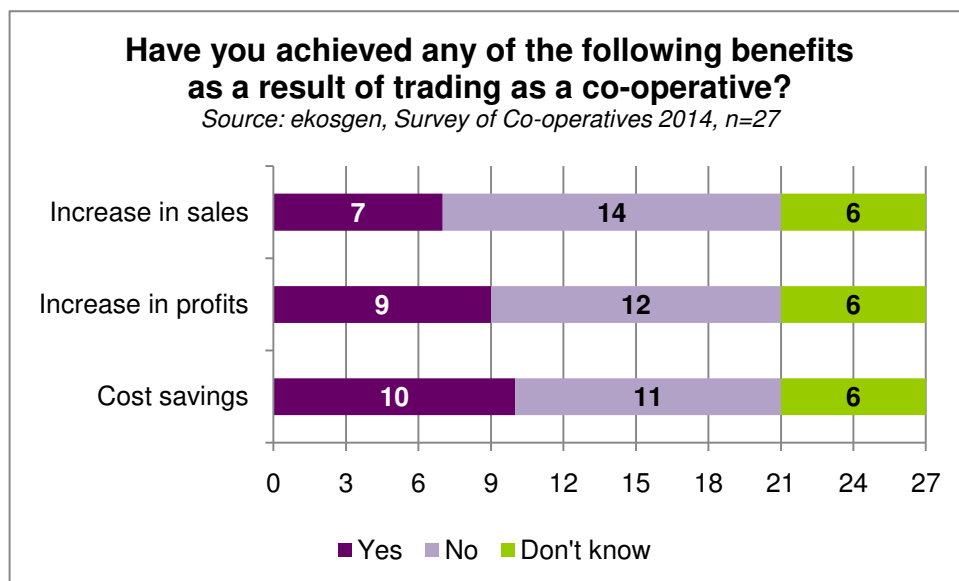


5.14 In all, 54% of the sample hopes to increase staff numbers by an average of 26% (for those who provided information), and this can be grossed up to estimate the predicted growth across the sector. Applying this 54% to the 76 co-operatives identified, it can be estimated that 41 co-operatives may be hoping to increase staff numbers in the future. With an estimated 431 employees currently (at these 41 co-operatives), it could be estimated that an additional 112 employees could be recruited in the future, increasing staff numbers by an average of 26%.

Economic Impacts

Benefits achieved as a result of trading as a co-operative

5.15 Respondents were asked if they had achieved cost savings, an increase in profits and/ or an increase in sales as a result of trading as a co-operative. This only applies to co-operatives who had started trading as another business type and had subsequently decided to change to trade as a co-operative. As detailed in Figure 5.2 below, ten out of 21 respondents for whom this was applicable and who were able to say (48%) had experienced cost savings and 43% had experienced an increase in profits as a result of trading as a co-operative, while just 33% had experienced an increase in sales.

Figure 5.2: Benefits achieved as a result of trading as a co-operative

The Turnover of Co-operatives

5.16 The turnover¹² of co-operatives is typically low (between £0 and £49,999) or much larger (between £1 million and £5 million). This is in large part influenced by the inclusion of the Co-operative Group in the estimations (with an estimated annual turnover per store of between £2m and £3m each year). A small number of respondents are placed in between these ranges.

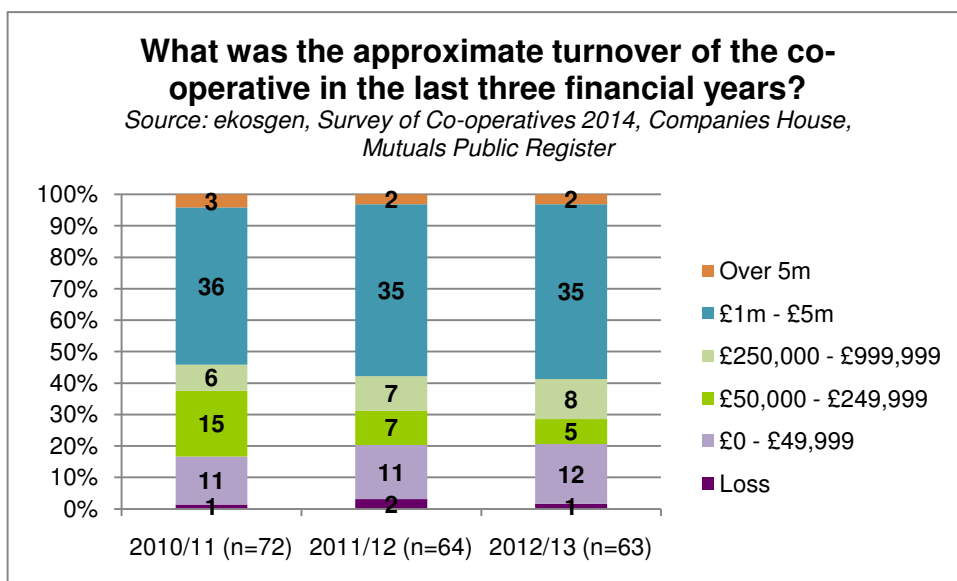
5.17 The figure below shows the proportion of co-operatives in each range concerning their approximate turnover in the last three financial years. The proportion in each bracket has stayed approximately the same over this time period, although the numbers in the lower brackets have reduced slightly. Respondents could either provide a precise figure or choose an option from a number of ranges. Where a range was chosen, the midpoint of this range has been used to estimate the turnover.

5.18 In 2010/11 and 2012/13, one co-operative recorded a loss, while two co-operatives did in 2011/12.

5.19 Turnover estimates are based on survey responses, annual accounts available through Companies House, the Mutuels Public Register, company websites and the Co-operative Group accounts. As it was not possible to ascertain information on the individual stores within the Glasgow boundary, the Group's revenue figures are taken from their annual accounts, divided by the total number of Co-operative stores across the UK (4,500) and multiplied by 26 (representing 21 Co-operative food stores and 5 pharmacies in the Glasgow City boundary). This gives an estimated average turnover for each Co-operative Group store of between £2m and £3m.

¹² Turnover is defined in the co-operative sector as 'the amount of money taken by the co-operative in a particular period'. For Credit Unions this is revenue from loans and investments. As co-operatives are in the 'not-for-profit' sector, their turnover must exceed their operating costs (and dividends for Credit Unions) to remain in business.

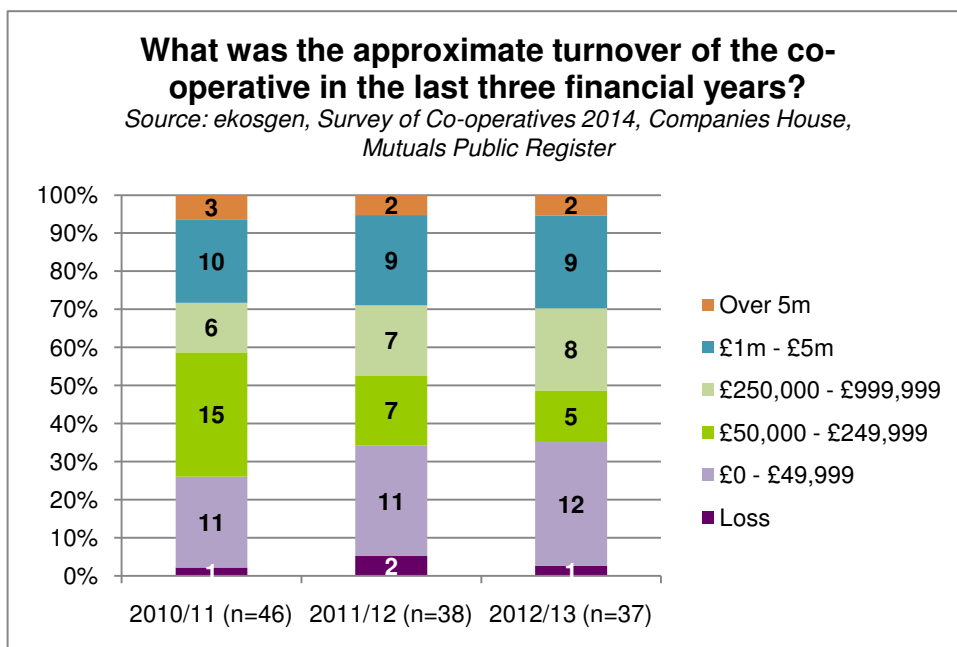
Figure 5.3: Approximate turnover of co-operatives in the last three financial years



Excluding the Co-operative Group

5.20 The figures are a lot more modest excluding the Co-operative Group, with a relatively even spread across the different brackets, with around a third of Co-operatives having a turnover of less than £49,999 and nearly a third having turnovers of over £1m. Again, one co-operative recorded a loss in 2010/11 and 2012/13, with two recording a loss in 2011/12.

Figure 5.4: Approximate turnover of co-operatives in the last three financial years (excluding Co-op Group)

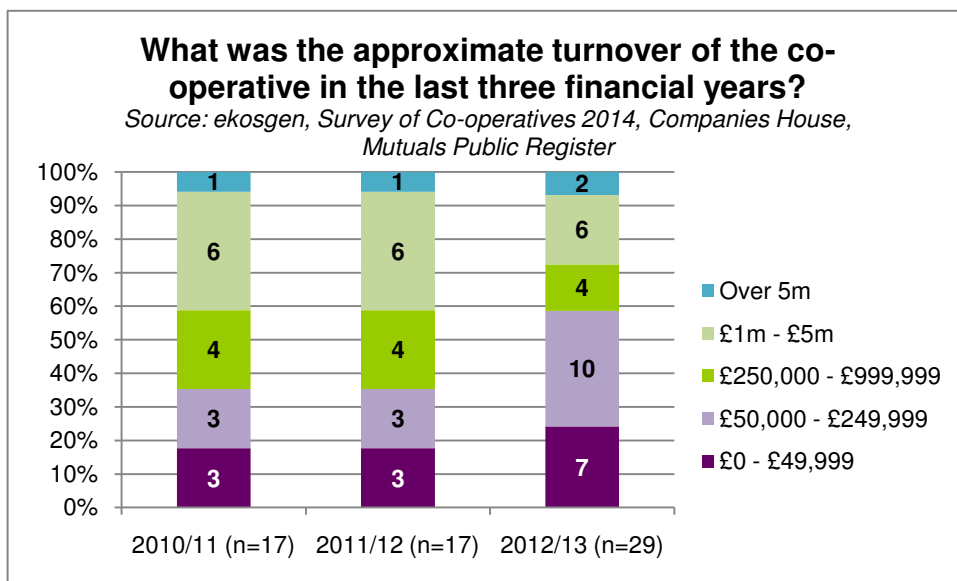


Credit Unions

5.21 When separating the Credit Unions for analysis, in 2012/13, nearly a third have turnovers over £1m, while a number have relatively modest turnovers, similar to the sample of Co-operatives as a whole.

5.22 The turnover of Credit Unions has been estimated from the survey data and annual accounts available from the Mutuels Public Register and Companies House and online sources. However, data was not available for all years.

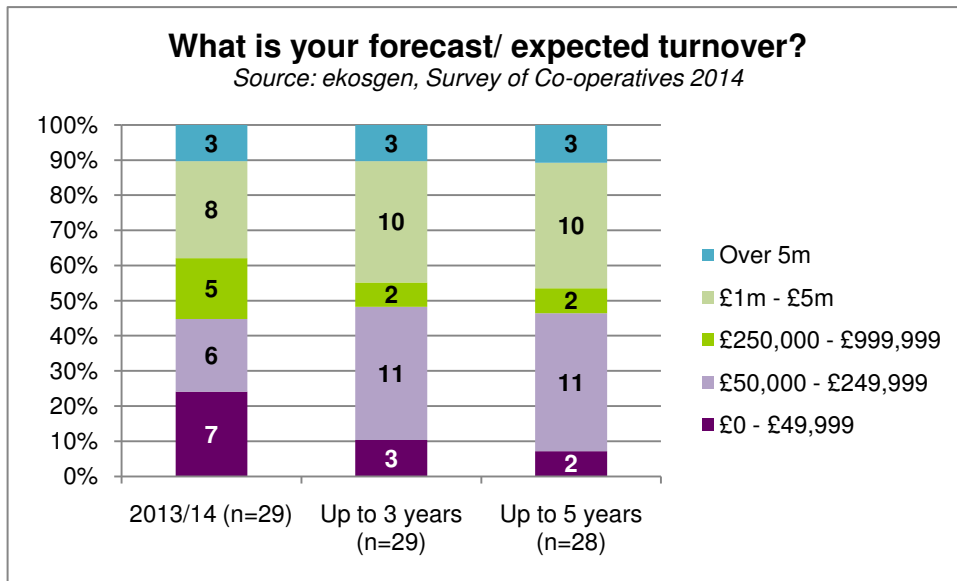
Figure 5.5: Approximate turnover of Credit Unions in the last three financial years



5.23 Co-operatives are, however, expecting to grow. Respondents were asked to estimate their turnover for this financial year (2013/2014), three years' time and five years' time. Respondents generally seemed positive that their turnover would increase, with a reduction from seven to three respondents predicting that their turnover would be between £0 and £49,999 in 3-5 years time, while ten respondents predicted that their turnover would be £1m to £5m in three years' time, compared to eight for this financial year.

5.24 The estimated turnover for the Co-operative Group and the remaining co-operative sample was not available. Thus, estimates are based on the survey sample only.

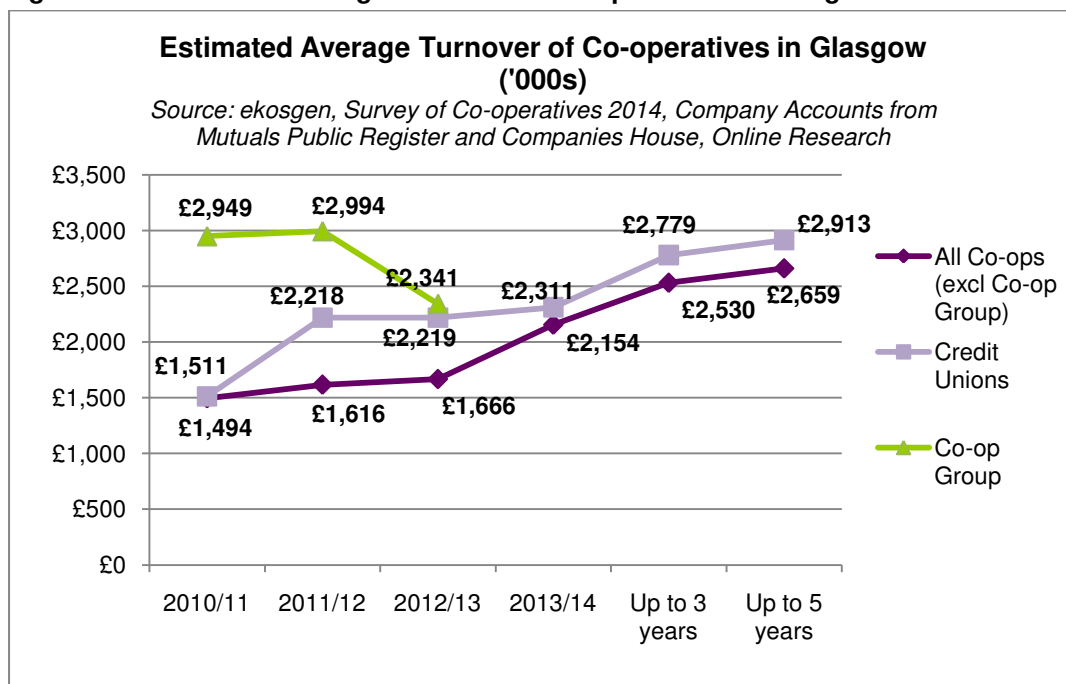
Figure 5.6: Estimated forecast/ expected turnover of co-operatives (excluding Co-op Group)



5.25 Figure 5.7 shows the total average turnover per co-operative. This is split by all co-operatives where data was available (minus the Co-operative Group), Credit Unions only and the Co-operative Group, both for the past three financial years and for the turnover forecast in the future. The estimated average turnover of co-operatives over this period has generally increased, except for the Co-operative Group.

5.26 Credit Unions generally have a higher average turnover than other Co-operatives. The positive view of future turnover growth is evident, with average turnover per Credit Union forecast to increase to £2.9m in five years' time and nearly £2.7m per co-operative in the remainder of the co-operative sector (except the Co-operative Group) in five years' time.

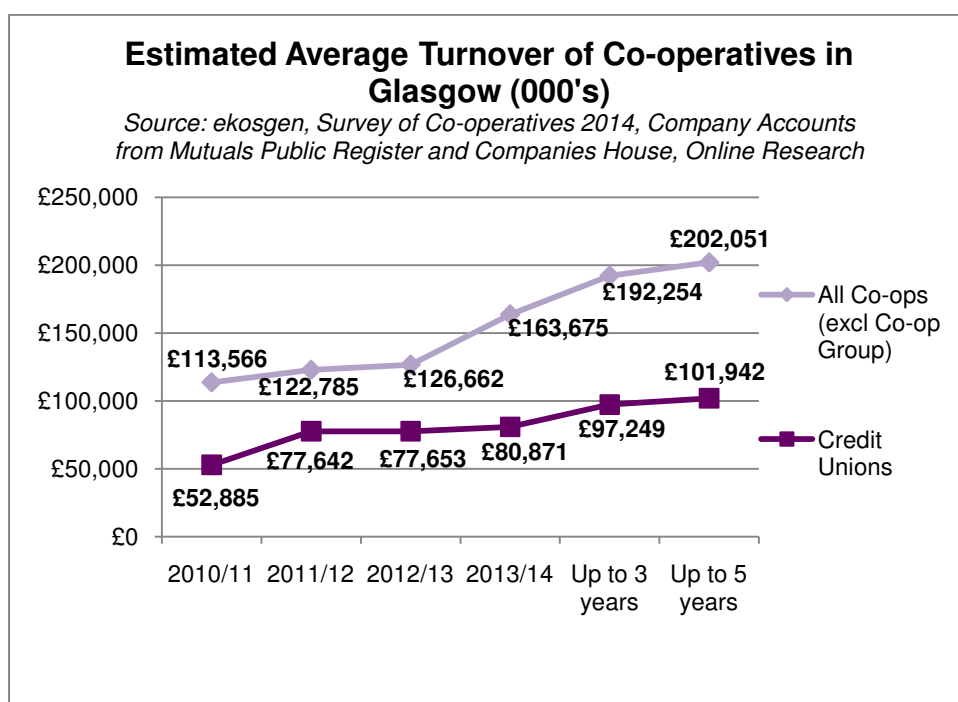
Figure 5.7: Estimated Average Turnover of Co-operatives in Glasgow



5.27 In 2012/13, the co-operative sector in Glasgow turned over an estimated £192m. Of this, £78m was achieved by Credit Unions, £66m by the Co-operative Group, and around £49m by non-Credit Union co-operatives. This may rise to £268m over the next 5 years if forecast increases in turnover are realised (and assuming Co-operative Group turnover remains constant).

5.28 The chart below analyses the estimated grossed-up turnover of the 76 co-operatives in the city (including Credit Unions) and also estimated the turnover for Credit Unions alone (of which there are 34 identified within the Glasgow City boundary). When looking at Credit Unions, it is clear that they make a significant contribution to the overall co-operative sector turnover, typically around 50-60%, although this proportion of the total has generally decreased since 2012/13 and is expected to further decrease in the future. Future turnover growth in the Credit Union sector is not expected to be as strong as for other co-operatives in the city.

Figure 5.8: Estimated Grossed-up Turnover of Co-operatives in Glasgow

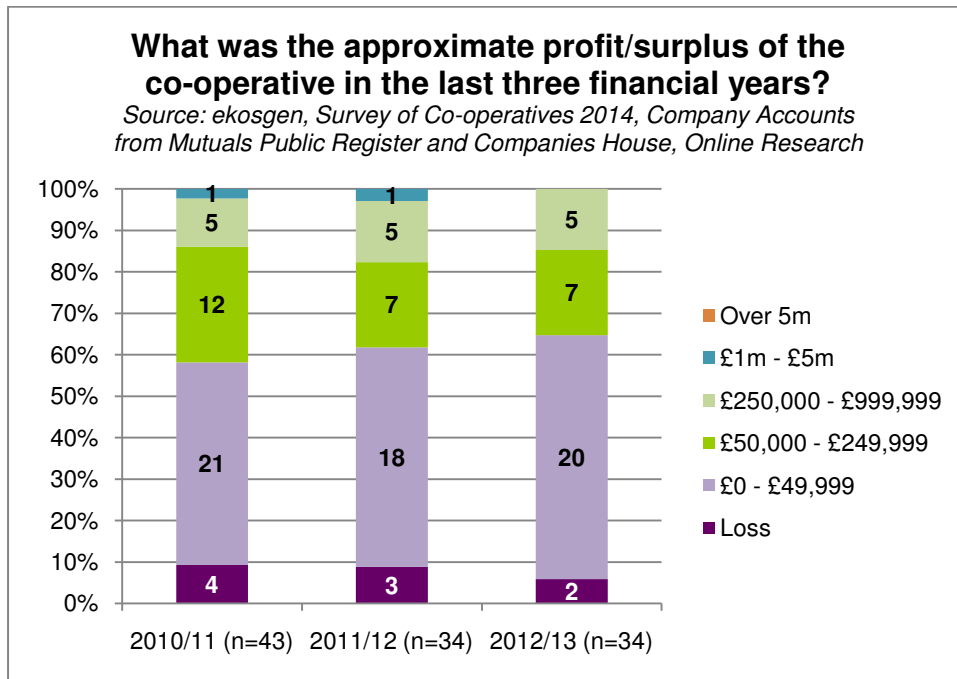


The Profit/ Surplus of Co-operatives

5.29 The profit/ surplus of respondents is generally relatively moderate, with £0 - £49,999 being by far the most common answer, accounting for approximately 50% of respondents' answers in all years, while a small proportion of respondents fell in the £50,000 - £249,999, and £250,000 - £999,999k brackets. Just one respondent recorded a profit of over £1 million.

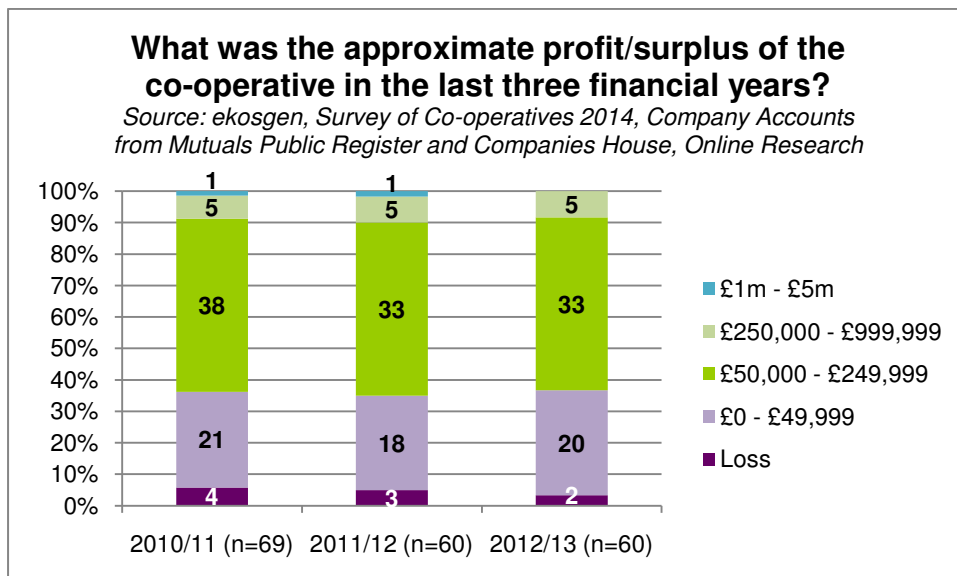
5.30 Figure 5.9 below shows the proportion of co-operatives in each range concerning their approximate profit/ surplus in the last three financial years. The proportion in each bracket has stayed approximately the same over this time period, although it is worth noting that the number of co-operatives recording a loss has reduced from four in 2010/11, to two in 2012/13, a positive sign.

Figure 5.9: Approximate profit/ surplus of co-operatives in Glasgow in the last three financial years (excluding the Co-op Group)



5.31 When including the Co-operative Group, the proportion of Co-operatives in the £50,000-£249,999 band greatly increases, with an estimated average profit/ surplus per Co-op outlet in Glasgow of £117,000 in 2010/11, £91,000 in 2011/12 and £89,000 in 2012/13.

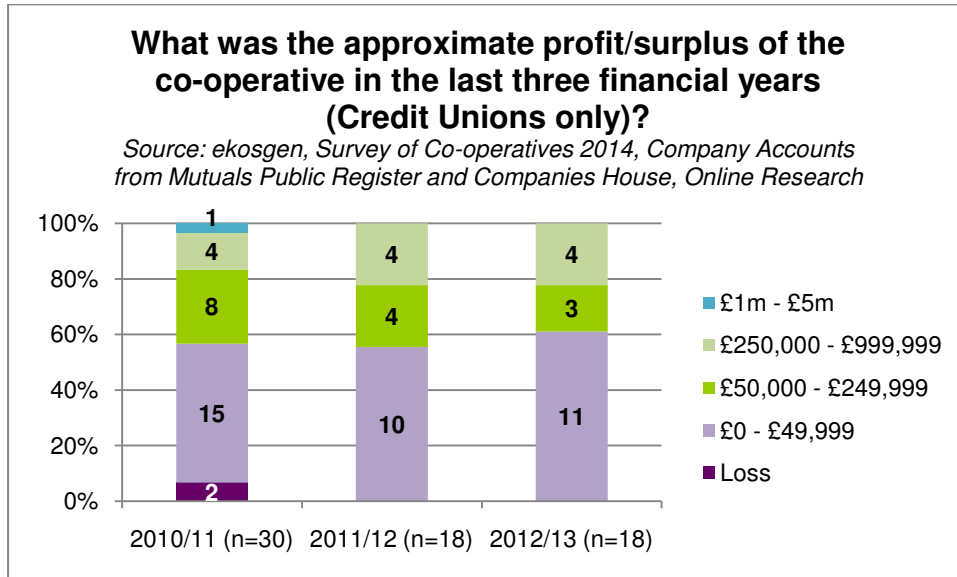
Figure 5.10: Approximate profit/ surplus of co-operatives in Glasgow in the last three financial years (including the Co-op Group)



Approximate Profit/ Surplus Amongst Credit Unions

5.32 When analysing just the Credit Unions within the Glasgow City boundary, it is clear that the profit/ surplus is again quite low, with the majority recording profits of £0-£49,999.

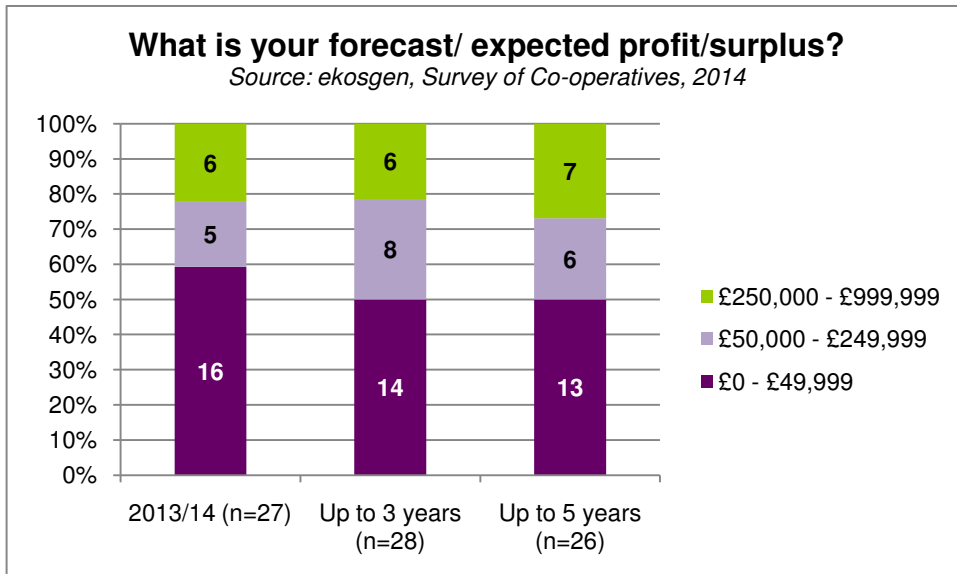
Figure 5.11: Approximate profit/surplus of Credit Unions in the last three financial years



5.33 Respondents were then asked to estimate their forecasted/ expected profit/ surplus for this financial year (2013/14), three years' time and five years' time.

5.34 Respondents were generally optimistic that their forecast/ expected profit/ surplus would grow over this period, with the number estimating it to be between £0 and £49,999 decreasing from 59% in 2013/14 to 50% in three and five years' time. In contrast, the number of those predicting forecasted surpluses of £50,000 - £249,999 increased from 19% in 2013/14 to 29% in three years' time and 21% in five years' time, while those predicting a profit of £250,000 - £99,999 increased from 22% in 2013/14 to 27% in five years' time.

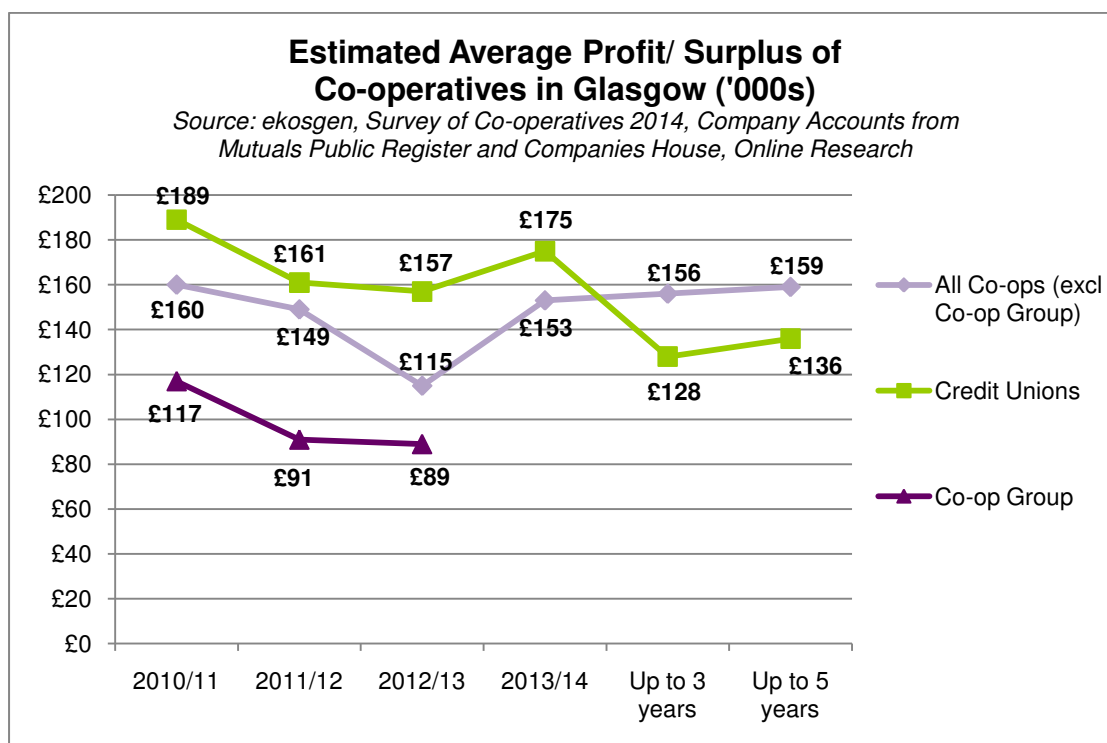
Figure 5.12: Forecasted/ expected profit/ surplus of co-operatives in Glasgow



5.35 Figure 5.13 below brings together the estimated average profit/ surplus of co-operatives in Glasgow in the last three years and in the future for the 37 co-operatives surveyed. It is clear that respondents are hoping to expand/ grow their surpluses over the next five years, with an estimated increase from £115,537 per co-operative in 2012/13 to £158,711 per co-operative in five years' time, an increase, on average, of approximately 37%. This optimism may be due to the improving economic outlook in general, providing businesses with more confidence to grow/expand and/or increase in profit margins. Increases in profits/ surpluses are, however, relatively modest, and are around 7 - 10% of the average turnover levels.

5.36 Interesting, the estimated average profit/ surplus of the Co-op Group is lower than for co-operatives as a whole, while Credit Unions tends to have a higher actual/ estimated profit/ surplus than the cohort as a whole.

Figure 5.13: Estimated average profit/ surplus of co-operatives in Glasgow



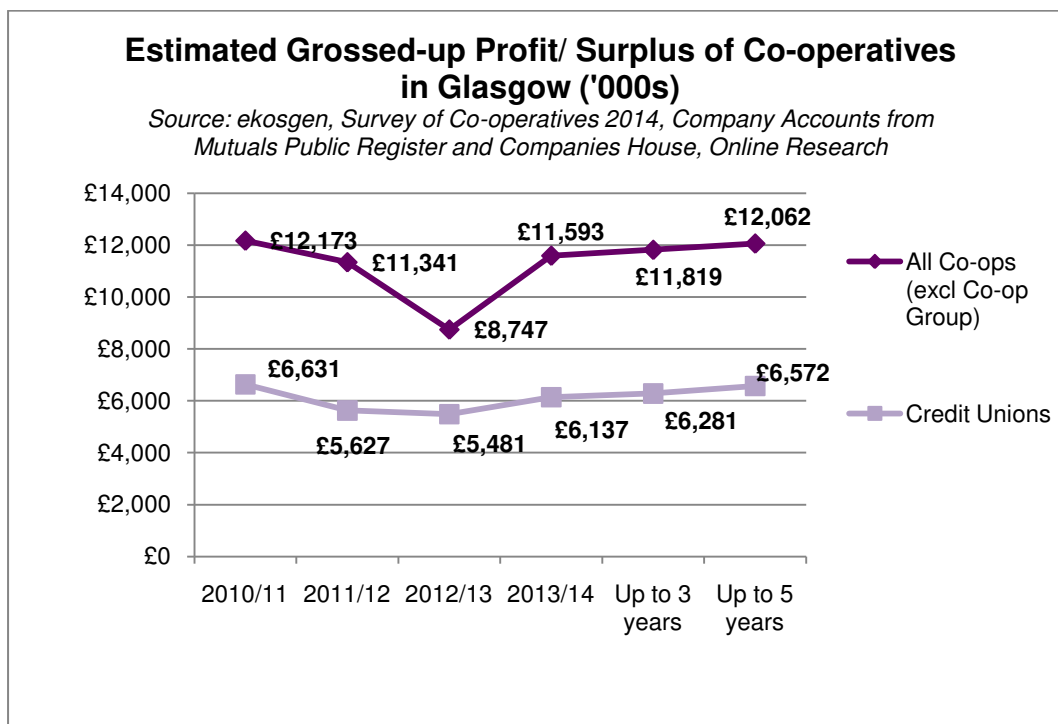
5.37 Respondents were generally optimistic that their profits/ surplus would increase quite substantially in the next five years. Figure 5.14 shows the estimated grossed-up profit/ surplus of co-operatives in Glasgow over time. This estimate is based on the survey data, which is then grossed up to the total size of the sector.¹³ Accordingly, the estimated profit/ surplus for the co-operative sector as a whole shows this increase.

5.38 **In 2012/13, the co-operative sector in Glasgow made an estimated profit/ surplus of £11.2m.** Of this, **£5.5m** was achieved by **Credit Unions**, **£3.2m** by **non-Credit Union co-operatives**, and **£2.5m** by the **Co-operative Group**. This figure is likely to rise to **£14.6m over the next five years** if forecast increases in profits are realised (again, assuming the Co-operative Group profits remain the same).

¹³ Please note, these calculations exclude the Co-operative group.

5.39 Again, Credit Unions appear optimistic too, with an estimated increase from just under £5.5m in 2013/14 to just under £6.6m in five years' time.

Figure 5.14: Estimated grossed-up profit/ surplus of co-operatives in Glasgow



Proportion of Sales/ Turnover Accounted for by the Co-operative

5.40 Overall, the majority of co-operatives are focussed solely on their trading as a co-operative, which generates all of their sales/ turnover for 81% of respondents. Of the remainder, the majority 'did not know' and it is likely that their trading was also entirely through the co-operative. One other had not yet traded.

Income from Public Sector Contracts

5.41 For a small proportion of co-operatives there is a strong reliance on public contracts income. This was the case for 2 (5%) of the sample where public sector contracts account for more than 50% of total income. The vast majority, however, are not reliant on public sector contract income, in contrast to the higher proportion amongst the social enterprise sector.

Social Impacts

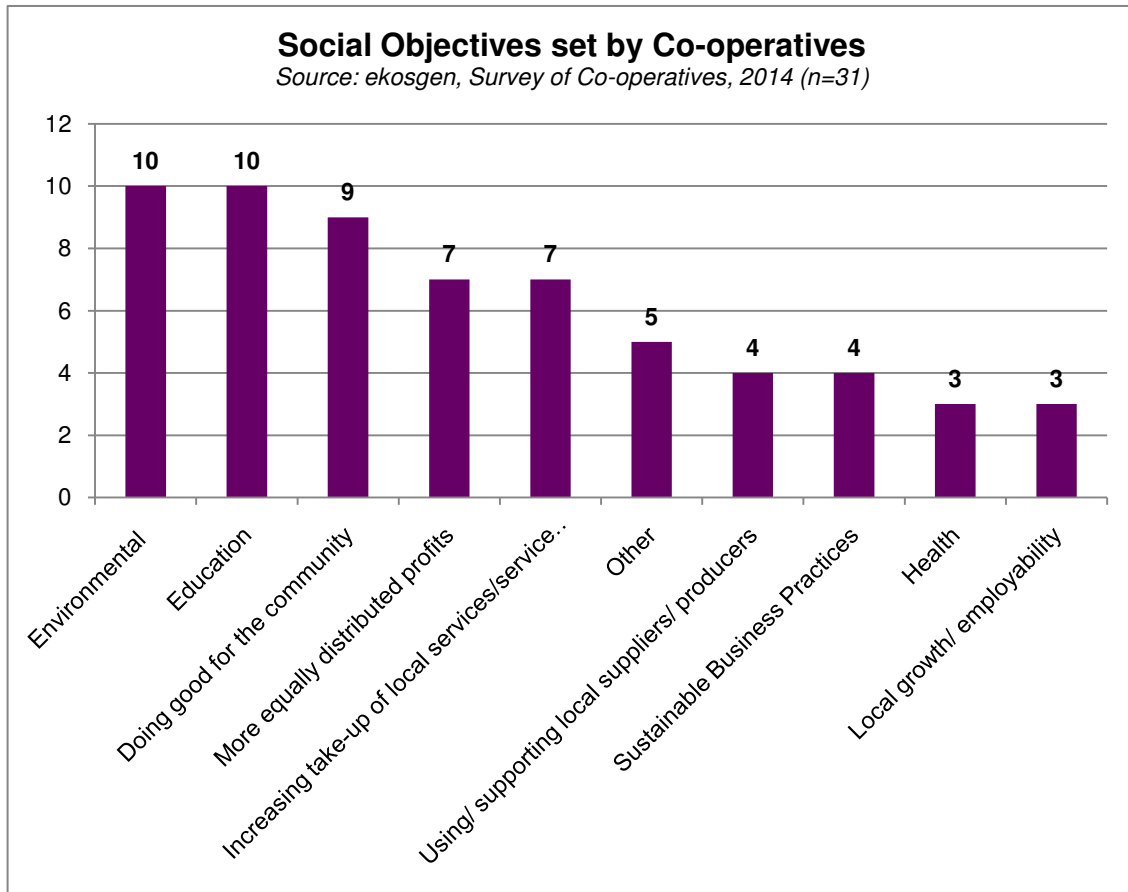
Social Objectives

5.42 In all, 94% of co-operatives have social objectives (31 respondents); while just 6% (2 respondents) stated that they did not. The most common social objective relates to the environment and educational aims, both at just under a third (32%). "Doing good for the community", at nine respondents (29% of the sample), was the next most common objective.¹⁴

¹⁴ Please note that while the majority of respondents citing education, health, improved local services, use of local suppliers/ employers and local growth/ employability objectives, likely also aimed to do good for the

5.43 Furthermore, whilst it is likely all co-operatives implicitly aim for more equal profit redistribution, seven of the surveyed sample stated this as a specific or explicit objective (23%). Seven respondents also stated increasing the take-up of local services and service improvement. An additional four (13%) stated that they aimed to use/ support local suppliers/ producers/ employees and that sustainable business practices were core to their organisation. Finally, health and local growth and employability were all cited as social objectives by three co-operatives (10%).

Figure 5.15: Social objectives set by Co-operatives



5.44 More specific examples are included below:

- **Environmental objectives:** which included “carbon off-setting productions,” “diverting waste from landfill,” and “community involvement/ engagement [activities which] includes environmental concerns.”
- **Doing ‘good’ for the community:** including “social outcomes and social good,” a “big emphasis on quality and social responsibility” and “giving a good deal for lending and being a good saving medium...to educate/advise/make people more aware about savings and the benefit of savings/ pension schemes.”

community, only those who specifically stated doing general good (rather than a specific outcome) were classified in this grouping

- **Education objectives:** including “educating new/ joining police officers in financial issues” and “education work in schools – finance behaviour change.”
- **Increasing take-up of local services and service improvement:** including “reinvesting profits into the local housing stock and local services to benefit both the local community and local SMEs, e.g. with ongoing maintenance, use of local suppliers to create local employment.”
- **Sustainable business practices:** including “equal pay, equal say,” “Glasgow Favourite Business Award, ISO 9001 accreditation application,” “general sustainability as business and environmentally” and “to do business in a good way.”

5.45 Those responses that were coded as ‘other’ included providing a ‘Making a Difference’ fund for members’ projects and funding streams for the upkeep of historic/ stately homes, social welfare objectives, youth activities and letting out IT equipment for free to the local community.

Business Benefits

5.46 Nearly eight in 10 businesses have developed new relationships with other businesses/ co-operatives as a result of being a co-operative. Just five (16%) have not done so. Two respondents stated that they had not yet, but hoped to in the future (6%).

5.47 For those that answered yes, answers usually related to networking opportunities and relationships developed:

“Credit unions – informal meetings with larger credit unions.”

“Exhibited in a Milngavie gallery for free due to networking links”

“Most of relationships are as a result of being a co-operative, e.g. other credit unions, political groups, only a few relationships with companies in the private sector.”

“Yes – have established relations with compatriots across the UK”

“Yes – working as a consortium has generated a lot of interest – it is a good marketing tool and [I] have learnt a lot. It has facilitated networking and awareness...”

“Yes certainly – had developed really good relationships with local community centres/ churches which they used to run advice surgeries at etc. in but now funding is a challenge so this has been fluctuating.”

5.48 There have therefore been really positive outcomes for a number of respondents, with co-operative trading allowing them to network with other like-minded businesses, and also helping to promote their activities.

5.49 However, others felt that they had historically developed networks, or that their networks had been the result of their own work, rather than as a result of any form of business support:

“Historically yes but not recently (mostly networking)”

“Informal networks that they themselves have developed”

“Not particularly – already have strong networks”

5.50 Another respondent emphasised that although they had not yet developed relationships, they *“would like to in future,”* with the idea that by collaborating, they believed that the co-operatives in Glasgow could further help each other.

5.51 Therefore, overall, there was generally a ‘business community’ ethos amongst respondents who had been able to develop new business relationships as a result of being a co-operative. Respondents spoke positively about networking opportunities, and also suggested possibilities for collaboration with other co-operatives.

5.52 Finally, regarding social impacts, respondents were asked “are there any other social benefits of co-operative trading achieved to date, or expected in the future?” 15 responses were received for this question.

5.53 Key themes included strengthening employee ownership:

“Democratic side of business model, lot of commitment and equality among members”

“Economic empowerment of members”

“Ethical, collegial, like-minded family (very important)”

“Part owner means control. Equal parts ownership (strengthening that)”

5.54 Other respondents sought to focus on developing benefits/ services for the local community, especially amongst young people:

“Currently working on identifying priorities for the local community – undertaking lots of community consultation so that they have a sense of community ownership...”

“Food bank weekly, activities, e.g. zumba, bingo etc., for community members”

“In the current climate, a financial services owned by the customers (members), compares favourably with the big banks who have lost some public support and trust over recent years”

“Significant outcomes for training and employment (40 youths)”

“Young people to gain experience and exhibit and stay positive and continue with their art career and art more generally.”

5.55 Finally, some respondents were again keen to focus on networking opportunities and building relationships, reinforcing findings presented in Chapter 4:

“...networking groups within the Scottish Government”

“Links with producers and suppliers at Fairtrade”

“Sharing best practice”

“Substantial networking opportunities”

5.56 Accordingly, while networking has been a positive outcome of trading as a co-operative for a number of respondents, many were very keen to have a really positive impact on the local community and their members, with an ethical agenda guiding their activities. For example, by more equally redistributing profits, respondents were keen to promote equality in their workforce, while a number of respondents had also set a number of positive social outcomes for their local communities, which they are both currently working on and hoping to achieve in the future. Respondents talked of the empowerment of both the community and their members, involving them in the activities that are taking place, in order that they feel they have an increased sense of ownership. Moreover, some respondents are undertaking activities which seek to increase social inclusion and equality, for example by providing more ethical banking services and employment and training outcomes for young people.

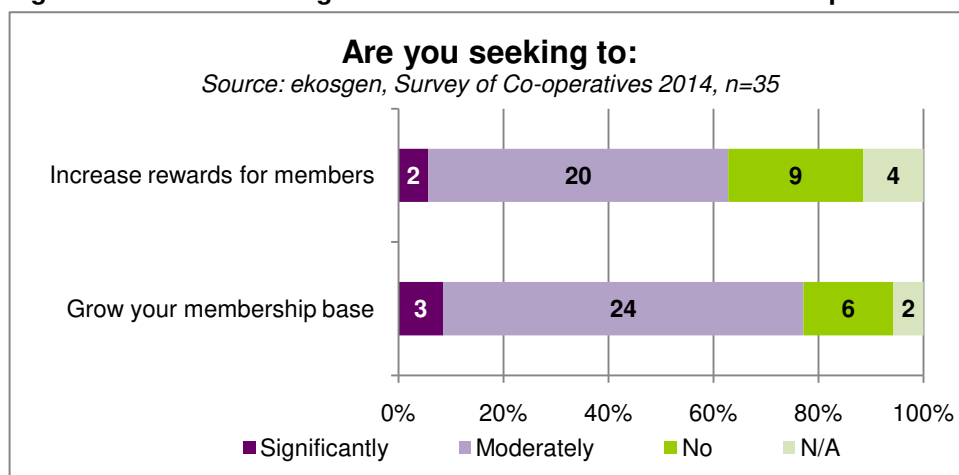
Future Membership Growth and Rewards for Members

5.57 Looking to the future, respondents were asked whether they are seeking to grow their membership base or increase rewards for members.

5.58 Concerning rewards for members, just two respondents (6%) were aiming to increase rewards significantly. The most common answer was to increase rewards moderately, the case for nearly 60% of respondents. Just over a quarter of respondents (26%) were not aiming to increase rewards for members. This may be due to the current financial climate, where some co-operatives may be more risk averse and therefore do not want to greatly increase rewards. In addition, one respondent at a housing co-operative noted that they would not be increasing rewards due to the need to reinvest profits to modernise the housing stock.

5.59 Interestingly, the majority of respondents (69%) were aiming to increase their membership base only moderately. Rather than a recession based explanation, this is likely to be linked to the challenges in management capacity and capability to manage growth in the co-operative (evident in Chapter 3). Only three co-operatives were hoping to grow their members significantly, while six were not looking to grow their members at all.

Figure 5.16: Future changes in rewards for members/ membership base



Summary/ Conclusions

5.60 Across the co-operative sector in the city, including the Co-op Group, an estimated 1,117 are employed full-time and 242 part-time. In addition, an estimated 137 full-time volunteers and 789 part-

time volunteers are also engaged, bringing the total of full and part-time employees and volunteers to 2,285. More than half the co-operatives are hoping to increase staff members.

5.61 The turnover of the sampled co-operatives is typically very low or quite large: there are fewer co-operatives in the middle bands. From 2010-2013, the average turnover has increased slightly to around £1.7m per co-operative. Nevertheless, co-operatives are generally positive about turnover increases in the future, with a predicted average turnover of £2.7m per co-operative in five years time.

5.62 When grossing up the current turnover, this represents an estimated £192m, expected to rise to just over £268m in the next five years.

5.63 Profits and surpluses of co-operatives in Glasgow are quite moderate, with 50-60% of co-operatives (excluding the Co-op Group) recording a figure of £0 - £49,999 over the past three financial years, though this figure falls to around 35% when the Co-op Group is included. In the next five years, respondents are positive that this will increase; for example, there is an increase from 22% to 27% of respondents stating that they expect their estimated profit/ surplus to be between £250,000 and £999,999 in five years' time.

5.64 The vast majority of co-operatives have set themselves social objectives, across a range of topic areas. Environmental and educational objectives were most common (at 32%), followed by 'doing good for the community' (29%). Other common objectives included ensuring more equally distributed profits (23%), increased take up and improvement of local services and employability objectives.

5.65 Nearly 80% of respondents have also developed new relations with other businesses, primarily through networking and hoping to identify opportunities for collaboration. Other social impacts recorded include strengthening employee ownership, benefits to the local community and networking.

6 Conclusions

Conclusions

6.1 The co-operative sector is significant in the city of Glasgow. Including the Co-operative Group, the sector employs around 1,360 employees (both full-time and part-time), is worth £192m turnover and generates profits of £11m. Even without the Co-operative Group, which accounts for 28 of the 104 identified business units, the sector employs 799 with a further 926 working as volunteers. The cumulative turnover is an estimated £126m at the average of £1.7m. The sector itself is confident of future growth, with turnover expected to be £268m in the next five years, employing a further 100 individuals, even without the addition of any new co-operatives.

6.2 The sector is smaller than the social enterprise sector, for example, although this would be expected given that there are more than 500 social enterprises compared to a little over 100 co-operatives. The majority of co-operatives are well established, although there are signs of new co-operatives being formed in the last couple of years, which is an attributed result of the current focus on the co-operative movement and the establishment of the CDU.

6.3 In many ways, co-operatives behave like mainstream businesses, and this is reflected in the findings. The greatest co-operative challenge is increasing sales – for half of co-operatives, in line with businesses generally. Co-operatives are also seeking new markets. Perhaps even more acutely than businesses as a whole, co-operatives face challenges in recruiting and retaining staff. Many co-operatives are reliant on volunteers – more so than conventional businesses – and some staffing issues relate to recruiting volunteers. However, staffing issues are by no means confined to the use of volunteers.

6.4 Whilst co-operatives share many conventional business concerns, it is clear that a strong social ethos runs through the sector. More than 9 in 10 have stated social objectives, many over and above the implicit objective to share benefits equitably amongst members. A great many wish to make a meaningful difference to the environment, education, and to the local communities they serve. Two thirds of co-operatives are located in deprived parts of the city; members are predominantly very locally based.

6.5 Nearly 8 in 10 co-operatives have developed new relationships with other businesses as a result of being a co-operative, allowing them to network with other like-minded enterprises and promote each other's activities.

6.6 In contrast to some social enterprises, a very small proportion of co-operatives – just 6% - are reliant on the public sector for income. City co-operatives have growth ambitions, albeit it relatively modest ones and there is good awareness of the help the CDU is able to provide. A number have made specific use of the Business Development Funding available.

6.7 At the same time, it is clear from the research that there are un-met support needs in the sector. Of a range of prompted potential support needs, two thirds cited business and strategic planning as a support need, and two thirds staff training and development. Recruitment and staffing issues are particularly high amongst Credit Unions. Finance remains a major area where support is required – not just in accessing funding where the CDU Funding is already playing a role – but also in terms of financial management and cash flow advice.

6.8 Perhaps surprisingly, there is a strong desire for greater networking opportunities amongst co-operatives. Many do not feel 'part of a movement' or part of something bigger, feeling isolated and removed from other co-operatives. There are very many business and wider benefits from networking, and the CDU would be well placed to facilitate increased networking in the sector.

6.9 Although there is general appreciation of the range of potential support mechanisms across the city for co-operatives, this is lower for support focused more firmly on the co-operative sector (with the exception of the CDU). There may be a role for the Unit therefore in putting co-operatives in touch with other support available to the sector.

6.10 More widely, fewer co-operatives take up support than are aware of it. This includes the CDU Fund where many of those not taking up the Fund felt it was not available to them, even though they knew of the Fund. There is a general hand-holding and awareness-raising role for the CDU in helping co-operatives access available support, particularly smaller ones who may lack the capacity to identify and apply for support.

6.11 In general there is good feedback for the CDU, including the role of the Fund. Where CDU can most usefully add value going forward is by supporting the sector with softer support – such as the networking – and linking the Fund to the best ways of making use of the funding (linked to co-operatives growth objectives). By increasing networking opportunities in the sector, CDU are also likely to raise the profile of the sector and encouraging more to become involved either as members or new enterprises.

6.12 It is clear that the sector is diverse and has various support needs. However, the sector appears very receptive to potential support (in almost any form) and so the CDU should remain proactive in looking for a variety of ways of helping strengthen and developing the existing enterprise base.