



**Glasgow City Council**

**Executive Committee**

**Report by Archie Graham, Depute Leader of the Council**

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**Item 2**

**2nd May 2013**

## **CO-OPERATIVE GLASGOW**

### **Purpose of Report:**

The purpose of this report is to outline proposals to support the delivery of the Manifesto and Strategic Plan Commitments to:

- develop Glasgow as a Co-operative City and;
- promote and support co-operative, mutual and social enterprise business models in the city through the creation of a Co-operative Development Unit.

The report will give some background to this proposal; define Co-operative Organisations; describe a Co-operative City; outline the Co-operative Glasgow model and make recommendations for future action

### **Recommendations:**

The committee is asked to

- approve the proposals set out in this report.

Ward No(s):

Citywide:

Local member(s) advised: Yes  No  Consulted: Yes  No

### **PLEASE NOTE THE FOLLOWING:**

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## 1. Background

1.1 The Administration's manifesto and the Council's Strategic Plan contain commitments relating to Glasgow becoming a co-operative city. These are:

- make Glasgow a Co-operative Council, by aiming to grow co-operative businesses and social enterprises, and devolve power to our people;
- establish a Co-operative Unit to promote the development of co-ops and other social enterprises in the city

1.2 The Council wishes to build on our current service delivery to develop a new partnership between local people and public services called **Co-operative Glasgow** where:

- public services are of the best quality, offer value for money, are designed around people's lives and are 'joined up' so that citizens get what they need at the right time and the right place;
- power and responsibility is more balanced by agreeing what we will provide and what communities will control for themselves;
- the Council involves the community and employees in planning services and supporting employees, local people and organisations to organise and run services differently;
- the Council enables people to do more to help their own communities and at the same time to help themselves by gaining new skills and experience.

1.3 These are ambitious aims and in order to fully understand their implications and plan a practical course of action, it is necessary to initiate discussions between Elected Members, Chief Officers and relevant external partners including Co-operative Development Scotland, Co-op UK, Public Sector Mutuals, Social Enterprise Scotland and other Local Authorities. This will inform the identification of the processes and steps necessary to achieve the required outcomes.

1.4 The starting point for this process is the establishment of a Glasgow Co-operative Council model that sets out the key principles required for the Council to work in a co-operative manner. It is recommended that a scoping event involving the partners identified in paragraph 1.3 is held to facilitate discussion around the model and its practical application.

1.5 The establishment of a Co-operative Council is an incremental process. It is anticipated that some potential elements e.g. transferring service delivery to a formally constituted co-operative, would take longer than other aspects.

- 1.6 Becoming a Co-operative City also contributes towards the vision of 'A prosperous city for all Glaswegians'. While the specific commitments to developing Co-operative Glasgow sits within the Economic Growth priority area of the Strategic Plan 2012-17, the benefits impact upon other priority areas and will have wide ranging implications for how the Council works, interacts with its customers and delivers its services.
- 1.7 The adoption of the principles underpinning Co-operative Glasgow are aligned to, and complement, the policy approved on 13 December 2012 on transfer of control of assets to the community and aspects of the Scottish Government's proposed Community Empowerment and Renewal Bill concerning community service delivery.
- 1.8 A Co-operative Development Unit (CDU) has been established within Development and Regeneration Services to support the development of Co-operatives and other social enterprises in the city. As a starting point, the CDU will undertake an audit of activity across the council to provide a base from which to progress. This will ensure consistency of approach and an understanding of the cross cutting application of Co-operative Glasgow.

## **2. What is a Co-operative Organisation?**

- 2.1 The terms Co-operative and mutuals are used interchangeably. For the purpose of clarity, commonly used definitions are listed below:
- Co-operatives are 'businesses owned and run by and for their members'. Whether the members are the customers, employees or residents they have an equal say in what the business does;<sup>1</sup>
  - Mutuals are 'organisations which are owned by, and run for the benefit of their current and future members';<sup>2</sup>
  - Social Enterprises are 'independent businesses that exist specifically for social and/or environmental purposes'.<sup>3</sup>
- 2.2 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;

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<sup>1</sup> International Co-operative Alliance, the global custodian of co-operative values and principles

<sup>2</sup> Mutuo, a not for profit society that promotes new mutual societies

<sup>3</sup> Social Enterprise Scotland

- equality;
- equity and
- solidarity.

2.3 Co-operative members also believe in the ethical values of honesty, openness, and social responsibility.

### **3. What is a Co-operative Council?**

3.1 A Co-operative Council adheres to the values and principles identified in 2.2 above and can also support the development of Mutual Organisations and Social Enterprises.

3.2 There are several different models of Co-operative Councils in England and one in Scotland (Edinburgh). Various approaches have been adopted by the different authorities to suit their organisation's vision and ambition. All of them are members of, and supported by the Co-operative Council Network. Glasgow aims to join this network if the Co-operative Council approach is agreed.

3.3 At this point in time, the Council is delivering a number of initiatives that have co-operative principles at their core. Examples include:

- The Living Wage;
- Commonwealth Employment Initiatives;
- Financial Inclusion Strategy,
- Integrated Grant Fund;
- Community Benefits from Procurement;
- Education Initiatives, including Fairtrade Hillpark;
- Mortgage Deposit Initiative;
- Personalisation;
- Credit Union Development.

3.4 The Co-operative Council model is being adopted by Local Authorities for a variety of reasons including the need to identify different ways of improving public services and strengthening local communities during a period of reducing council budgets.

3.5 Evidence cited by 'The Mutuels Taskforce' and the Communities and Local Government Committee identified examples where Co-operative business models have a positive impact on staff morale, service delivery and cost benefits including:

- Increase from 86% to 90% in one year of staff looking forward to going to work (a Community Service in England);
- 98% of staff in a community nursing services say they are willing to go beyond what is normally required. The industry norm is 84%;

- Several organisations in England reported savings related to improved absenteeism with one organisation reducing their annual absence rate by 2 days per FTE and another organisation saving £80,000 in a year.

3.6 There is also potential to generate economic benefits. Research contained in ‘Capital and Debt Trap’<sup>4</sup> identifies that Co-operatives have a longer life than other types of enterprise. Evidence cited included:

- survival of co-operatives after three years was 75%, compared to 48% for all enterprises.
- after ten years, 44% of co-operatives were still in operation, whereas the figure was 20% for all enterprises.

#### 4. The four themes of the Co-operative Glasgow model.

4.1 A Co-operative Council encompasses various elements that range from a basic co-operative approach that incorporates the values identified in 3.2 through to more complex co-operative service delivery mechanisms, where co-operative business units have been developed to deliver services.

4.2 Glasgow has looked at the models adopted by other Local Authorities and identified the 4 elemental phases involved in embedding Co-operative Glasgow. Each element of the proposed model has potential benefits and implications for the Council. These are:

**Theme 1 Co-operative Values and cooperation:** putting the values outlined by the International Co-operative Alliance’s Statement of Co-operative Identity at the heart of service delivery and devolving more power to communities.

Benefits: Glasgow already has a number of initiatives in place that exemplify this approach as identified in paragraph 3.3.

Implications: Future service delivery options would need to be consistent with this approach.

**Theme 2 Co-production and community led commissioning:** working *with* individuals and communities rather than *for* them to promote and strengthen local activity. This fosters a supportive environment that encourages self-help and self-responsibility by allowing service users and communities to help design and deliver services.

Benefits: This can lead to improved outcomes for individuals and communities and has the potential to deliver financial savings to the Council.

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<sup>4</sup> Capital and Debt Trap – Learning from Co-operative in the Global Crisis, Claudia Sanchez Bajo and Bruno Roelants

Implications: There are potential legal and financial implications around this model. There is also considerable work around providing support, advice, and capacity building required.

**Theme 3 Community Assets:** working with communities to transfer the management or control of community properties, or under used public sector assets, to community or third sector groups. This element has already been approved as noted in paragraph 1.7.

Benefits: There is potential to bring in improvements in service delivery at a local level and the creation of a more sustainable community or third sector.

Implications: Community capacity building and support mechanisms will be required to help deliver success. Corporate Services, Development and Regeneration Services, Jobs and Business Glasgow and Glasgow Life are establishing these mechanisms.

**Theme 4 Co-operative Service Delivery:** helping communities, interested parties, and/or employees establish a co-operative business model to deliver existing council services.

Benefits: Evidence points to improved service delivery, long term economic benefits, and budget savings.

Implications: The process of identifying business areas suitable for co-operative needs to be undertaken carefully in consultation with key stakeholders including service users, staff and unions.

- 5.3 It is recommended that Glasgow agrees to adopt a progressive Co-operative Council approach based on the four identified themes. This model is flexible enough to incorporate refinements if required.

## **6.0 Next Steps**

- 6.1 It is proposed that a scoping event for Elected Members, Chief Officers, union representatives and relevant external partners takes place on 6<sup>th</sup> September 2013. This event will showcase the Co-operative Council concept by inviting key note speakers from existing Co-operative Councils to describe their experience and potential benefits; for Elected Members and Officers to outline the proposed model for Glasgow City Council, and bring all the partners together with facilitated workshops to fully discuss the implications of this ambitious proposal and produce an action plan.
- 6.2 It is anticipated that a similar event would be held on at least an annual basis to encourage learning opportunities, discuss progress and form part of the governance process.

## 7.0 COUNCIL STRATEGIC PLAN IMPLICATIONS

<i>Economic Impact:</i>	The proposals will increase the opportunity for creating cooperative businesses, mutuals and social enterprises
<i>Sustainability:</i>	The proposals have the potential to positively impact the sustainability of existing co-operatives, mutuals and social enterprises
<i>Financial:</i>	These proposals will receive funding of £500,000 per annum over the next two years.
<i>Legal:</i>	No direct impacts from this report.
<i>Personnel:</i>	The proposals include the establishment of a Co-operative Development Unit located within Development and Regeneration Services.
<i>Sustainable Procurement and Article 19:</i>	No direct impacts from this report

## 8.0 RECOMMENDATIONS

The committee is asked to:

- approve the proposals set out in this report.