**Business Support**

In this section, we provide information about when co-operatives are likely to need support, and how to help them to navigate between generic and specialist support. Information is provided about sources of support including an overview of co-operative support information from generic providers. We also provide information to aid anyone setting up a business in the council to aid discussion about optimising the co-operative values and principles.

**Understanding Business Support**

1. **Stages in the business change cycle**
2. The realisation that a change is needed.
3. Assessment of the costs, quality and value of change and of the business support available to help identify solutions.
4. Navigating the business support environment to find advice, or new services and products, to deliver the desired change.
5. Embedding the change in the business to realise the benefits may require strong leadership and or staff training.
6. **Sources of business support**

Businesses get their support from a range of sources. The larger the business, the wider its support network.

Gov.uk is designed to include information for businesses on most topics and includes information for co-operatives.

Generally, support providers fall into three categories – informal (e.g. friends and family),

formal (mentors, professional advisors, HMRC) and paid-for (accountants, solicitors).

1. **Methods for support**

In 2018, the SME Business Survey found that support can be divided into strategic advice and information.

1. **Strategic Advice** is most likely to be sought for help with growth (40%) and is also sought for business efficiency or productivity (18%), marketing (17% up eight percentage points on 2017), financial advice for the general running of the business (16%), legal issues (13%), and where to get finance (up four percentage points) and tax or national insurance (11% each).
2. **Information** was mainly sought on financial matters for the general running of the business (17%), on regulations (15%), employment law (14%), legal issues (14%) tax or national insurance matters and business growth (both 12%).

Face-to-face contact is most used – 70% for strategic advice and 64% for information, although this drops significantly to telephone contact for micro-sized businesses.

1. **Signposting**

Co-operatively run businesses are principally commercial businesses that will benefit from both generic (where they are similar to other businesses) and specialist business support (where they differ from other businesses). It is important for councils to signpost businesses to support that is available both within the council and externally.

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| **Specialist support**  Co-operative governance such as one person, one vote, different stakeholder governance groups and asset locks can all require specialist advice.  Seek specialists for anything directly or indirectly concerned with :  Governance  Regulation  Legal requirements | **Generic Support**  Anything concerned with service or product delivery is likely to be best supported through generic sector specialists eg:  Quality management  Finding new markets  Tendering |

1. **Finding Specialist Support**

Specialist support is available for many aspects of the business including professional services such as accountancy and law. Start up and growth tends to be facilitated by organisations now known as Co-operative Development Bodies (CDBs), originally known as Co-operative Development Agencies (CDAs).

CDBs provide business support services and understand the unique needs of co-operative enterprise. CDBs work in all business sectors and can signpost to national or local bodies and vice versa, to help businesses grow.

The number of CDBs is diminishing. In the 1980s, there were 140 CDAs, many of which worked in partnership with, and were funded by, local authorities and strongly focused on worker co-operatives. Independent organisations have largely replaced these.

Co-operatives UK provides the secretariat for the CDB Forum, a member group for CDBs, while also managing a number of nationwide co-operative support programmes which are delivered by established pools of providers. Co-operatives UK has a directory available to locate CDAs and CDBs and other co-operative business for advice and support.

The Hive (<https://www.uk.coop/the-hive/>) provides a national specialist support service for new or growing co-operatives and for existing businesses that wish to convert and can advise on how a co-operative structure affects operations such as accounts, regulation, HR and governance.

**The Hive** <https://www.uk.coop/the-hive/>

The Hive is a partnership between the Co-operative Bank and Co-operatives UK, delivering services through local specialist providers who have been selected because of their skills experience and knowledge of co-operatives. It is a funded service that subsidises expert support accessible by start-up or existing co-operatives. Areas of interest include:

* Business Planning – from testing your business idea to writing a business plan.
* Setting up a co-operative– navigating the legal processes in registering your co-operative business.
* Growth – advice on governance to help grow and develop your co-operative.
* Buyouts and conversions – how a non-co-operative business could become a co-operative.

For organisations that aren’t eligible for funded support from the Hive, information about the Hive’s providers is available under three headings along with the regions that they cover:

* Pathway 1 - for start-up groups and recently incorporated co-operatives.
* Pathway 2 - for existing co-operatives looking to grow and develop.
* Pathway 3 - for businesses looking to convert to co-operative or community ownership.

**Sector specific co-operative support services**

Sector specific co-operatives support organisations include finance, housing, community energy, rural businesses (including community shops), employee ownership and land trusts all have specialist support organisations.

**Employee ownership / business succession**

Two-thirds of UK businesses (estimated at 4.8m) are family owned, of which 16,000 are medium or large.

The Nuttall review of Employee Ownership was published in 2012. Employee Ownership Trusts were introduced in the Finance Act 2014, so are relatively new.

During the research for this project, we heard of existing businesses that had developed into co-operatives either through a transition from a partnership, from family ownership to manager or employee ownership, or through the growth of Employee Share Schemes. Well known examples include Aardman Animations, Richer Sounds and Riverford Organic Foods.

Although we aren’t aware of council intervention in any of these, they are supported by national government schemes and a call for more of them is almost ubiquitous in policy recommendations, from party manifestos to think tanks and academics.

Support for employee share ownership and transitions is a specialist legal area. The Employee Ownership Association provides a

<https://employeeownership.co.uk/>

**Specialist Support to Councils for in-house business development**

Where a council requires support for in-house business development this does need to be specialist as the legislative environment for councils adds extra requirements. Drivers for developing new businesses are discussed in the Policy section of this toolkit. A briefing paper is provided for use in-house to aid discussion about application of co-operative values and principles.

The CCIN’s Dynamic Purchasing System (<https://www.councils.coop/resources/dps/>) enables councils to procure specialist business support compliantly with Public Procurement Regulations. There is also a Public Service Mutuals Unit that can support spin outs (https://www.gov.uk/government/collections/public-service-mutuals).

**Dropdown –**

**Public Service Mutuals** <https://www.gov.uk/guidance/introduction-to-public-service-mutuals>

The Department for Digital, Culture, Media & Sport and Office for Civil Society provide a Public Mutuals Support service for spin-outs from the public sector to social enterprises that are significantly owned or controlled by their staff. Toolkits and resources have been developed since it started in 2014 and are designed to support the organisation through the process of gaining support for the spin out, setting up the new business and ongoing growth. Regular ‘State of the Sector’ reports show the positive impact of this initiative and case studies. Productivity, staff engagement, diversity, innovation and quality are all found to be significantly better than in the public sector generally. Productivity, staff engagement, diversity, innovation and quality are all found to be significantly better than in the public sector generally.

**Download: Briefing Paper,** optimising values and principles in the case for new businesses

1. **Working with generic support providers**

Generic Business support is co-ordinated through publically funded gateways and these are described below for each country of the UK along with national co-operative development bodies. Where local generic support doesn’t cover co-operative business options – including collaboration, employee ownership and succession planning, there is an opportunity to try to change that in anticipation of the contract being renewed.

**Facilitating signposting through generic business support services**

Across the UK, generic business support providers have a mixed understanding of the specialist support needs of co-operatives. However, in each country, Council Economic Development Departments and leader Members and officers will have some involvement with decision making bodies.

External organisations can support generic business advice organisations to offer information and signposting for co-operatives by:

* Identifying and co-creating materials with growth hubs for use by them and other business support providers.
* Creating webinars for advisers to develop their knowledge.
* Facilitating an online forum for businesses and advisers.
* Sharing and providing localised data.

1. **Approaches across the UK**

**England**

In England there are 38 sub-regional Growth Hubs. The Growth Hubs are commissioned through LEPs, sometimes with intelligence or accountable body services from a council, and there will always be council representatives on the LEP Board.

<https://www.lepnetwork.net/local-growth-hub-contacts/>

**Scotland**

In Scotland, councils are responsible for the Business Gateway. Scottish Enterprise, is the national economic development agency and is committed to integrating business support into this one gateway. On its website, the business development and advice page has four subheadings – scale your business, work with other companies, succession planning and employee ownership. The latter three all directly refer to co-operatives or co-operative business models.

<https://www.scottish-enterprise.com/support-for-businesses/business-development-and-advice>

**Wales**

Business Wales is the Welsh Government’s impartial business support and advice service. Social Business Wales is a sub-website with a wealth of information, including toolkits, policy and research publications, a social business directory and social media guides focused on marketing. It provides technical information for those considering starting or operating a social business. Social businesses include social enterprises, co-operatives, mutuals and employee-owned businesses. It presents co-operative structures and operations alongside others and runs campaigns promoting practices such as employee ownership.

# <https://businesswales.gov.wales/socialbusinesswales/>

Cwmpas (formerly The Wales Co-operative Centre) employs 90 people and provides information and advice. It supports all forms of social business and works with Social Business Wales.

<https://cwmpas.coop/>

# **N Ireland**

# Ni Business Info is the official online channel for business advice and guidance in the country. It presents co-cooperative businesses alongside others. It also describes co-operative options for transnational co-operatives – the European Cooperative Society or 'Societas Cooperativa Europaea' (SCE) that allows cross-border co-operatives to be created.

<https://www.nibusinessinfo.co.uk/>

# Co-operative Alternatives the only body in Northern Ireland entirely devoted to developing successful co-operatives and community benefit societies. It offers a high-quality range of advice on legal, financial, business and democratic governance.

<http://www.coopalternatives.coop/>

# A development body exclusively dedicated to the development of co-operatives in Northern Ireland.

https://www.socialenterpriseni.org/

# The primary purpose is to provide a framework of mutual support among co-operatives and to communicate the practice and ethos of co-operation to policy makers, at Government and at community level.

# https://www.communityni.org/