

Tackling Barriers to Building a Cooperative Economy



Oldham
Council

Contents

Foreword	4
Introduction	5
Part 1	
Why are cooperatives different from other businesses?	6
What is the value of cooperatives and cooperative ways of working?	8
How can we go about fostering the right environment for cooperatives to thrive?	9
Conclusion	10
Phase 1 Report	
Executive Summary	11
Sector driven: 1970 - 2000	11
Sector-driven: from 2000	12
External drivers	13
Other factors and initiatives	14
Reflections	15
Appendix	17
Phase 2 Report	
Executive Summary	19
Our conclusions	19
Regions	
Cumbria	19
Lancashire	21
Lancashire Districts	21
Cheshire West and Chester	22
Liverpool City Region	23
Greater Manchester	24
Rochdale	25
Oldham	26
Wigan	26
Bolton	26
Bury	27
Salford	28
Stockport	28
Tameside	29
Trafford	29
Phase 3 A Toolkit	
What can Local Authorities do to encourage the development of a Cooperative Economy?	30
Our Toolkit	30
Refresher	31
Actions	31
Support Package	34
Cooperative Pipelines	36
Cooperative Pathway Development	38

Foreword

Cooperation has always been a driving force behind positive change, but today's economic systems don't always make it easy for businesses and communities to work together. Across the UK, cooperatives are showing just how effective they can be in tackling big challenges – from bringing life back to our high streets to supporting local ownership and reducing inequality. Yet, despite their success, the cooperative economy still isn't reaching its full potential, often held back by outdated policies and a lack of support.

This report shines a light on the incredible potential of cooperatives to transform our economy. The evidence is clear: cooperatives are not only more efficient than many traditional businesses, but they're also better at delivering real benefits for communities. Whether it's community-owned businesses that keep money circulating locally or cooperatively run social care services that put people before profit, these models offer real solutions to some of the biggest issues we face.

Through this Policy Lab, we've explored how councils can take the lead in growing a thriving cooperative economy. By using their influence, local authorities can create the right environment for cooperatives to flourish – not just as an alternative, but as a key part of building a fairer and more sustainable economy.

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This isn't just about setting up more cooperatives – it's about rethinking the way we do business altogether

This isn't just about setting up more cooperatives – it's about rethinking the way we do business altogether. It's about embedding shared values, championing fairness, and harnessing the power of collaboration to drive meaningful change. We hope this report inspires you to join us in shaping a brighter, cooperative future.

Let's work together to break down the barriers and build a fairer, more inclusive economy. Now is the time to act.

To learn more about the Cooperative Councils' Innovation Network and how you can get involved, visit councils.coop.

Jonathan Downs, Corporate Policy Lead,
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Introduction

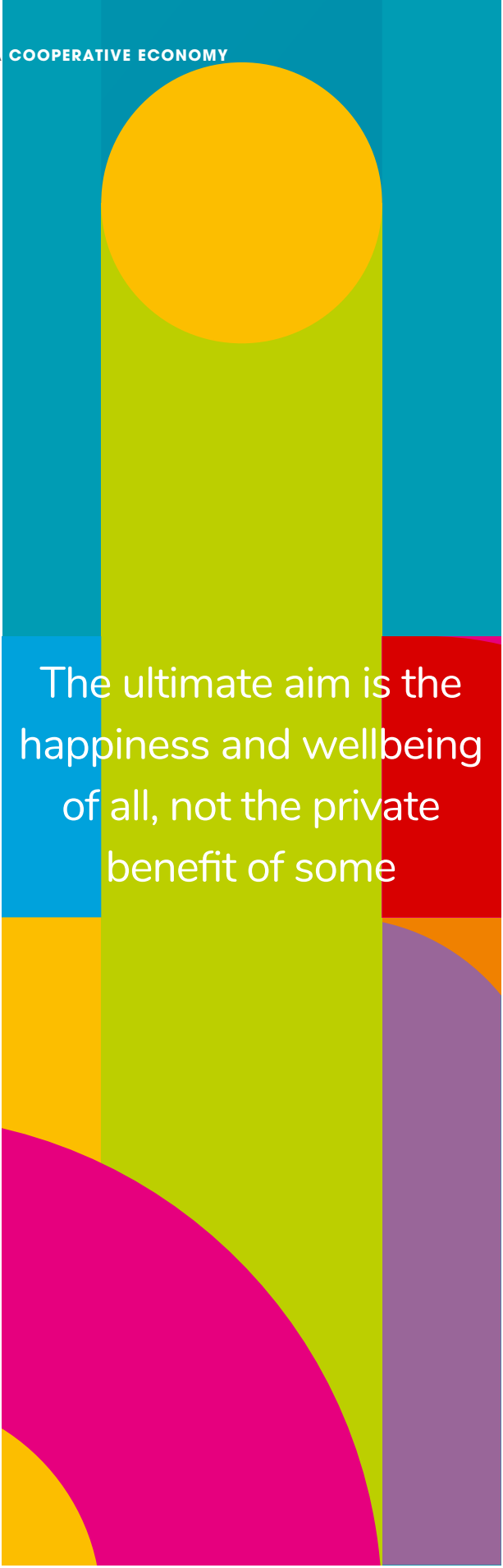
As the title of this Policy Lab might imply, we currently don't really have a "Cooperative Economy" in the UK: we have lots of co-operatives operating mainly as islands within an otherwise competitive and largely profit-driven economy, where their influence is marginal ¹.

We understand the term "Cooperative Economy" to denote something different from the mainstream economy. It is where people and organisations work together in a way which is guided by some shared values and principles which challenge the traditional competitive and financially driven approach. But it has to exist within the mainstream economy, and over time to influence it.

The ultimate aim is the happiness and wellbeing of all, not the private benefit of some. More specifically, it means people and organisations conducting their affairs differently, with everybody in mind, including future generations. Seeking to register lots of new cooperatives has (crudely) been the approach of recent years; it hasn't worked. The desired outcome needs a different approach.

This Policy Lab poses three basic questions (or "lines of enquiry") set out below, which need to be considered first to understand why we are where we are. It is our contention that the failure to provide good answer to these questions over recent decades has played an important part in the limited progress made in building a UK Cooperative Economy.

Providing better answers to those three questions is important, as it will be helpful in identifying the barriers that need to be overcome. But even more importantly, naming the real problems is essential if our collective ambition – building a UK Cooperative Economy – is to be delivered.



The ultimate aim is the happiness and wellbeing of all, not the private benefit of some

1. Co-operatives UK monitors turnover, employees and membership for the Cooperative Economy reports which it produces each year. In 2017, there were around 6,000 cooperatives with 13.6 million members and 226,000 employees. In 2021, those figures had grown to over 7,000 cooperatives with 13.9m members and 250,000 employees. Turnover increased in the same period from £36.4m to £39.7m.

Of the top 100 cooperatives (2021) by turnover, all but three of the first 25 are retail or agricultural cooperatives. The turnover of agriculture (£7.8bn) and retail co-ops (£28.4bn, of which £10.8bn is John Lewis Partnership PLC) account for 90% of the movement's turnover but only 16% of the total number of co-ops.

Part 1

1. Why are co-operatives different from other businesses?

Co-operative business requires *people to behave differently – co-operatively rather than competitively*. The objective is *trading in a different and better way*, not just having a *different structure*:

- co-operatives seek to provide people with access to goods, services and jobs while treating everyone fairly: customers, workers, and capital providers. So they *trade for the common good* rather than for private benefit, as they don't seek to provide special rewards to anyone
- investor-owned businesses, by contrast, provide goods and services specifically in order to make rewards for their private investor owners. They therefore trade for *private benefit*.

This simple but clear distinction of purpose (for the common good rather than private benefit) has not been effectively articulated by the movement². Without this clarity, it is hard to make a convincing case to promote co-operation; or even to get people, businesses and institutions to understand that there is more than one way of doing business.

Trading for private benefit is the default for most business in the competitive economy, driven by a focus on profitability and return on capital ahead of the impact on customers, workers, and community. Partly in response to this, the last two decades has seen the rapid development of a now thriving social enterprise movement, which seeks to promote social and environmental outcomes alongside return on investment.

"Trading co-operatively" is something different entirely³. It seeks to change the pursuit of profit as the primary aim of the business and focus on getting people access to goods and services without treating anyone unfairly. This requires the pursuit of commercial success (profitability) in order to continue trading ("sustainability"); but in no sense does it aim to provide a special reward to anybody. It is fundamentally about providing goods and services fairly, and neutrally.

Because of the lack of clarity of message (it isn't easy), co-operative development has tended to make two basic mistakes. First to focus on structure, as if adopting a different structure is the objective. This error of approach leads to setting and chasing targets based on numbers of co-operatives, exaggerating the size of the movement and implying a measure of success which may not in reality be justified. It also leaves "co-operatives" as just one of a number of possible structures or approaches and omits their unique feature⁴.

Second, in arguing for the adoption of the "co-operative option", it tends to identify things like member-ownership, democratic control, and other features which are important but not issues of immediate (or even any) significance to many people.

So, the first barrier is the failure to understand how co-operation differs from business as usual because it has a fundamentally different purpose; co-operative development strategy needs to be based on this premise, not on promoting "co-operatives".

But what does "behaving differently" mean in the context of running a business?

2. It was first set out in [Co-operation for the Common Good in 2018](#)

3. This summary of co-operation, social enterprise and investor-ownership is over-simplistic and it is recognised that the boundaries between them are much more blurred.

4. The unique feature being trade driven by pursuit of the common good, not private benefit

5. So-called because it was first started by the Rochdale Society of Equitable Pioneers in 1844

Co-operative ways of working have always challenged 'business as usual'. The "Rochdale method"⁵ tore up the emerging idea of a consumer contract (a binary and potentially exploitative legal relationship between business and consumer) and replaced it with the idea of a group of people committing themselves to working with each other in a joint endeavour for everyone's benefit.

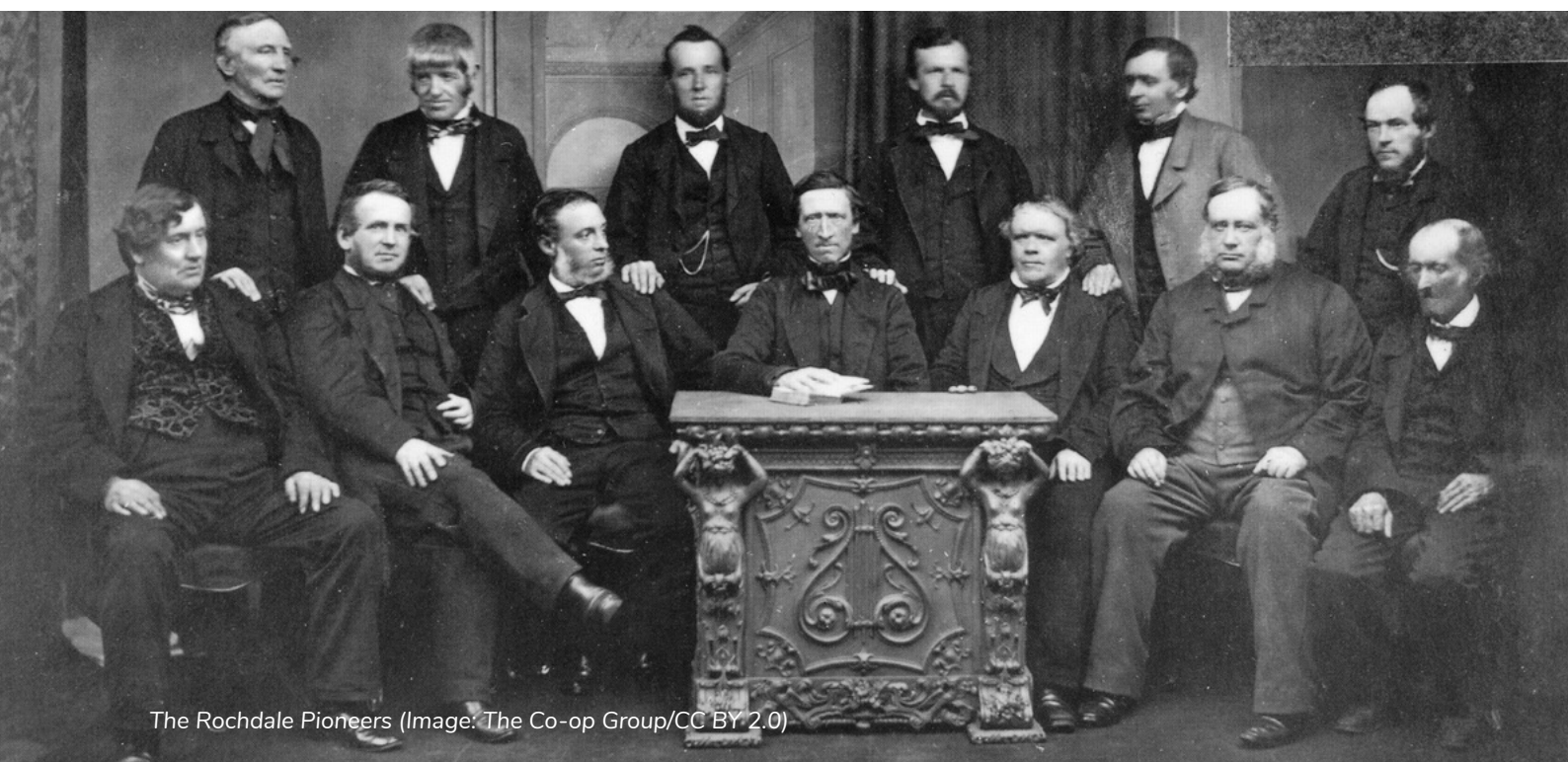
- The buying and selling of goods were transactions "inside" the organisation. There was no consumer contract. People bought things and paid a provisional price, but only after the quarterly accounts were produced was the true price determined, at which point people could be re-imbursed for what they had over-paid (the so-called "co-op divi")
- The way in which this very different type of business operated, how decisions were made and who made which decisions (what we call "governance") was set out in the rules of the society. All members signed up to these rules

on joining, which included the right to vote in elections for those seeking positions of authority and standing for election if they wished

- What held people together as a group (beyond the pragmatism of getting access to uncontaminated goods at a fair price) was shared values, what became the Rochdale principles⁶. At the heart of this was the pursuit of fairness and equality.

In short, the Rochdale method replaced trade based on binary contracts with trade based on governance via the rules of the co-operative; effectively, commercial relationships based on governance rather than contracts. But such collaboration-based enterprise has been largely forgotten in the UK⁷, actively dismantled in some areas⁸, and generally overlooked by the legislature⁹. Consequently, the UK cannot imagine anything other than a competitive economy.

continued



The Rochdale Pioneers (Image: The Co-op Group/CC BY 2.0)

Part 1 continued

Over the last 150 years the belief that the only basis for serious enterprise is the market (competition, the profit motive, and private benefit) has become firmly embedded. Our commercial law has evolved to support the market-based approach (the law of contracts, companies and intellectual property), as has the associated commercial infrastructure (stock markets, accounting standards, growth-based planning).

As a result of all this, the UK lacks the understanding and knowledge, the institutions, and the customs and practice needed to underpin a collaborative or co-operative economy. This is the second barrier.

2. What is the value of co-operatives and co-operative ways of working?

Unlike other businesses which prioritise making profits for investors, co-operative ways of working balance the need to survive (that is, to be profitable)¹⁰ with the need to treat people fairly – workers, customers and anyone affected by the business including future generations.

This can have a number of practical impacts:

- profits aren't taken out of the local economy; they are retained for local and future benefit
- they don't seek to benefit one group to the detriment of another (neutrality/fairness)
- they foster collaboration rather than competition, solidarity rather than profiteering
- the focus of the business can be human well-being, not return on capital invested.

These impacts are the real value of a co-operative economy; that is why councils and other public sector bodies support the idea of co-operation, as do those seeking to address social inequality, species extinction and climate change. It is not difficult to argue that a co-operative economy is preferable to one dominated by business hard-wired to deliver return on investment to shareholders.

Co-operative development strategy has not had the confidence to advance this argument. This has caused various problems:

- it gives the impression that co-operation is content to sit alongside the pursuit of private gain simply as an "alternative option." This destroys the radical ambition: namely to challenge traditional business head on, and to replace it with something fairer and better
- it focusses attention on legal structure and models. This creates the false impression that co-operating is all about taking something different off the shelf and changing one "model" for another
- it leads to evangelising about co-operatives, emphasising core features such as democracy, membership, participation, ownership and governance, which seem irrelevant to many, and measuring success by the number of new co-operatives
- all of this takes energy and attention away from the key objective of getting people and businesses to change: by collaborating and co-operating much more, for the common good rather than mainly or often exclusively for private benefit.

6. These principles were: 1. Open membership 2. Democratic control (one person, one vote). 3. Distribution of surplus in proportion to trade. 4. Payment of limited interest on capital. 5. Political and religious neutrality. 6. Cash trading (no credit extended). 7. Promotion of education.

7. Not so in some other jurisdictions such as Italy, Spain and a number of Latin American countries.

8. More than 70% of the building society sector was deliberately dismantled by demutualisation.

9. There has been no proper review of cooperative law since it was established nearly 200 years ago.

10. This simply means income exceeding expenditure. Without this, insolvency will result

There is a real danger that by failing to advance its radical ambition in the context of today's crises, co-operation will continue to be marginal and relatively insignificant. Many traditional businesses are fully aware of the challenges of social inequality and climate change, and they are adapting and responding in their own way¹¹. This is to be welcomed, though generally it is within the confines of remaining investor-owned and continuing to be driven by the profit motive.

*The third barrier is the fear of claiming that co-operation has a more appropriate purpose than traditional business for the present day – **the common good rather than private benefit** – and that the way of delivering that is by changing how you do business rather than by changing structure.*

3. How can we go about fostering the right environment for co-operatives to thrive?

It is our experience that for the reasons already expressed, although there is currently wide-spread interest in and demand for the idea of co-operative enterprise among entrepreneurs and communities, amongst public bodies especially in local government, at policy level regionally and nationally, and amongst younger people, that interest and demand is not resulting in change. Why?

As a consequence of the factors referred to above, co-operative development starts with the following additional fundamental problems or barriers:

- an unquestioning faith by many people that the profit-motive is the only credible driver of business, and that there is a market-based solutions to every problem. This is barely even articulated, let alone acknowledged and recognised as a problem to address. Without acknowledging that business as usual isn't working, the risk is that business as usual is just recreated

continued

11. For example community interest companies were established in 2003 and so far 26,000 have been registered. There are over 1,000 B corporations in the UK. There are 9,300 registered societies.

Part 1 continued

- adopting a traditional approach to business development, often based around the pursuit of capital, income and profit. Challenging business as usual requires a different approach to business development which pursues something different;
- projecting co-operatives as “a model” or an “alternative business option”. This undermines the distinctive nature of a co-operative and co-operative identity itself. This may partly explain why the UK is one of the least supportive jurisdictions for co-operatives in Europe¹²;
- there are limited good examples to point to in the UK of co-operatives radically challenging the status quo and adopting a wholly different approach which can be a precedent;
- there is little if any proper understanding of what collaborative enterprise looks like, and how it is different from the traditional private benefit approach. It is generally assumed to be a question of structure;
- the tools for collaboration-based enterprise are under-developed, the expertise needed is scarce, and existing business start-up and support services are largely inappropriate;
- public procurement has generally been based upon the concept of public contracts, which limits the scope of what can be achieved through co-operation. There is already scope for public bodies to co-operate amongst themselves (Regulation 12 (7) Public Contracts Regulations 2015) without public procurement rules applying. Consequently, there is a clear opportunity to adopt a governance-based approach between commissioners and providers, though this is only in its infancy in the UK.

Fostering the right environment for co-operatives to be established and nurtured is fundamental to achieving the turn-around that is needed

Fostering the right environment for co-operatives to be established and nurtured is fundamental to achieving the turn-around that is needed. Some important changes are beyond the scope of this Policy Lab but will be mentioned in passing. Our focus in this project is on practical steps that can be taken and are being taken by some already.

Conclusion

This Introduction is the starting point for our thinking, and the background against which we wish to work with our four councils in fulfilling this Policy Lab – specifically in the workshop which is to follow. It is intended to be provocative, and we encourage feedback. We are establishing a mechanism for this, and for ongoing dialogue in real-time between the parties.

¹². See the ICA's legal framework analysis for the UK.

Phase 1 Report

Executive Summary

In this phase of the project, we undertook a desktop analysis of “best practice nationally (and where appropriate internationally) in developing a UK co-operative economy”.

It is hard to use the term “best practice”, when the barriers (as set out in our Introduction paper) are so fundamental, and the achievements over recent years so modest. But we can identify some good practice and begin to consider the ingredients or success factors that are more likely to deliver effective outputs and outcomes:

- National, regional and sectoral/thematic programmes can be effective when sufficiently resourced and can be invaluable. Nascent sectoral/thematic support networks such as in the field of cooperative social care struggle to achieve lift-off as they are yet to secure sufficient funding but remain key resources to be drawn on.
- Local programmes, often local authority supported, can foster a culture of co-operation and develop/support business clusters to create virtuous cycles of cooperative development, where they are given the time, but can be impacted by political changes.
- Knowledge and expertise is not evenly spread. Local points of access that are actively networked into wider communities of practice offer a potentially low-cost model to enable local authorities to offer a service.
- Education of intermediaries can build awareness and make co-operation more visible and accessible.
- Fostering a culture of co-operation generates a fertile soil from which good things can grow.

As the overview below illustrates, and as some of the case studies that are in development will demonstrate, cooperative development is multifaceted and does not necessarily fit neatly into a local government departmental org chart. Local authorities seeking to build a local culture of co-operation need to recognise that conventional approaches may not work, and that they need be open to innovation, working across perceived boundaries and in new configurations and partnerships.

Desktop survey of co-operative development

In an endeavour to answer the question posed, this Phase 1 report sets out a brief desktop survey or overview of *co-operative development practice* over recent years, how it has changed in response to external pressures and events, and where we see good practice.

The Appendix contains a summary of previous Policy Labs on this and related subjects which may shed further light on what has previously been considered good or best practice.

The concept of co-operative development has several different sources of impetus, and these have evolved significantly over the last 50 years. The historical movement (1820s onwards) was dominated by thousands of small consumer (or, in the language of the day, “distributive”) societies; a minority of worker-based (“productive”) societies; and a small number of co-partnership societies with both worker and customer members.

Sector driven: 1970-2000

Picking up the story more recently, there was a resurgence of interest in **worker co-operatives**, following the creation of the Industrial Common Ownership Movement (ICOM) in 1971 as the national umbrella organisation for worker co-operatives. Under Labour governments, national and local funding was

Phase 1 Report continued

allocated to supporting worker cooperative start-ups. This included the set-up of the national Co-operative Development Agency in 1978 and approximately 100 local authorities in the UK established co-operative development agencies for this purpose. It worked to increase the number of worker co-ops through publishing 'model rules' (a long-established practice amongst "distributive" or retail societies) and lobbying for the Industrial Common Ownership Act (1976).

Industrial Common Ownership Finance (ICOF) was established in 1973 as the financial arm of ICOM. Co-operative Development Agencies (CDAs) flourished in the 1980s and 90s but gradually priorities changed, and budgets were cut. By the 2000s, there were fewer CDAs but those that existed were much more resilient. Whether groups of people could get access to support if they wanted to start a co-operative was a geographic lottery.

During the period 1970 – 2000, **co-operative retail societies**, which (including the wholesaler CWS) comprised the majority of UK co-operative turnover, were mainly pre-occupied by surviving in the face of competition from a rapidly growing super-market sector following the end of resale price maintenance¹³. This included branching out into other sectors beyond food retail, including funerals where the movement had a substantial market share; pharmacy, travel, the Co-operative Bank, and Co-operative Insurance. This was a period of unbroken decline in turn-over, and a continuing pattern of mergers either to rescue ailing societies¹⁴, or to address chief executive succession issues.¹⁵ The sector was living off its past, with no significant new societies being established. It coincided with the demutualisation of much of the building society sector.

In 2000, Tony Blair set up the Co-operative Commission to review the strategy and structures of the sector

Politically and strategically, the movement was not moving forwards. It had been pressing unsuccessfully for a new "co-operatives act" for some years but the continuing relevance of mutuality post 1989 seemed questionable. When Labour came to power in 1997, there was no real prospect for legislation, and the movement and the Co-operative Party were encouraged to move things forward via private members bills.

Sector-driven: from 2000

In 2000, Tony Blair set up the Co-operative Commission to review the strategy and structures of the sector, with an aim to suggesting ways to develop and modernise the movement. The Co-operative Commission reported in early 2001: 60 recommendations on how the 'Movement' could improve and thrive in the 21st century. The Commission was retail-centric, and the make-up of its commissioners intentionally brought together the "three wings of the Labour movement", co-operatives, trades unions and the Labour Party. It was effectively a wake-up call: address the problem of return on capital invested (an entirely market-based analysis) or do something else; and make up your minds whether membership was important or not and act accordingly.

¹³. Market share in food retail declined from 32% in 1965 to 7% in 2000. Tesco market share grew from 5% to 25% in the same period. Source – Peter Marks slides presented at Congress 2006.

¹⁴. e.g. CWS and CRS in 2000 theguardian.com/social-enterprise-network/gallery/2014/jan/29/the-history-of-the-british-co-operative-movement-timeline

¹⁵. e.g., Yorkshire and United Norwest in 2002

After decades of decline, things started to improve in the new millennium. While the idea (posited in the Commission report) of a single brand for retail societies did lead to some mergers/consolidations, regional co-operative retail societies survived and have proven to be resilient: Lincoln, East of England, Central England, Mid Counties being the largest. Some of these societies have supported Co-operative Development Bodies (CDBs) or created their own frameworks (i.e. panels of specialist co-operative advisors).

In 2001, ICOM merged with what was then the Co-operative Union, the federal body historically associated with the consumer retail sector, to form Co-operatives UK. The new organisation started developing new services, and vigorously promoting the values of the co-operative movement, establishing a “New Ventures” panel to promote new co-operative ideas, building on recommendations of the Commission. Co-operatives UK brought some co-ordination into cooperative development, but with this focus came some tensions as the organisation was perceived by some of its Co-operative Development specialist members as competing with them for funding and resources.

In 2007, United Co-operatives piloted a co-operative development programme called C-Change wholly funded by themselves. The United trading area covered a large part of Northwest England and North Wales. C-Change offered bespoke advice and support to new and trading co-operatives across this area.

The pilot proved successful and when United merged with the Co-operative Group the programme was rolled out nationally (2009-10) as The Co-operative Enterprise Hub. The scheme was hugely successful due to its ability to link local knowledge and a national framework. It supported hundreds of new-start and trading co-operatives, but was shut down when the Co-operative Group found itself in financial difficulty in 2015.

In 2016, The Co-operative Bank partnered with Co-operatives UK to set up The Hive, a similar but smaller and centrally run programme. The Hive offers support, training and mentoring for groups looking to start a co-op, existing co-ops looking to grow or businesses looking to convert to cooperative ownership.

In relation to reforming legislation, the Co-operative Party and then Mutuo successfully pursued a programme of private members bills, bringing much needed modernisation to co-operative legislation. This concluded with further piece-meal improvements through Treasury-led legislation in 2010, and then a comprehensive consolidation in 2014.

External drivers

Other major external factors have also impacted on co-operative development since 2000. The first was the financial crash of 2007, which showed up the systemic weakness of a monocultural banking system under shareholder ownership. Investor-owned banks were the main source of the problem; jurisdictions which had a strong financial mutual sector were more resilient, and it showed up the value of greater corporate diversity. It also started to raise serious questions about the prevailing belief in neoliberalism and a future dominated by market-based thinking.

One of the side-effects of this was a new interest in mutuality; if capitalism had problems maybe we should think again about mutualism. In the 2010 election, all three main parties included in their manifestoes expressions of support for mutual (and in some cases co-operative) ideas. This resulted, under the Coalition Government, in a programme to promote mutual ownership, particularly where state or private ownership had proved unsatisfactory.

In truth, this process started nearly a decade earlier, with tenant-based housing mutuals in Wales, the transfer of a number of leisure trusts into some sort of community or user ownership, and then the

Phase 1 Report continued

flagship Labour Party policy of NHS Foundation Trusts, modelled on traditional co-operative and mutual ideas.

The fall-out from the financial crisis and the shaken faith in investor ownership effectively built on this growing interest in co-operative and mutual solutions, with some sort of “mutualisation” occurring in community health services (driven from the NHS), youth and leisure services (driven by local government), social housing (driven by regional government and the sector itself). The establishment of a programme for co-operative trust schools also emerged, driven by the Co-operative College and Co-operative Group, mainly as a response to the academisation of schools.

Other factors and initiatives

Alongside these developments in co-operation and mutuality was the rapid emergence of “social enterprise” as a rallying call for those who wanted to explore other motivations for business beyond the profit motive. This was strongly assisted by the establishment of Community Interest Companies in 2003.

In Scotland and Wales, the impact of co-operative development has been greater as a result of the support of the devolved governments. Co-operative Development Scotland is part of Scottish Enterprise, Scotland’s national economic development agency. This properly locates co-operative enterprise as part of mainstream enterprise within institutional government, with a bespoke agency focussed on its distinctive nature. It provides support to community, consortium, platform and worker co-operatives through a mix of in-house expertise and contracting with specialist providers.

The Scottish Government has also championed community energy through the creation of Local Energy Scotland (LES), Community and Renewable Energy funding, events, sharing of knowledge and expertise, a framework of advisors (both technical and co-operative) and an investment fund. Over £25m was paid in community benefits in the last year alone.

In Wales, Cwmpas (formerly known as the Wales Co-operative Centre) is a development agency working for positive change. Where England is so firmly committed to investor-owned enterprise, not least through the role played by the City of London, with the result that it is an unfriendly environment for co-operatives, Wales is very different. With a political centre of gravity much more to the left, Welsh government appears to be more open to co-operative ideas and to have a relationship with Cwmpas. Cwmpas is the largest development agency in the UK and provides support to co-operatives particularly community co-ops, care co-ops and housing coops/community led housing. It uses a mix of in-house and external expertise.

The Plunkett Foundation is an independent national charity that supports rural communities across the UK to tackle the issue they face through community business. Although not overtly promoting co-operative development, the organisation has a strong co-operative background and its agenda is similar, albeit with a rural focus. Plunkett has a relatively small in-house team and a national network of advisors. Through this mechanism, they have brought hundreds of community shops, pubs, farms and woodlands to trading. Plunkett provides advice, support, training and access to manuals.

The Community Shares Unit is the co-ordinating body for the development of the community shares movement. Hundreds of communities have safeguarded businesses and assets and created new ones using community shares, a form of investment available to co-operative and community benefit

societies. The Community Shares Unit Report, Communities doing it for themselves, a decade of the CSU published in January 2023, catalogues a decade of community share issues and investment: £210m in over 700 share issues.

Supporters Direct was formed in 2000 following recommendations of the Football Task Force and a sympathetic Government. Its goal was to help member supporter trusts get a foothold in their clubs or in some cases to gain 100% ownership. Football became the fastest growing sector for cooperative and mutual ownership. In 2018, members voted for Supporters Direct and the Football Supporters Federation to merge into the organisation now known as the Football Supporters' Association.

Although numbers of worker co-ops (employed) have remained largely static, we understand that the numbers of self-employed worker co-ops has increased. It is likely that this reflects the very

significant increase in precarious employment. The latest figures for the number of people who are self-employed in the UK tops 5m.

While there have been 'business succession' initiatives over the years, they have been isolated and project funding temporary. Wales Co-op Centre (now Cwmpas) delivered a worker buyout project for several years using a mix of worker co-op and employee ownership 'models'¹⁶. The original logic for exploring co-ops and succession was the high number of SMEs which close due to an absence of succession strategies.

Reflections

What is clear from this overview is that "co-operative development" is a broad description of numerous initiatives from a wide range of different sources: co-operative practitioners, Co-operatives UK, Co-operative Party, individual retail societies,



The Plunkett Foundation

Phase 1 Report continued

communities, local, regional and central government, and individual sectors (health, football, social housing). It has been largely opportunistic, and consequently fragmented and disjointed.

The key point, however, is that notwithstanding the significant efforts over the last few decades, and the impetus provided by all these different initiatives, the step change needed for the Cooperative Economy to become a significant part of society in the UK has not been achieved¹⁷.

As well as the factors already mentioned in the Introduction, there are many other reasons for this, including: a co-operative approach is not embedded in traditional sources of support for emerging enterprises, from business support organisations to accountants and solicitors to voluntary sector infrastructure bodies; specialist Cooperative Development Agencies are under-resourced as everyone from the co-operatives themselves to local authorities expect it to be a free service; the perception that co-operation is a political thing and so is subject to the constraints of political cycles; to name but a few.

In recent years several initiatives have been undertaken from within the movement to begin to address some of the challenges for co-operative development in the UK. Examples include:

- In recognition that the number of specialist co-operative development advisers was diminishing, there was a desire from worker co-operatives to support emerging co-operatives the [Barefoot Co-operators course](#) was developed by Co-op Culture. Between 2020 and 2022, 68 members of co-operative and community businesses have been trained to deliver specialist business development support, with further cohorts underway or planned. Co-op Culture is now developing a 'Co-operative Options' training

course aimed at business support/small business advisors/economic development officers and designed to upskill them to be able to suggest and provide first line advice to anyone looking to set up a business or at succession planning

- Solidfund (the workers co-op solidarity fund), What is [Solidfund](#)? Solid Fund, is an unincorporated collective which seeks to strengthen worker co-operative solidarity, support industrial democracy and collective ownership and develop worker co-operative education and support. Worker co-ops/members and others contribute a weekly sum (as little as £1) to the self-help fund
- Community Anchors: A Co-operative Recovery. Preston City Council commissioned Stir to Action in 2020 to [deliver a programme](#) of targeted support for BAME organisations in the city, stimulating cultural awareness and interest in worker-owned business. This was in recognition that there is a need to invest in the 'pipeline' for co-operatives, and 'pretechnical' development activities can stimulate cultural awareness and interest in broader audiences.

A final reflection concerns the radically changed circumstances today. There are two main factors:

- Climate change, environmental destruction, and species extinction
- An inequality crisis, greatly exacerbated now by a cost-of-living crisis, with soaring energy prices, food-banks, and the daily struggle for many to feed themselves, provide decent housing, and keep warm.

This is the context in which it is now necessary to consider how to tackle the barriers.

¹⁶. It should be said that the Employee Benefit Trust (EBT) model has proven to be a popular mechanism not least because of the tax advantages it provides.

¹⁷. For example, community interest companies were established in 2003 and so far [26,000](#) have been registered. There are over [1,000](#) B corporations in the UK. There were 9,979 registered societies at 31.03.2022; there were over 9000 at the end of 2000 – Source [Hansard](#).

Appendix

Previous Policy Labs

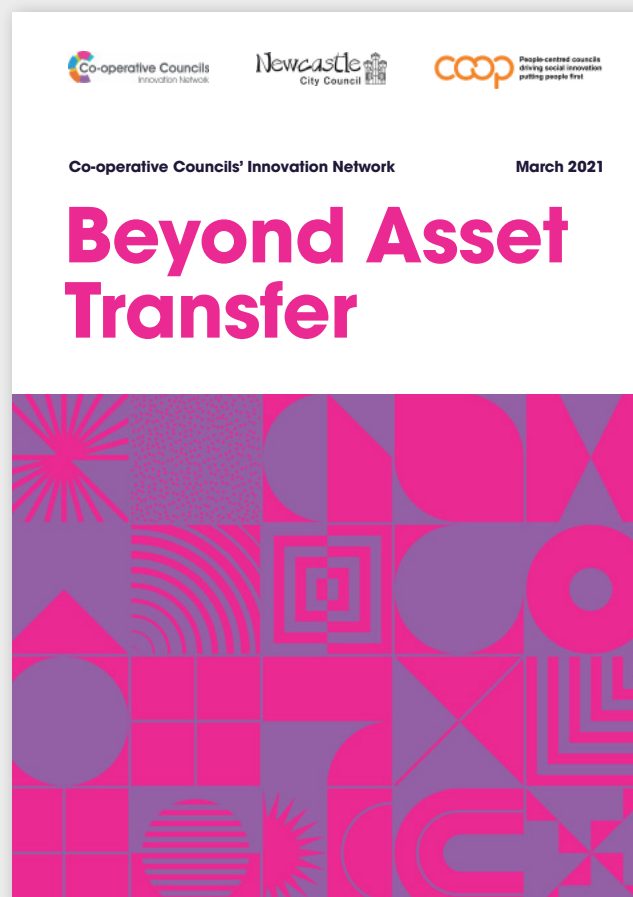
One seemingly untapped source of good practice in the UK can be found in previous CCIN policy lab reports, which, when combined, cover the three lines of enquiry and cross cutting dimensions. All of the policy labs contain case studies demonstrating good practice in both types of cooperatives, actions and interventions by CCIN members and, policy recommendations. Examples of the most relevant policy labs include:

Growing an Inclusive Co-op Economy, November 2022. Led by Oxford City Council this Policy Lab established a working group co-operating to share best practice and case studies on how to support the growth of the Cooperative Economy in areas of deprivation. Approaches included embedding social value in procurement across anchor organisations; community asset transfers; financial support; advice and awareness-raising. The report includes case studies from 3 CCIN members and a toolkit of resources for Cooperative Councils.

Community Economic Development Planning and Councils, March 2022. Co-ordinated by Birmingham City Council this policy lab explored how councils can effectively utilise community economic development planning. Community economic development planning or CEDP is a process of economic development within a specific geographic area, to make the economy in that area work well for that community. The outcome of CEDP is often the creation of cooperatives. The report includes five case studies where Councils have engaged in the CEDP process and the advantages they have gained from this and a framework for delivering CEDP.

Beyond Asset Transfer, July 2021. Community Asset Transfer is the transfer of land or buildings from the councils (or other public sector bodies) to the ownership and/or management of a third sector organisation. Led by Newcastle City Council and

continued





drawing on the experiences of asset transfer of CCIN members this report explores what has worked well, what has not worked so well, and why. The report aims to learn lessons from these experiences and use them to strengthen practice around asset transfer within local government and its partners. It includes 8 case studies and a number of policy and practical recommendations for Councils.

Cooperatives Unleashed: from the grassroots.

July 2020. – Plymouth City Council delivered this Policy Lab setting out practical ways for councils to encourage and enable the start-up and growth of businesses that adhere to Cooperative Values and Principles which enable any business to be fairer, more democratic and accountable to their members and their communities. It contains nine recommendations for Councils and a toolkit including items such as a template policy, a briefing note for officers and a sample council action plan.

Community Led Housing. Feb 2017. This is the report from the Housing Commission set up in September 2016 by CCIN, led by Croydon Council, to encourage and enable local authorities in England, Scotland and Wales to foster and support cooperative and community-led solutions to the housing crisis. This includes 12 case studies, each setting out a local authority's approach to CLH, providing examples of CLH schemes supported in the area and giving a contact officer. The Commission has collaborated with the Housing Associations' Charitable Trust's project to develop a CLH Technical Toolkit for local authorities. This is available on the [Community Led Homes website](#).

Work has started on another policy lab, [Councils' Co-operative Development Toolkit](#). This is to establish a framework that supports identification of opportunities to improve the local cooperative development context and move towards action. This work is in its early stages.

A policy prototype has also been funded by CCIN, [Translating Co-op Values into 'Social Value' for Procurement](#), again this is in its early stages.

Phase 2 Report

Executive Summary

This report examines Council support for and activities being developed by communities in the County, Boroughs/districts and Metropolitan areas of the North-west. As mentioned in our introductory paper, no Local Authority/partnership/community has been successful in stimulating a 'cooperative economy' but there are pockets of cooperative promotion, encouragement and formation.

The report makes reference to and includes initiatives on cooperative development, social enterprise/business and community business/enterprise development activity. In addition, some Local Authorities use terms such as an 'inclusive economy' and a 'sharing economy' to refer to co-ops and mutuals. This is important to note because while there is little specific cooperative development, communities and groups of people have used social enterprise/community business resources to bring their 'cooperative' ventures to fruition.

Our conclusions:

Only 2 Local Authorities, Preston and Greater Manchester Combined Authority are explicit in their support for cooperatives

Some Local Authorities mention social enterprises and community businesses in their policies and strategies. Often social enterprise support sits alongside support to the Voluntary, Community and Faith sectors.

The Community Wealth Building 'model' which has been adopted by some Local Authorities (either explicitly or implicitly) has as one of its key strands, 'plural ownership of the economy'. A number of the NW Local Authorities mention 'a local economy that works for all', an inclusive economy, a fairer economy, better jobs, green growth BUT the development of the Cooperative Economy is virtually absent.

There are some cooperative hotspots: Alston and Lancaster (for instance) where community/co-operative entrepreneurs have been successful in gathering groups of like-minded people together and forming cooperative enterprises

Awareness of co-ops is fragmented. Having community anchors which are co-op aware and know how to access the relevant knowledge, information and expertise is useful (Lancashire pre 2000)

Technical support and expertise are geographically dispersed. Vital that Local Authorities, community anchors, business support organisations and others are networked with co-op advisors and the sector more widely

Cumbria

Cumbria County Council has long supported social enterprise development and business support. Between 2005-2009, it was a partner with West Lakes Renaissance and the European Regional Development Fund (ERDF) to stimulate the social enterprise sector (new start and trading) in Allerdale and Copeland Boroughs.

Cumbria Social Enterprise Partnership (CSEP, [Home - Cumbria Social Enterprise Partnership \(secumbria.org.uk\)](http://Home - Cumbria Social Enterprise Partnership (secumbria.org.uk))) was formed in 2003 and became a constituted membership organisation in 2005. CSEP is governed by a steering group with membership available to social enterprises and those supporting the sector in Cumbria. CSEP has been supported by Cumbria County Council: grants for business advice, networking activities and staff time to support SE activities. CSEP claims some 1,100 'registered' social enterprises in the County.

While the Cumbria brand appears to be 'social enterprise' there are a number of community energy schemes, community pubs and shops which are cooperatives/democratic community

Phase 2 Report continued

businesses. Community Energy Cumbria is a specialist development vehicle which builds on the significant expertise in the County, not least Baywind Energy Co-op (Ulverston).

Alston (known as the first social enterprise town) is a hotbed for cooperative development: [Cybermoor](#) (community broadband, Cybermoor – A social enterprise located in Alston, in the North Pennines – UK.) and [Alston Wholefoods](#) (ALSTON WHOLEFOODS Alston Wholefoods | Ethical grocer and delicatessen in Cumbria). Hesketh Newmarket has one of the early cooperative pubs (The Old Crown, [The Old Crown Pub](#), Hesketh Newmarket) and a cooperative brewery.

The Woolclip is a cooperative of people dedicated to creating exclusive and unique wool crafted items. It was founded in 2001 by people unable to afford a retail outlet on their own or amass the necessary contacts/networks, a cooperative has proven highly successful.

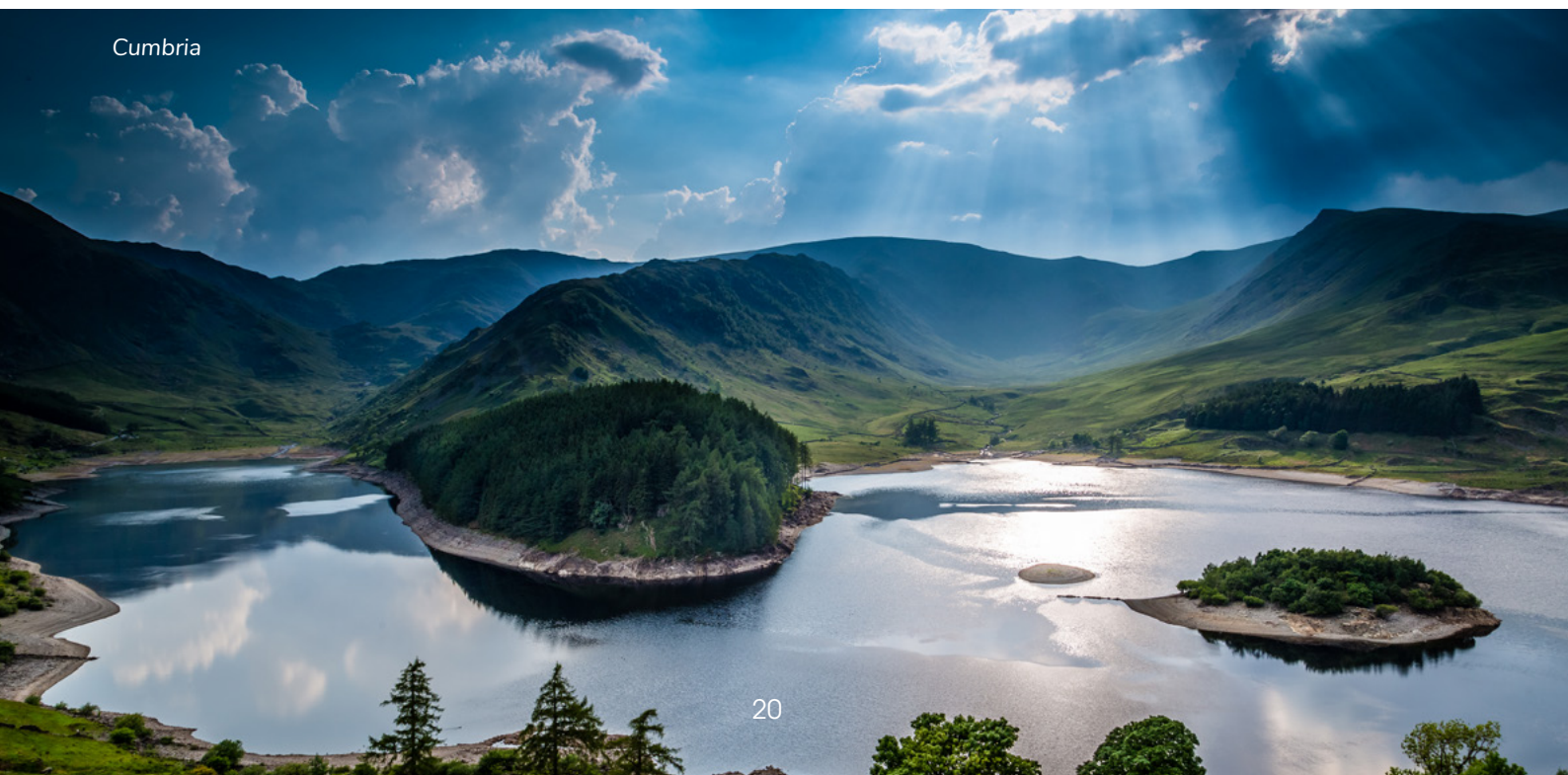
Both start up and trading social enterprises in West Cumbria can make use of the Spark programme. This is supported by Sellafield's social impact investment programme developed in partnership with CCF,

CCC and CSEP. The programme focuses on family wellbeing, financial education, community activism and inspiring young people.

Cumbria Action for Sustainability (CAfS) describes itself as Cumbria's climate change and sustainability organisation. It promotes and facilitates low carbon living and its benefits through events, advice and training. CAfS is a registered charity and company limited by guarantee. Projects have included community energy (solar mapping and hydro feasibility), working to increase the number of EV charging points with Charge My Street (chargemystreet.co.uk | EV charge point community benefit society), advice to businesses on reducing carbon footprint, community training on climate science and working with farmers.

Local government reorganisation will see Cumbria's seven existing councils abolished in April 2023 and replaced by two new unitary councils. Cumberland Council will take over as the authority in [Carlisle](#), Allerdale and Copeland. Westmorland and Furness Council will take over as the ruling authority in Eden, South Lakeland and Barrow-in-Furness.

Cumbria



Lancashire

Lancashire County Council has produced an economic strategy 2023-25. It concentrates on 'significant programmes of work that include multi-billion-pound developments and infrastructure projects.....together with a mix of high performing, well established businesses...'

Lancashire was ahead of its time when it formed Lancashire Enterprises and a sister company, Lancashire Co-operative Development Agency (LCDA). The CDA built up an expert team of some 25 people during the 1990s able to serve the whole of the County. It had a Credit Union Team and was able to stimulate and respond to community and worker buyouts. LCDA's focus and funding changed significantly in the early 2000s.

Social Enterprise Lancashire (SELNET) was formed in 2005 to develop and support the sector ('voluntary, community organisations and social businesses') in Lancashire. It has flourished since that time through delivering various programmes and acting as the voice for social enterprises in the County. Programmes have included: BIG Assist, Cabinet Office, ERDF, ESF, National Lottery, Lancashire County Council and others. A succession of programmes (some £23m in total) have largely been output driven.

SELNET does what it says on the tin. It enables connections. The trade directory lists the goods and services available from SELNET members, categorized into their specialist areas.

Lancashire County Council currently has a range of small grant funding opportunities advertised on its website:

1. Crowdfund Lancashire: match funding from LCC to projects placed on Spacehive: The home of community fundraising (spacehive.com)
2. Community project support
3. Champion grants

4. Parish Champion grants
5. Multiply and Local Member grants scheme

Lancashire Districts

1. Preston City Council has developed the 'Preston model' over the last decade or so. Cooperative development and support activities have included and include:

a. Support (financial and moral) to the employees of Preston Bus when Stagecoach were forced to put the company on the market.

b. A series of events with the Democracy Collaborative and the Mondragon Corporation.

c. Support (financial, officer and Councillor) to form the Preston Co-operative Development Network as a community benefit society.

d. Preston CC and UCLAN (University of Central Lancashire) led a successful bid to the Open Society Foundations (OSF)

- i. Mondragon LKS consultancy
- ii. One worker, One vote consultancy
- iii. Funding to start 10 worker co-ops. 7 have been started to date (March 23).

e. Preston CC has provided officer and financial support (£300,000, 50:50) with Power to Change to create the Advancing a Shared Economy Project. This has:

- i. Provided human resource for the Preston Co-operative Development Network and the Preston Co-operative Education Centre.
- ii. Helped to fund Leighton Street traveler site.
- iii. Provided funding for the development of co-ops in the construction industry and the food sector.

Phase 2 Report continued

2. Lancaster City is a hotbed for cooperatives: Single Step, Seeds for Change, Green Elephant, Halton Hydro, Lancaster Co-housing, Lancaster Musicians Co-op and Lancaster Farm Fresh Co-op.

Lancaster Council has a Community Wealth Building officer, Daniel Clarke. A webinar on how co-ops can create local wealth and strengthen communities was delivered in February 2022.

3. Burnley has New Era Enterprises (a community, local community economic development agency). It is constituted as a cooperative and has existed since 1986. New Era provides advice and guidance for individuals, families and groups on a range of issues. It operates an Emotional Health and Wellbeing hub, a Family hub, an Engagement Hub and a local nursery.

New Era was a key local partner when Lancashire CDA was operating at full capacity. Local CED partners with access to 'technical' expertise worked well.

4. Blackburn with Darwen has undertaken significant community economic development over the last 30 years or so, largely through Bootstrap Enterprises (a local social enterprise). Bootstrap used a range of funding sources to provide routes into employment for local people, business advice and support. It had grown to a significant size by 2018 but was unable to continue to source contracts. Administrators were called in in 2019.

Bootstrap Enterprises was also a key local partner for Lancashire CDA.

Cheshire West and Chester

1. Cheshire West and Chester Council undertook a major consultation in 2021-22 on 'building a thriving local economy that works for all'. The aim of the engagement was to allow a range of stakeholders including residents and businesses to shape the inclusive economy plan. Priority issues

included: poverty and inequality, health and wellbeing, climate and sustainability, supporting culture, producing an animated borough. Action areas included: employment and skills, building better places (AKA master-planning and community regeneration), protecting the environment and green spaces, housing and transport, business best practice and support, anchor institutions.

Over 250 stakeholders were engaged including 29 responses via the [Participate Now](#) website; 69 through Action Area workshops and 104 via the Inclusive Economy Conference.

The engagement report is available [here](#).

The final Inclusive Economy Prospectus and Action plan is available [here](#).

The remaking enterprise workshop discussed how an inclusive economy should actively seek to develop a more diverse blend of business ownership models including small businesses, social enterprises, community businesses, cooperatives and different forms of municipal ownership. These types of business were deemed more likely to support local employment and retain wealth locally.

There was a discussion about how public procurement could be used to encourage these types of businesses to engage in local supply chains and how providing advance information about the goods and services that are going to be procured could help to support this. It was felt that underused public sector land and property could be used to help to support start-up businesses which have a social purpose. Participants also discussed how support could be channelled to support the development of community led businesses.

2. Cheshire Community Action (originally Cheshire Community Council) works throughout the whole of Cheshire West and Chester, Cheshire East, Halton and Warrington. Like most Community Councils, CCC was founded to assist rural communities but their constituencies have changed. CCA provides the following services:
 - a. Community buildings advice
 - b. Social enterprise and community business support
 - c. Community development
 - d. Pathfinder Health and Wellbeing: range of interventions like advice to people to reduce social isolation through to enabling people to remain independent.
3. Cheshire East Council created the Cheshire East Social Action Partnership (CESAP) to encourage connection building and collaboration. The [Cheshire East Social Action Partnership](#) aims to develop a strong local social impact culture through effective social action, underpinned by

a thriving Voluntary, Community, Faith and Social Enterprise (VCFSE) Sector. It is delivered by [Pulse Regeneration](#).

The Cheshire and Warrington Sustainable and Inclusive Growth Commission was established in November 2020 with the aim of addressing inequality and climate change. The themes of the strategy: inclusive economy, sustainable transport, land use and climate change, Net Zero.

Liverpool City Region

The Liverpool City Region Combined Authority comprises the following Council areas: Wirral, Liverpool, Sefton, Knowsley, Halton and St Helens. The priority areas for the CA are as follows:

- A Fairer city region
- A stronger city region
- A cleaner city region
- A connected city region
- A vibrant city region

continued

Liverpool



Phase 2 Report continued

Beneath these priorities are a number of strands i.e. within Stronger is Inclusive Economy and the Third Sector and Business Support.

The Liverpool City Region has established a Social and Solidarity Economy Reference panel to advise the Combined Authority on the 'social' sector development and support.

Liverpool has a social enterprise network (SEN) and when Social Enterprise North West was trading, its head office was in Liverpool. The Women's Organisation: [Home - The Women's Organisation](#) provides bespoke business support, training and other services for women and has traded since 1996.

Kindred is a community interest company (CIC), owned locally and collectively, that reinvests money, space and learning in Liverpool City Region's (LCR) socially-trading economy. Socially-trading organisations (STOs) are businesses that deliver social benefits AND trade commercially –businesses with a social mission.

Kindred's ambition for the city region is to create an economy here that is kinder and fairer for everyone, and to grow the impact of businesses that trade socially. It offers hands-on, peer-to-peer support and learning, tailored to grow both individual and collective social impact.

It supports the region's STOs with money to help them grow and multiply their impact. It is supported by The Liverpool City Region Combined Authority and Power to Change.

Greater Manchester

The GM Co-operative Commission's report sets out ideas to enable cooperatives to flourish. The key recommendations are as follows:

1. Greater Manchester should be designated as a Cooperative Zone with a dedicated resource to offer business advice and support for both existing cooperatives and those who wish to start or convert to a cooperative approach.
2. Procurement officers receiving training on the benefits of the cooperative as a legal form for a stable supplier of services, especially in terms of financial strength.
3. The Greater Manchester Co-operative zone to work with banks and other financial organisations to help reduce the barriers to cooperatives accessing finance.
4. Improved support for communities to help them to understand their cooperative options.
5. Greater Manchester Co-operative Zone to work with the Greater Manchester Chamber of Commerce, Greater Manchester Centre for Voluntary Organisation, Manchester Digital and the Greater Manchester Growth Hub to equip business advisors with a basic practical understanding of cooperative approaches.
6. The Greater Manchester Co-operative Zone to help family-owned SMEs in Greater Manchester plan for ownership succession and explore conversion to cooperative ownership as a succession option; and to provide access to expert support when business leaders and their workers decide a cooperative conversion is the right option.
7. The Greater Manchester Co-operative Zone to facilitate co-operation between cooperatives in Greater Manchester.

Co-ops UK has written a paper on how the Commission's report recommendations might be implemented: uk.coop/resources/implementing-greater-manchester-co-operative-commission-final-report

In March 2021, the GM Independent Inequalities Commission recommended that GM should create a Community Wealth Hub. We understand that the CW hub will be renamed the Inclusive Ownership Platform.

Rochdale

Rochdale Council has been active in on the ground cooperative initiatives and in CCIN policy labs:

1. In partnership with Rochdale Boroughwide Housing, link4Life, Rochdale Development Agency and the Co-operative Heritage Trust, a Heritage Action Zone has been created to reinvigorate Drake Street from retail dominated into vibrant mixed use.
2. Creation of a Cooperative Enterprise Hub with the Co-operative College. The College has developed a 'Together Enterprise' project which supports groups of young people to build their skills and explore cooperative enterprise.

Grassroots initiatives:

- a. Middleton Co-operating, recently formed community benefit society registered following extensive consultations with residents and organisations. MC seeks to develop community ideas that will have a significant impact on the residents of Middleton including energy, housing and social care. MC has successfully secured £100,000 from the Lankelly Chase Foundation to employ a Development Lead.
- b. Langley Community Benefit Society is focussed on increasing the affordable housing on the Langley Estate. It is currently undertaking a community led housing scheme in conjunction with Rochdale Council, Riverside Housing and other partners.

continued



Rochdale

Phase 2 Report continued

Oldham

Oldham Council has been a Cooperative Council since 2011. Its approach entails recognising shared problems and ambitions. It cites the [Co-operative Charter](#).

Key priorities set out Oldham Council's corporate plan include:

- a. Healthy, safe and well supported residents
- b. A great start and skills for life
- c. Better jobs and dynamic businesses
- d. Quality homes for everyone
- e. A clean and green future.

Oldham Council opted to provide Oldham Community Power with a £250k loan to top up the investment they raised when their first community share offer did not raise the funds needed.

This bridging loan was critical in enabling the scheme to move forward, helping the scheme to meet the deadline for more generous Feed in Tariff payments, and demonstrating commitment and trust to the organisation. This bridging loan prompted greater community trust in the project (which had previously been lacking as many residents were sceptical of the project, with some reporting it to the police believing it to be a scam) and led to greater uptake in the later share offer used to pay back the bridging loan.

Oldham Community Power paid back £150k to Oldham Council and it was decided that the council would retain the remaining sum it invested as shares. As such, the council has a stake in the organisation and contributes to its governance as a shareholder.

Wigan

Wigan Council undertook a Big Listening project in 2018: 10,000 views from 6,000 people and a Big Listening Festival in 2021. Residents said they wanted a fairer and more inclusive borough. Wigan Council

developed a Community Wealth Building (CWB) vision and principles document and a reporting mechanism.

The CWB strategy, Growing an economy that works for all the people in our Borough (The Deal, 2030). The key areas of focus include:

- The Wigan Pound
- A good job here for all
- Housing
- Green jobs
- Working with businesses.

Key activities:

- a. Bringing empty homes back into a viable portfolio through maximising skills development and employment opportunities for local residents.
- b. Working with Housing People, Building Communities (supporting to navigate planning, legal and funding and have secured commitments on project management and cost planning from the developer, Wilkinson Cowan) to develop new homes on land at St Williams Church.
- c. Abram Ward Community Co-operative (now Wigan and Leigh Community Charity) consists of a group of local residents, residents groups, ward councillors, businesses and schools from the 5 villages in Abram Ward. WLCC seeks to 'maximise local resources and instigate, nurture and develop community businesses and social enterprises across the whole borough of Wigan providing the knowledge, skills, networks and platforms to enable social enterprise in all its different forms to thrive'.

Bolton*

Bolton Council's economic vision for 2030 seeks an attractive, well connected and distinctive place, where the opportunities and benefits of sustainable growth are enjoyed by everyone and supported by reformed public services.

*Not in CCIN membership at the time of publication

Bolton has a number of key outcomes and indicators. The Key outcomes are as follows:

1. Strong, resilient and hard working
2. Ambitious, skilled and responsive
3. Productive, thriving and innovative
4. Distinctive, attractive and competitive
5. Healthier, wealthier and prosperous
6. Well connected.

For example, the indicators deriving from Outcome 1 are: increasing economic activity, employment and improving productivity and entrepreneurship.

Bury

Bury Council updated its economic strategy in April 2022. This involved a significant consultation organised through PLACED (placed.org.uk).

Bury Council's ambition is that the Borough will have made the fastest improvement in reducing levels of deprivation than any other post-industrial northern locality.

- We will be measured against comparable boroughs and the Greater Manchester authorities
- To achieve this means reversing the decline seen in 2015
- It is dependent on us making progress against all the aspects of this Strategy particularly economic growth
- It accepts the impact of the pandemic but sets out an ambition to recover faster than others.

We will measure our progress to achieving this ambition by tracking seven core outcome measures which are explained in more detail later in this document:

1. Improved quality of life
2. Improved early years development
3. Improved educational attainment
4. Increased adult skill levels and employability
5. Inclusive economic growth
6. Carbon neutrality by 2038
7. Improved digital connectivity.

continued



Phase 2 Report continued

Salford*

Salford City Council's local plan (economic development) seeks to create a fairer Salford by:

- Enabling the provision of a diverse range of job opportunities that are accessible to local residents
- Supporting the growth of sectors that can provide higher wage employment
- Promoting green growth, such as through the use of low carbon technologies and the efficient use of resources, which will benefit future generations
- Ensuring a good mix of sites and premises that enable people to start their own businesses
- Encouraging developers to maximise the economic benefits of new development for local residents.

The economic inclusion policy seeks to maximise benefits for the city's population helping residents into employment and/or training:

1. Promoting on-site employment opportunities to Salford residents
2. Providing training opportunities for Salford residents
3. Utilising local supply chains
4. Signing up to the City Mayor's Employment Charter.

Stockport*

Stockport Council has developed an economic plan (2030) following consultations with residents, stakeholders and partners. There are 4 key pillars which have emerged:

1. Fair and inclusive, where local people are the primary beneficiaries of regeneration and growth
2. Enterprising and Productive: capturing a bigger share of high value knowledge jobs while supporting a resilient foundational economy
3. Tackling the climate emergency, growing the green economy and enabling the Borough to build back better and recover from the impacts of Covid.

Salford



*Not in CCIN membership at the time of publication

4. Accessible and connected: ensuring sustainable transport and digital infrastructure supports employment and inclusive economic growth.

Tameside

Tameside has an inclusive growth strategy, an employment strategy and an economic strategy.

The inclusive growth strategy (2021-26) pledges to deliver on 13 objectives in this period.

These objectives include:

1. Encourage, start and grow new businesses and social enterprises
2. Direct local spend to support local SMEs and social enterprises
3. Use the public sector estate to support start ups, social enterprises and charities to grow and drive development and regeneration
4. Enable an inclusive digital and creative economy for people and business.

Tameside Council is a member of a cooperative: Co-operative Network Infrastructure (CNI) together with private sector partners to deliver digital infrastructure in the borough.

Trafford

Trafford Council has developed a Local plan with inclusive place as a key part of this. The policies include:

1. Inclusive economy
2. Presumption in favour of sustainable development
3. Health and well being
4. Education and skills
5. Design
6. Digital connectivity
7. Community facilities.

Phase 3 A Toolkit

This Policy Lab is effectively asking the following question:

What can Local Authorities do to encourage the development of a Cooperative Economy?

So far ...

The work undertaken by the delivery team has highlighted:

- The limited success in the promotion of co-operation in relation to the mainstream profit-making business model
- The limited people and financial resources available to Local authorities
- While there are varying levels of support among members and officers for a cooperative approach to economic development (even within the CCIN), this presents an opportunity to encourage greater understanding and alignment around its benefits
- The structural and personal tension between those Local Authority officers and councillors who favour traditional 'regeneration' and those interested in community economic/cooperative development
- The limits of power of individual Local Authorities and the necessity to act in partnership with other anchors and community-based organisations.

Further ...

Our introductory paper sought to identify barriers to cooperative development in addressing the 3 lines of enquiry, highlighting: a tendency to focus on structure rather than purpose (which was little understood); a timidity in arguing that cooperatives have a more appropriate purpose than investor-ownership in meeting today's needs; and the power of the

unspoken assumption that there is only one approach to business.

The phase 1 report highlighted the good (rather than best) practice and the ingredients/success factors which are more likely to deliver effective outputs and outcomes.

The phase 2 report reviewed North West Local Authority and community-based responses to developing a Cooperative Economy.

We concluded that cooperative development is multi-faceted, cooperative options are many and varied, awareness of co-operation in Local Authorities, business support and community intermediaries is low and uncoordinated, and access to knowledge and expertise is not uniform.

That is the background against which we now proceed to set out a toolkit of what Local Authorities can do to encourage the development of a co-operative economy.

Our Toolkit

Our toolkit comprises

- a brief refresher
- an outline of actions that Local Authorities can take to develop a Cooperative Economy, and
- a support package comprising: a Pipeline document, a Development Pathway and suggested procedures for identifying actions councils can take.

This toolkit does not identify resources that can be used as a full suite of these is being developed for the CCIN Cooperative Development Toolkit' councils.coop/project/coop-development-toolkit.

Refresher

The International Cooperative Alliance (ICA) defines a cooperative as: *an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*

It goes on to explain what this means in clear language.

Cooperatives are **people-centred enterprises** owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

Cooperatives bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, cooperatives are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise.

As businesses **driven by values**, not just profit, co-operatives share **internationally agreed principles** and act together to build a better world through co-operation. Putting fairness, equality and social justice at the heart of the enterprise, cooperatives around the world are allowing people to work together to create **sustainable enterprises** that generate long-term jobs and prosperity.

Cooperatives allow people to take control of their economic future and, because they are not **owned by shareholders**, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.

As discussed in our previous papers, development of a Cooperative Economy should not be seen as a **programme for setting up structures**, but the **encouragement of the pursuit of values and principles** as described above.

Every business is on a journey; many, and growing numbers of businesses are adjusting their direction of travel to meet contemporary challenges, and many individuals in businesses and communities are passionate about the opportunity for change. The opportunity for the development of a Cooperative Economy involves:

- meeting those people where they are
- helping them to see how their aspirations resonate with a cooperative approach
- helping them to see how progressing their aspirations requires the building of collaborative relationships with other people and institutions with shared ambitions
- supporting the building of those relationships in any way possible, and using any available resources and assets.

Actions

Local authorities are leaders of place. Councils have had their budgets cut significantly in the last decade and have had to slim services while trying to improve them and deliver effectively. BUT Councils can still be influencers, shapers, strategic leaders and conveners of other key partners (whether public, VCSFE or private sectors). Councils can encourage collaborative relationships between organisations to ensure that working together is seen as the norm. AND Councils can ensure that where they are the strategic lead for funding opportunities that communities are consulted in order that the funding is directed appropriately.

Phase 3 A Toolkit continued

It is evident that there is a huge wealth divide in the UK with poorer communities often feeling that their voices are not heard, that public services have been depleted either seriously or completely. The private sector often provides goods and services which are expensive (food) and unresponsive (transport).

Co-ops can begin to turn things around. Local Authorities can assist in this process:

1. Be explicit in your support for cooperatives, write narrative on your website, make sure that cooperatives are explicitly mentioned in business support programmes, funding bids which the Council leads (i.e. UK Shared Prosperity Fund).
2. Raise awareness of cooperative options/opportunities with important target audiences:
 - a. communities
 - b. businesses
 - c. council officers
 - d. councillors
 - e. business advisers
 - f. Educational institutions: schools, colleges and universities ... young people
 - g. Other anchor institutions.

For the overwhelming majority, co-operation in general and cooperative business models are largely invisible.

Front line people working with communities, businesses and start-up enquiries often have little or no knowledge, and in some circumstances are quite often misinformed. As an early step council staff who have a public-facing role in business support and/or community engagement/development should as a minimum be equipped with sufficient knowledge to be able to respond constructively to enquiries and be able to refer people on to a suitable source of further advice or information.

As resources allow it may be possible to roll this awareness out to a wider group: VCFSE contacts, other anchor institutions in the locality, other business advisers, etc., perhaps as part of a broader communications/awareness programme of activity in support of co-operation and cooperative development.

A new policy lab, [Co-op Option Training](#) has developed a programme for the above constituencies. The first sessions will take place in June 2023 and more in-depth sessions later in the year.

3. Ensuring that Local Authority officers and elected members are suitably informed is a major step on the road to establishing a culture or environment in which co-operation and cooperatives are not only visible, but potentially achievable.

The Cooperative Pipelines document below outlines just some of the complex ecosystem that goes to make up what we might call the 'cooperative development web' – the tangle of organisations, networks, funding streams, consultants, activist groups, campaigns, and knowledge that cooperative development advisers are commonly knitted into. There is a network of people and organisations across the country, and internationally, engaged in this specialised field of organisational development.

There are likely to be people or organisations in or near your locality who are part of this network. Activists and enthusiasts that have developed their knowledge, networks, and expertise over years of working in, with and alongside cooperatives; cooperatives that engage in outreach and development activities as part of their commitment to their values and principles, people that have gone through the 'Barefoot' training programme in order to be better equipped to provide advice and support, through to specialist businesses and consultancies.



Councils keen to take action on cooperative development should seek to engage with, support and make good use of this network to enable them to build capacity quickly and cost effectively. Councils don't need to reinvent this wheel – the resource is already there in large part.

Work with local pre-existing networks to enable them to build their visibility and effectiveness. Identify areas of work that are of mutual benefit, and which can potentially offer 'low-hanging fruit' which can then be publicised to raise profile and enable other projects to emerge.

One source of good practice for Councils is the [CCIN Policy Labs and Prototypes](#).

These showcase where councils have taken action to develop cooperatives and a cooperative environment and include case studies and toolkits.

Examples include:

- *Engaging with communities:* Co-operation at the Grassroots, Community Economic Development Planning
 - *Sector based development:* Cooperative Approaches to Reaching Net Zero, Beyond Asset Transfer, Community-led Housing, The Co-operative Difference in Care
 - *Policy led initiatives:* Exploring Positive Social Impact in Local Government, Cooperatives Unleashed: from the grassroots
4. Build the capacity of cooperatives in your area and other like-minded community champions to undertake the early work. This could involve sponsoring visits to other co-ops or offering tailored training opportunities to enhance skills and knowledge.

It is evident that there is a huge wealth divide in the UK with poorer communities often feeling that their voices are not heard

5. Allocate a budget for this early work to enable people/organisations which may have little or no resource to undertake travel to other co-ops, hire rooms, pay for initial advice/support, backfilling etc.
6. Building awareness and knowledge in these ways will almost certainly lead to a demand for further 'technical' support from groups which want to proceed with developing their ideas. There is a well-established network of Cooperative Development and support bodies (highlighted in the Pipeline document). There are likely to be a few which are geographically near, maybe some co-ops whose members have undertaken the Barefoot training and/or organisations which have specific expertise or sector knowledge relevant to the cooperative opportunity which is developing.
7. This implies that the budget for 'cooperative development' should grow over time. It need not be entirely Council funded. Councils have a role to play in ensuring that cooperatives are mentioned/prioritised/central in any bid in which they are the strategic lead, but they can also make important linkages with key funders, foundations, be explicit in their support for such.



Phase 3 A Toolkit continued

Support Package

Pipeline document

Where are the opportunities? A strategic approach is needed to find them, and our experience highlights the following headings.

1. **Business succession:** cooperatives can be a route for employees to take over the business they work for. If the business owner(s) does not have an obvious succession plan (i.e., son/daughter), a worker buyout can be a viable option. Employee Ownership (using an employee ownership trust or an employee benefit trust) has proven to be a popular option for some owners and provides for tax reliefs. Co-operatives UK is lobbying Government to extend these tax reliefs to common ownership worker cooperatives.
2. **New start worker cooperatives:** starting a business with others can be a viable option. The sole trader option, which is heavily promoted in some circles (particularly traditional business support intermediaries), can be a daunting and isolating experience. Combining skills, expertise and sharing risk in a worker co-op can be a viable alternative.
3. **Community buyouts/cooperatives:** are prevalent where communities want to save or create a service (or asset) which might be under threat or much needed. So there has been a significant expansion in the number of community shops, community pubs, community centres, swimming pools/leisure centres and other facilities. Cooperatives allow for 'patient' investment (on the basis of one member, one vote) and this democratic financing through community share offers has flourished over the last 20 years or so.
4. **Housing cooperatives:** can provide homes for those seeking affordable shared accommodation either where the members purchase the property or where they rent the property. The Confederation of Co-operative Housing (Federation of housing co-ops) lists 900 co-op housing organisations with just under 200,000 homes.
5. **Cooperative self-employment/consortia:** sole traders, small businesses and/or other organisations can work together cooperatively to enhance their trade/bargaining position (i.e., selling or purchasing). Members can potentially carry out work which they can't do individually (i.e., share the costs of back room services for instance), save money, increase buying power, enhance selling and marketing.
6. **Multi-stakeholder cooperatives:** are owned and controlled by more than one type of membership class such as consumers, producers, workers, volunteers, or community supporters. Stakeholders can be individuals, voluntary/community organisations, businesses, government agencies, or even other cooperatives. They exist in areas such as health and social care, community supported agriculture (CSA) and transport: <https://go-op.coop/>
7. **Sector based cooperatives** have flourished in areas like community energy, digital and social care. Community energy groups have used the Community Benefit Society structure to raise capital for solar, wind and water schemes.
8. **Place based regeneration:** Cooperatives can enable partners, residents and other interests to come together to enable bottom-up regeneration of an area.

The Pathway Development document aims to set out the different stages involved in the encouragement of new collaborative venture

The **Pipeline Document** below takes these various headings, gives examples in each case and provides links to support already available which would help a council to prioritise where they might wish to concentrate their efforts.

A council should take this document as a basis for developing their own Pipeline Document appropriate to their circumstances. This will help to clarify where there are existing opportunities, and where to prioritise their resources. It may be appropriate to identify key individuals, networks and organisations in the community and to work with them in co-developing this document. This could help to encourage collaborative relationships.

The Pathway Development document aims to set out the different stages involved in the encouragement of new collaborative ventures and thereby seeking to build a Cooperative Economy. Each of these stages is then considered separately, identifying what is involved, and the likely needs.

This helps a council to reflect on resources and assets which might be available, without any or any significant additional cost, in supporting the different phases of development. Similarly, a council might wish to adapt this document, highlighting existing facilities it already has and how and where these might be used and adapted.

This part of our toolkit aims to enable a Local Authority to do the following:

1. using our Pipeline Document, build up their own picture of the multiple sources of potential cooperative initiatives within their area ("co-operative opportunities").
2. using our Development Pathway document, understand all the processes involved in taking a co-operative initiative from the germination of an idea through to a sustainable enterprise ("development support").
3. using the Stir to Action 'Development Pipeline Tool' also included below, to:
 - a. work with community anchors, LEPS, social enterprise networks and partnerships to raise awareness of cooperative opportunities.
 - b. make contact with co-ops/community businesses who are doing similar (peer support networks).
 - c. find relevant technical expertise.

then, based on this knowledge and understanding:

4. identify already existing co-operative opportunities and the people and organisations involved.
5. explore how to provide development support from within existing resources, e.g., where current day-to-day practice can be modified, or existing resources shared.
6. where there are obvious gaps where currently there appears to be no existing initiative, link up with other Local Authorities who are making progress in such areas.

Cooperative Pipelines

Pipeline	Examples	Bodies providing support
Large business - Succession / retirement	<p>Richer Sounds richersounds.com 60% employee owned</p> <p>Riverford Organic riverford.co.uk 74% employee owned</p>	<p>Employee Ownership Association employeeownership.co.uk</p> <p>Baxendale Employee Ownership baxendaleownership.co.uk</p> <p>Co-operative Development Scotland scottish-enterprise.com/our-organisation/about-us/who-we-work-with/co-operative-development-scotland</p>
Small business - Succession / retirement	<p>Studio Skein – 100% employee owned (co-op)</p> <p>Savant Enterprises savant.co.uk 100% employee owned</p>	<p>Employee Ownership Association</p> <p>Institute For Family Business ifb.org.uk</p> <p>Co-ops UK uk.coop/start-new-co-op/convert</p> <p>Cooperative Development Bodies (CDBs)</p>
Worker co-op start up	<p>Edinburgh Wholefood Co-operative (New Leaf)</p>	<p>Co-ops UK uk.coop/start-new-co-op/start/support</p> <p>Cooperative Development Bodies (CDBs)*</p>
Asset / cause based	<p>Pubs, https://plunkett.co.uk/more-than-a-pub/</p> <p>Community Centres</p> <p>Community Land Trusts</p>	<p>Plunkett Foundation</p> <p>Co-ops UK</p> <p>CDBs</p> <p>Community Land Trust Network communitylandtrusts.org.uk</p> <p>Community Shares Unit uk.coop/support-your-co-op/community-shares</p>
Housing Co-operatives	<p>Sensible Housing Co-operative sensiblehousingcooperative.org.uk</p> <p>Edinburgh student housing co-op eshc.coop</p>	<p>Confederation of Coop Housing, cch.coop</p> <p>Radical Routes radicalroutes.org.uk</p> <p>Community Land Trusts Network</p> <p>Student Co-op homes</p>
Cooperative self employment	<p>The Co-operative Personal Management Association cpma.coop</p> <p>Phoenix Taxis, Liverpool</p>	<p>The Hive/ Co-ops UK</p> <p>Cooperative Development Bodies (CDBs)*</p> <p>Co-operative Development Scotland</p>

Pipeline	Examples	Bodies providing support
Sector based cooperatives	Energy Greater Manchester Community Renewables gmcr.org.uk Bristol Energy Co-operative bristolenergy.coop/	Energy4All energy4all.co.uk Share Energy shareenergy.coop Community Energy England, communityenergyengland.org Local Energy Scotland localenergy.scot Community Shares Unit
Sector based cooperatives	Digital Co-operative Network Infrastructure (CNI) cni.coop Charge My Street chargemystreet.co.uk	Community Broadband Network broadband.coop Co-operatives UK: Unfound uk.coop/start-new-co-op/support/start-platform-co-op/resources
Sector based cooperatives	Social Care Co-operative Care Colne Valley, valleycare.coop Equal care Co-operative	Cooperative Development Bodies
Place based / regeneration	Middleton Co-operating, Coalville CAN East Marsh United, Grimsby Granby 4 Streets Community Land Trusts Housing Co-ops	Plunkett Foundation The Hive/Co-ops UK CDBs Community Land Trust Network CCH Radical Roots Community Shares Unit
Public Sector externalisation	The Active Wellbeing Society	The Hive/Co-ops UK CDBs

*Cooperative Development Bodies come in different shapes and sizes. Some are regional or national, some more narrowly geographical, some are sectoral (such as the [Football Supporters Association](#)), and some specifically local or place based (such as [Middleton Cooperating](#)). [These are the current members](#) of Co-operatives UK's Co-operative Development Forum

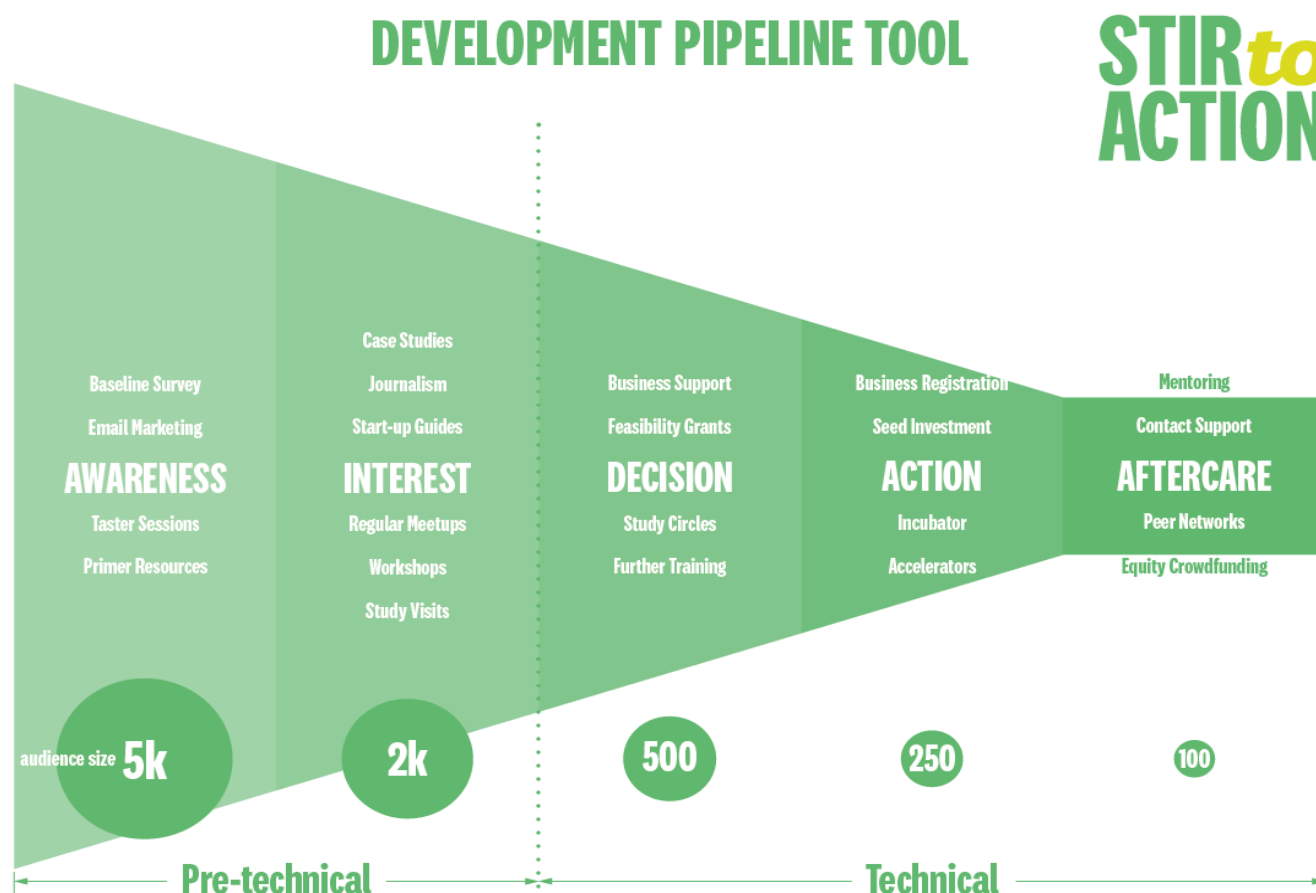
Cooperative Pathway Development

Phase	Description/ Stage/group development	Aims/outputs	Needs – practical	Needs – emotional	Timescale
Opportunity	Identifying groups / sectors /networks to engage with.	Mapping of the potential opportunities	Intelligence of / information about the area		Before any individuals have been identified.
	Casting bread on the water		People		
Pipeline generation	Awareness raising	Promotion of the option to people who have not considered it before as a solution to their challenge	Information Access to people and organisations who have done it	Confidence Inspiration Belief it can be done	The starting point for the project
		Understanding the cooperative option	Building on what already exists	Collaborative Sensitive	
		Identifying people who want to explore further			
Conversation	Engaging with like-minded people/ organisations who are attracted to working together, and willing to try to build trust	Building relationships	Invitation	Openness	The starting point, but not everybody will be there at the start, so in practice this continues throughout, especially the trust-building
		Finding shared objectives	Place/space	Welcome	
		Building trust	Meeting facilities	Honesty	
		Becoming willing to co-operate			
		Seeing a possible project together			
		Discussing scope			

Phase	Description/ Stage/group development	Aims/outputs	Needs – practical	Needs – emotional	Timescale
Initial Actions	Just start doing something together, finding out what that involves, and what it feels like	Experimentation Finding out collectively: - What's possible? - Do we want to continue together? - What are we comfortable with?	Place/space Friends and supporters Institutional support People resources Money	Pragmatism Boldness/risk-taking Impatience Ambition	Can start as soon as people want to. Needs to allow sufficient time for others to get involved from the start
Search for Support	Recognising you need support and looking for/finding it	Start defining scope Establishing what's realistic Starting to plan the future What will improve outputs and efficiency	Contacts Networks, particularly co-operative ones Access to skills	Realism Pragmatism Honesty Humility (we don't need to do everything)	This can start at the outset where it may be clear that certain skills or resources are not yet available
Group consolidation / development	Formalising the group Working together	Making sure everyone is committed and knows what role they are playing	Space and time	Honesty Openness	On-going throughout the process but coming towards an end for the founder group

Cooperative Pathway Development continued

Phase	Description/ Stage/group development	Aims/outputs	Needs – practical	Needs – emotional	Timescale
Business consolidation/ testing	Developing medium to long-term strategy and plans	Market analysis Overall vision Formal strategy Business plan	Business planning support Access to start-up capital		
Piloting	Trial trading Market testing				
Initial enterprise	Launch or start activities more formally		Premises		





Find out more about the UK Councils that are using cooperative values and principles to build resilient places through community wealth-building and co-produced services.

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