

Cross Party Group on Co-operatives
Minutes from Wednesday 21 June 2017
6.00 pm to 7.30 pm
Scottish Parliament

Theme: Co-operative approaches to community empowerment

Attendance

Convener: James Kelly MSP

CPG members: Johan Lamont MSP

Guest MSPs: Gordon Lindhurst MSP, Finlay Carson MSP

Other guests: Catherine Buchanan and Donald Muir (Portpatrick Harbour Community Benefit Society), Wendy Reid (DTAS) Sandra MacAskil (Community Shares Scotland), Ian Turner (Scottish Government), Neil Cuthbert (Public Affairs Co-operative), Ed Mayo (Co-operatives UK)

Secretary: James Wright (Co-operatives UK)

Apologies: Willie Coffey MSP

1. Welcome and introductions

James Kelly MSP opened the meeting, thanked everyone for their attendance and invited attendees to introduce themselves.

2. Co-operative approaches to community empowerment

Ed Mayo (Co-operatives UK) placed this meeting of the CPG in the context of Co-operatives Fortnight, a time when the wide and diverse co-operative movement comes together to celebrate its achievements and promote its shared values and model.

He invited those present to consider how the democratic ownership, control and enterprise inherent in co-operative approaches could provide opportunities for communities as they exercise their rights under the Community Empowerment Act. He highlighted the transformative impact of people pooling their resources and sharing economic ownership. He stressed that the community shares finance model and the community benefit society (CBS) legal form should both be important tools for community empowerment.

3. Co-operative community ownership in action – Portpatrick Harbour Community Benefit Society

Catherine Buchanan and Donald Muir told the story of how the community in Portpatrick came to own and control their harbour through a community share offer. They also set out their current activities and ambitions in relation to this crucial local asset.

They recounted issues of unaccountability and poor strategic management of the harbour when it was held for the community by a local trust and how this almost led to the asset passing into the ownership of overseas investors.

Galvanised by this near failure and benefiting from timely advice from Third Sector Dumfries and Galloway, members of the community decided to dissolve the trust, form a CBS and raise equity capital through a community share issue to buy the harbour outright. They successfully raised £100k from local people and others with a connection with Portpatrick. Further money came in the form of a social finance bridging loan and grant money.

Since then Portpatrick CBS has acquired land through Asset Transfer, has taken over responsibility for toilet facilities and has begun upgrades to harbour facilities. The harbour is also exceeding projected income at present.

Johan Lamont MSP expressed concerns that trusts could become so detached from the communities they are supposed to serve, as happened in Portpatrick, and suggested that democratic accountability was essential if community empowerment was going to work. The democratic principle found in co-operatives seems particularly important.

Finlay Carson MSP recalled similar issues with other trusts and suggested that more help and advice could be needed to help communities overcome these issues when they materialise.

Johan Lamont MSP suggested that Co-operative Development Scotland could play a bigger role in the community sector. She has recently questioned Government's commitment to CDS.

Wendy Reid (DTAS) pointed out that all community bodies can operate with community member control, regardless of the legal form they use. However, while trusts are regulated for their charitable nature, the quality of their community governance is not subject to any such regulation. Thus promoting best practice is vitally important.

Ian Turner (Scottish Government) stated that the Community Empowerment Act sets criteria for all community bodies exercising Right to Buy and Asset Transfer in relation to community accountability and control.

James Wright (Co-operatives UK) pointed out that the democratic governance of community benefit societies is subject to regulation by the registrar, the Financial Conduct Authority Mutuals Team (FCA).

Finlay Carson MSP suggested that shared economic ownership could be powerful in encouraging stronger accountability and buy-in from the community.

4. How can the Scottish Government support more co-operative community ownership?

Ian Turner (Scottish Government) said Government is neutral with respect to models and structures for community empowerment.

There was broad agreement that the starting point must be allowing communities to identify their goals and then ensure advice and support is tailored appropriately.

DTAS works with Co-operative Development Scotland to bring in their specific expertise when communities show interest in co-operative approaches.

Government's asset transfer web page does not currently feature community benefit society model rules alongside charitable model rules, because a suitably generic set has not been identified.

Action: Co-operatives UK to explore whether any suitable community benefit society model rules could be found and share these with Scottish Government. At the same time more helpful sign-posting in relation to co-operative approaches will be suggested.

Wendy Reid (DTAS) related difficulties in getting the FCA to agree to new community benefit society model rules, to be used as an umbrella structure by communities exercising rights under the Community Empowerment Act. She is specifically finding it difficult to gain the FCA's understanding of the particular context of the Community Empowerment Act and related developments in Scottish communities.

Ed Mayo (Co-operatives UK) suggested that after a certain point letters from elected politicians can be helpful in getting the FCA to consider issues.

James Kelly MSP and Johann Lamont MSP stated their willingness for the Cross Party Group to write to the FCA on this issue.

Action: DTAS to share details of model rules issue with Co-operatives UK, so a letter can then be drafted for the Cross Party Group to agree.

James Kelly MSP thanked everyone for coming and closed the meeting.