

Scottish Parliament, Cross Party Group on Co-operatives

Thursday 25 June 2015, Committee Room 4, 6pm.

Minutes of AGM

1. Attendance

- James Kelly MSP, Willie Coffey MSP, James Proctor (Secretary) & 13 Non-MSPs.

2. Apologies

- John Scott MSP, Jim Hume MSP, Claudia Beamish MSP & 17 Non-MSPs.

3. Appointment of Office Bearers

- All co-conveners indicated their willingness to continue. **Agreed.**
- James Proctor of Co-operatives UK agreed to continue as Secretary. **Agreed.**

No further business was indicated. The AGM closed at 6.25pm.

CPG Meeting on Co-operative Councils

1. Attendance

Convener: James Kelly MSP

Secretary: James Proctor, Co-operatives UK

MSP: Willie Coffey MSP

Speakers: Jaye Martin (Co-operative Development Scotland), Martin Meteyard (Co-operative Business Consultants) & Mike Shaw (Students for Co-operation)

Attendance: Alan Davidson (Glasgow City Council), Hugh Donnelly (Co-operative Education Trust Scotland), Matthew Edmondson (Softward Co-op), Lilly Hunter, Theresa McKirdy, Garreth Roberts (Craigmillar Eco Housing Co-op), James Puckowski (Edinburgh Student Housing Co-op), Charles Sim (ScotWest Credit Union), Robin Stewart (Co-op Group), Steve West (Graphics Co-op)

Apologies

MSP: John Scott, Claudia Beamish, Jackie Baillie and Drew Hendry

Non-MSP: Alistair Cant (Lister Housing Co-operative), Lorna Baird (Business Gateway), Karen Birch (CBC), James Graham (SAOS), Mike Grigor (Co-op Bank), Les Huckfield (GCU), Jim Kelly & Kate Towie (Craigmillar Eco Housing Co-op), Jim Lee (Spirit of Lanarkshire), Iain Macdonald (Co-op Consultant), Richard McCreadie (Co-op Party), Frank McKillop (ABCUL), Ian Miller (Scotmid), Stephen Pennington (Highland Home Carers), Dick Philbrick (Clansman Dynamics), Louise Scott (Media Co-op), Joe Thomson (Shrub Co-op),

2. Notes of the previous meeting on 17 March would be circulated in due course.

3. News and Updates from Co-operative Sector

- It was noted that this meeting was held during Co-operatives Fortnight and Co-operative Congress took place on 26 & 27 June in Birmingham.
- The Community Empowerment Bill has been passed by Parliament and includes Community Benefit Societies as a permitted legal form. The Bill also includes a section on right-to-buy for football supporters which will benefit Supporters' Trusts (usually incorporated as Community Benefit Societies).

Presentation – Development of Co-operatives

Three speakers were invited to give their personal views on the challenges of developing co-operatives.

Martin Meteyard (MM), Co-operative Business Consultants (CBC)

Martin Meteyard started by posing some challenging questions about the co-operative sector. The problems with the Co-operative Group meant there were questions about how to have accountability and how to deal with the issues of governance in large co-operatives (the subject of a previous meeting). Mondragon co-operative in the Basque region of Spain may have some of the answers as its structure is more like a co-operative of co-operatives.

In terms of the Scotland, Co-operative Development Scotland (CDS) are pushing boundaries but their support is limited to certain sectors and types of support. Community Shares Scotland has funding for the next two years which should see support for Community Benefit co-ops and the Scottish Agricultural Organisations Society is very good in the agricultural sector. But the end of the Co-operative Group's co-op start-up support organisation, Enterprise Hub, was a big loss and left a gap in support for small start-ups.

As an example of the pressures on growing co-ops Martin mentioned that a worker co-op in the technology sector had found it difficult to remain a co-op in a fast growing sector where other businesses were interested in buying them out. Financing is a key issue here.

Martin asked whether the Scottish Government has a co-op or democratic business strategy that is focussed on growing or encouraging these types of businesses.

Beyond Government there is a need for the education system to give children an awareness of the co-op model so that they understand it in later life. The co-operative movement itself has to consider what it is doing to fund co-operative development. The worker co-op Solidarity Fund, where worker co-ops pay a monthly amount to build up the fund, is a good start but more could be done.

There are opportunities to get more students to think about starting co-ops but this needs some support to make it happen. This won't happen though if the next generation of co-op mentors aren't there to grow the next generation. And finally the Trades Union movement need to be engaged in co-ops.

Jaye Martin (JM), Co-operative Development Scotland (CDS)

After outlining the three models CDS focus on (employee ownership, consortium and community co-ops) Jaye talked about her recent trip to the Emilia Romagna region of Italy, where there are hundreds of co-operatives across multiple sectors. The region has lower inequality, a higher percentage of women in employment and a lower unemployment rate than comparable regions. The question though is how does this come about?

A couple of questions came from this. Can the Government's economic strategy focus on this and mainstream co-operative models? And are there problems over access to finance or are co-ops simply too risk averse?

In Italy 3% of co-op profits go into co-op development and growth and there are tax breaks to help support this investment in innovation.

Jaye explained that CDS provide help at start-up phase but that there is little post start-up help. There are also issues about how to spread good governance advice and improve member engagement. Is this an opportunity for more collaboration among co-ops? There are informal networks but can we do more?

As Martin suggested earlier, Jaye also recognised the importance of further and higher education, particularly the focus on entrepreneurship. Why should there not be an equal focus on co-op models? CDS had done some work with the University of West of Scotland but this is just the tip of the iceberg.

Mike Shaw (MS), Students for Co-operation and Edinburgh Student Housing Co-op

Mike is one of the key people involved in the development of a 106 bed Student Housing Co-op in Edinburgh which provides the cheapest student rented accommodation in the city. He is also part of the Students for Co-operation group which represents mostly student food and bike co-ops. Students for Co-operation are keen to link with other students and help each other form new co-ops.

Mike's view is that the development of co-ops happens through networking but it's not easy to get to know the right people and there isn't a sufficiently supportive network to make this happen easily. Once people know what a co-op is they are very interested but getting them to be aware of co-ops can be difficult. This is where living in a housing co-op can make a big difference. A couple of years of living in a co-op demonstrate the values of democracy and the benefits of co-operative enterprises.

There is a question of what replaces the Enterprise Hub's support for start-up co-ops. Mike wondered whether a 5% contribution from existing co-ops would help. If we want the co-op economy to grow the movement has to put its money where its mouth is. It's difficult to get the practical business support to make it happen so anything that can make the process simpler means it's less likely people will be put off or give up halfway through.

The new super-colleges in Scotland mean there may be opportunities to get students to provide services using a co-op model. It's not just about engaging people at University. But if there's a growing group of young people who are interested what happens next? How do we support students?

Discussion

The Convener then opened the discussion to the rest of the attendees. Three broad themes were covered.

Finance, Investment & Business services – The general view was that banks lack an understanding of co-ops and this limits the type of financing available to the sector. An investment fund of some sort would be of benefit as patient capital is in short supply.

Funders like Co-operative & Community Finance can help although there is usually a need for other funders to be part of a deal. Social lenders are unaware of the benefits of co-ops or how co-ops fit into their lending for social purpose. These are not views that are changing very quickly therefore co-ops are at a continuing disadvantage.

Much like the financial sector other professional and support services, such as solicitors and business advisors, have a lack of understanding of the democratic foundations of co-ops and how this impacts on the enterprise. This further limits the support available to grow the enterprise.

Trade Unions – It was suggested that unions were generally supportive of co-operatives although there can be problems in specific cases and a general concern about public services being outsourced. A closer relationship between unions and co-ops would be helpful.

Government strategy & Social enterprise – Economies with a high co-op presence are generally more equal therefore it is surprising there isn't a greater focus on co-operatives in discussions about a fairer society.

The broad view is that Social Enterprise is better understood and supported by the Scottish Government and that some co-ops can open doors by highlighting their Social Enterprise credentials.

The Convener summed up the discussion and mentioned that MSPs could perhaps help to raise the issues that had been discussed.

4. **AOCB**

Robin Stewart gave a short update on the position of the Co-operative Group. It is making progress with finances under control although there are still debts to deal with. There are now more Co-operative Food stores in Scotland with new outlets opened. The Group had to sell their Pharmacy and Farming businesses. There is a challenge to get democracy working and for members to have the appropriate influence on the Society. The National Members Council is now in place with 11 members from Scotland. Later in the year the Group will run pilot events of member forums at a more local level.

5. **Date of Next Meeting**

The next meeting will be held in after recess in September at a date to be agreed.

The Convenor thanked everyone for their attendance and closed the meeting.