

**Minutes of a Meeting of the Cross Party Group on Food held in  
Committee Room 5 of the Scottish Parliament on 16 January 2013**

Present

Rob Gibson	MSP (Chair)
John Scott	MSP
Sarah Deas	Co-operative Development Scotland (CDS)
Angela Wardrope	CDS
Dennis Overton	Aquascot
Kirsty Ritchie	SFDF
Mary Lawton	SFDF
Colette Backwell	SFDF
Jennifer Bryson	Uni Abertay
Jon Harman	Seafish
Siobhan Mathers	Taste Communications
Charlotte Maberley	Taste Communications
Brian McLeish	Scottish Enterprise
James Graham	SAOS
Jane Cullingworth	Forth Environment Link
Martin Meteyard	Co-operative Business Consultants
Stephen Kelly	The Co-op
Phil Thomas	SSPO
Gillian Kynoch	Albert Bartlett
Nicki Holmyard	Seafood Scotland
Dr Wendy Wrieden	Uni Aberdeen
Eve Keepax	Eco Schools
Lorna Murray	FSAS
Bill Gray	Community Food and Health Scotland
Ger O'Riordan	Community Food and Health Scotland
Ian Shankland	LCFHP
Christine Fraser	Food Training (Scotland)
Emma Burnett	Trellis/ Fed of City Farms
Scott Erwin	Greencity Wholefoods
Alison Hardaker	Scot Gov
Jim Wildgoose	FSA
Stephen Kelly	Co-op
James Withers	Scotland Food and Drink
Mike Pretious	QMU
Pat Abel	Nourish
Pete Ritchie	Nourish
Ian McCulloch	ITC Academy
Laura Stewart	Soil Association Scotland

1. Apologies for Absence

These were received from Polly Jones, Willie Fergusson, Siobhan Paterson, David Martin, Fiona Moriarty, Fiona Bird, Justine Geyer, Angela Mitchell, Wendy Barrie, Viv Collie, Alison Jones, Graham Findlay, Stuart Martin, Peter van der Graaf, Douglas Scott, Mary Cursiter, Pam Rodway, Graham Walker, Julian Mercer, Claire Brown, Martin Irons, Moyra Burns, Julia Clarke, Frances

Gallagher, Graeme Millar, Uel Morton, Phawkawan Gibson, Norma Murray, Dave Simmers and Elaine Bannermann.

2. Minutes of the last meeting

These were proposed by Nicki Holmyard and seconded by Christine Fraser.

3. Matters Arising

There were no matters arising.

4. Co-operative Solutions-rooting businesses, driving growth and benefiting communities

Sarah Deas (SD), Chief Executive of Co-operative Development Scotland (CDS) said co-operative models make an important contribution to the Government's Economic Strategy. They root businesses, drive growth and benefit communities. There is significant potential for their adoption within the food and drink industry. SD reviewed three business models:

- *Consortium Co-operatives*  
These enable businesses to achieve scale in buying, producing and selling - share risks and rewards. They are common in agriculture and there is significant potential for their use in other sectors.
- *Employee Ownership*  
This model sustains businesses in their communities/Scotland. And, through enhanced employee engagement it leads to increased productivity, innovation and growth. The benefits of business are also more widely shared. It is most frequently adopted as an ownership succession solution.
- *Consumer and Community Co-operatives*  
These models are effective in sustaining local services e.g. retail and more recently broadband and renewable energy co-operatives.

SD provided case-studies on each model. Her presentation will be distributed with the minutes. She noted that relevant legislation is determined at the UK level. The coalition set up the Nuttall Review to consider means to increase the adoption of employee ownership. SD sits on the Employee Ownership Implementation Group charged with overseeing implementation of recommendations.

CDS is a Scottish Enterprise subsidiary, working in partnership with Highlands & Islands Enterprise. Its remit is to advise on the adoption of co-operative and employee ownership models. Specialist advisers help explore options and advise on legals, financials and member engagement.

Dennis Overton (DO) co-founder and Managing Director of Aquascot then explained his journey along the path to employee ownership. In 2004 they had been discussing the sustainability of the business and its huge future

potential with health and aquaculture as drivers and the knowledge base in Scotland. They had worked in partnership with John Lewis and were interested in that model which led them to the co-operative route.

In 2008 Aquascot began the journey to become an employee business. DO had not found the process to be onerous or complicated. 58% of shares are now held by a trust and a dividend paid to employees. He hoped these would all be held by the trust by 2015/16.

He reported that since this process had begun, he had seen productivity rise, leaving rates and absenteeism fall. There was wide engagement from the workforce on ways to improve the business and blue sky ideas.

**Rob Gibson MSP** thanked the speakers. He noted that in conversations on this topic with the agriculture sector he found that farmers were involved due to the “bottom line” rather than ideology. He thought it important to raise awareness of benefits.

**John Scott MSP** asked whether in the current economic times companies were diversifying or more interested in retrenchment. DO and SD felt that strategic decisions, such as diversification, are not specifically related to ownership structure. However, co-operation between members/co-operatives enables them to be more resilient.

**John Scott** asked about the UK co-operative legislation and whether it led to barriers in Scotland.

**James Graham (SAOS)** replied that the legislation is out of date and they had been lobbying for an update. The co-operative legislation was the responsibility of Treasury and efforts have been made to get them to focus on this. The Prime Minister has agreed that there should be an update and barriers such a capital should be addressed. It was agreed that a letter to the Secretary of State for Scotland should be sent from the Cross Party Group on Food detailing where constraints were and how they should be tackled.

ACTION: JG/ML/Co-Convenors

**Jon Harman (Seafish)** asked DO about downsides and risks to the transition process to employee ownership. DO said it was important to understand the difference between ownership and management and that needed to be made clear. He noted that they had not had a retrenchment phase so had not been tested in that area. The risks often quoted were in relation to an inability to raise capital. He had not found that a problem but accepted that others might.

**James Withers (Scotland Food and Drink)** referred to Ireland and success there in looking at competition/co-operation and the trend to not seeing competitors always as the “enemy” but also looking for co-operation. DO said it was important to get to the point of understanding whether the risk of competing meant no contact or whether there could be a mature co-operation towards a common objective and still competing in the future. He cited salmon and China as an example.

**Philip Thomas (SSPO)** said that there were other models of strategic partnership in the UK and also Finland and Ireland. Anything that gave a framework for co-operation was worthwhile and there were other models that worked effectively.

**James Graham (SAOS)** agreed and pointed out that many companies wanted to collaborate without setting up formal co-operation structures. He agreed that there was huge potential for collaboration within Scotland particularly for economic benefits and these needed to be promoted more, especially to SMEs.

**Bill Gray (Community Food and Health Scotland)** said that they had published a booklet at the end of 2012 (the United Nations International Year of Co-operatives) explaining the benefits for local communities and especially the vulnerable, on co-operatives and the relationship with health. Please see attached link: [Our co-op report](#).

**Mary Lawton SFDF** reported that Dave Simmers of CFINE had given her a report of their conference “UK Community Food Sector- Towards Sustainability through Collective Action and Social Enterprise” and she had agreed to circulate this with the minutes.

ACTION: ML

**Martin Meteyard (Co-operative Business Solutions)** described the history of the co-operative movement and referred to GreenCity Wholefoods set up 15 years ago as a workers co-operative. It was important to consider awareness and culture and look at diversity. He felt that many of the younger generation wanted to feel more in control of their work.

**Jim Wildgoose Scottish Food Advisory Committee** asked which barriers to co-operation were most important. DO and SD felt that finance could be, but that was changing for the food and drink sector. SD said that CDS has good relationships with the banks and that they are keen to support co-operative and employee owned businesses. Also, it should be noted that vendor finance is commonly used in employee buyouts. The main barrier is awareness of the models and their benefits.

Rob Gibson MSP thanked everyone for their contributions and asked that everyone help in raising awareness of co-operatives business models.

ACTION: CPG Food

#### 5. Any Other Business

Martin Meteyard noted that the Plunkett Foundation had announced the merger of activities with Community Retailing Network to extend services in Scotland. Please see the attached link. [Plunkett Scotland's launch](#)

#### 6. Date of the Next meeting

**Please note that this will not be 20 March 2013 but instead will be 19 June 2013. The meeting will be held in Committee Room 5 at 5.30pm.**