

The Future of Co-op Development: Building on our Legacy

by James de le Vingne

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Strategy is a good place to start

THE CO-OPERATIVE MODEL is a good fit for today's economy: collaborative, innovative, and rooted in communities. However, the UK's co-operative economy is small, representing 0.1% of businesses, with steady but not spectacular growth in recent years. Aggregate turnover has gone through periods of expansion and contraction, and the number of co-ops has increased marginally each year to 7,215 in 2019. The number of co-op members has increased to a greater degree, but these headlines are influenced by the fortunes of a small number of very large consumer-owned, farmer-owned, and employee-owned co-ops. The number of new co-operatives each year has fluctuated recently, from a high of 293 in 2014 to a low of 204 in 2017. These include a range of dynamic and hopeful co-operative models, both in terms of specific sectors but also in governance form, with a rise in multi-stakeholder models emphasising open participation. There is still a decline in more traditional forms of co-operation, such as the closure of independent social clubs and the merger of credit unions, although the number of members of credit unions has risen as a result. This means the net rate of co-operatives is only just positive, far from a genuine transformation of the economy.

In June 2017, Co-operatives UK launched a national co-op development strategy alongside the rest of the UK movement to counter these trends. Compiled over two years, with input from over 550 co-operators, this strategy signalled bold intent to create a more participative economy. Other strategies have followed, from the New Economic Foundation's *Co-operatives Unleashed* report and subsequent commitments in the Labour manifesto, to Les Huckerfield's Minority Report which featured in the last issue. These strategies outline the need for mutually reinforcing conditions such as improved coordination, revised legislation, proliferation through reproduction and adaptation, and well-developed systems of common wealth creation at a national level.

They have stimulated thought and action at local levels, too. Plymouth has a city-wide strategy to double their co-operative economy, Preston and Manchester are following a similar trail. The growth and work of members in the Co-operative Councils' Innovation Network is another signal that others will follow.

However, these strategies omit detail on the scale and nature of business support infrastructure required to stimulate and support this growth. This is an important consideration for funders, policymakers, and others aiming to integrate co-operative solutions within their economic regeneration programmes, from neighbourhoods to high streets.

The current constitution of the co-op development landscape is comprised of a limited number of highly skilled and experienced practitioners organised through an even smaller network of 'co-op development bodies' that vary greatly in size, business model and funding, from large multi-office organisations delivering state-funded projects to small worker co-operatives and consortia. Many smaller organisations are legacies of the government-funded Co-op Development Agency that closed its doors in 1990. A good number of them participate in the Co-op Development Forum, a Co-operatives UK Member Group comprised of all the major stakeholders in UK co-operative development, including Wales Co-operative Centre and Co-operative Development Scotland. The efforts of remaining members have managed to sustain development activity over recent years through a mix of contract work and grant-funded national programmes, with most of the latter having a broader social enterprise or community business focus. The only national programme aimed exclusively at co-ops is the Co-operative Bank funded Hive programme run by Co-operatives UK, although this, too, is limited in scope and reach.



Inadequate finance for co-op development activity has resulted in a significant reduction in the number of co-op development bodies, and, bar a handful of welcome new entrants such as Stir to Action and Space 4, stymied any possible evolution or growth within the profession. As a result, the network suffers from a lack of age, gender, and ethnic diversity. A shortage of funding also contributes to issues of precarity; many practitioners regularly provide pro-bono support, in some cases up to 50% of their time. This stretch limits capacity and means co-operatives often find it hard to access the business support they need. All involved acknowledge the fragility and limits of the underlying business model of the existing network, its ability to self fund and capacity to engage new audiences, agreeing this is an inadequate model to meet current demand effectively, let alone delivering growth.

So, how, in the absence of any new funding or Co-op Development Agency, can we build on the knowhow and capacity of the existing practitioner network to create a diverse and inclusive ecosystem and what roles can those with a co-operative development agenda play?

A natural starting point is to ensure the expertise available today is retained, and not repeating existing learning and research. The role of co-op development practitioners will need to return to ecosystem building,

growing, supporting, and nurturing local entrepreneurial networks, connecting with others to share market making and early stage support activity. Building from here, the aim must be increasing capacity across the UK to encourage growth and inclusion within co-op development practice, creating a broader network of organisations and individuals with the skills and confidence to promote and support co-operatives across the full business life cycle. Elements of this work is underway. Members from the Co-op Development Forum are developing a new programme of training, inviting co-op members to train as 'barefoot' co-op development practitioners. This work is important, as involvement of stakeholders from within the co-op movement strengthens the co-operative model, reinforcing co-operative principles of collaboration and education. However, there is a risk this approach replaces existing capacity like for like, rather than widening inclusion and participation.

While there is a strong case that existing co-operators are best placed to advise on the benefits and mechanics of co-operation, a lack of a dedicated co-op development resource means that, for the time being, we will need to look beyond the movement for the additional capacity required to achieve growth in the co-operative economy.

A creative session in the offices of InFact Digital Co-op. Photograph by Christa Holka.

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The UK proudly boasts that it is the best place in the world to start a business. Mature business support infrastructure, tax benefits, and readily available capital are all positive contributors. The opposite is true for co-operatives; the deficit of co-operative advice within the UK's non co-operative adviser base of professional bodies and networks limits access to co-op specific advice and resource. This knowledge gap reduces the likelihood of entrepreneurs being presented with co-operative models in the early stages of development and perpetuates the lack of awareness of co-op options among those who could benefit the most: workers tired of short-term insecure, exploitative employment; small business owners wondering what will happen to their business and employees' jobs when they retire, and communities worried about rising land and house prices. The absence of collaboration between the existing co-op development infrastructure bodies and established business support networks serves to exacerbate the perception that the model is complicated and difficult to implement.

The knowledge deficit isn't insurmountable, particularly if the aim is to bolster awareness raising, opportunity spotting, and initial 'ideation' triage capacity, rather than replicating specialist co-op development expertise. A growing interest in co-ops as viable solutions to increasing pressures and economic injustices should be viewed as an opportunity to connect the co-operative agenda to new audiences. The appetite to integrate co-operative advice and support is not unanimous across the UK, but there are some emerging contexts that suggest an awareness and openness to co-operative solutions that are creating opportunities to build relationships and trial new approaches. For example, the uptake of community wealth building and recognition of co-operatives as a key catalyst of a progressive new economy. Co-operative development practice should exploit commitments to inclusive economy approaches within Local Industrial Strategies or similar, and build partnerships with existing

agencies responsible for shaping the business support infrastructure, such as chambers of commerce, growth hubs, the federation of small businesses, and relevant professional associations. Initially, these conditions are appearing in larger conurbations with relatively large business bases and challenges of exclusion.

Beyond these business networks, there are opportunities to collaborate with the wider community and voluntary sectors, engaging organisations that are part of the fabric of communities of interest and place in co-op development processes. There are a growing number of shared spaces that encourage collaborative forms of enterprise such as Participatory City in Barking and Dagenham, Federation in Manchester, and mission aligned sector specific networks such as Zebra's Unite, promoting platform co-ops. Effective partnerships here can help frame co-operatives as relevant ways of organising to new audiences and communities. Working with partners, the New Economics Foundation and CLES, Co-operatives UK has been active and enthusiastic about the potential for community economic development, an approach that combines participatory action with co-operative development, embedding it within a wider frame of capacity building and community organising.

Co-op development in these contexts needs clear development pathways, an understanding of how people are forming co-operatives, the challenges they face, and the factors that determine ongoing success that are unique to place and sector, responding to how business cultures develop in a particular region. These development pathways should be supported with engagement pathways connecting networks of stakeholders with respective roles and expertise, enabling groups to self-identify entry points and next steps.

Co-operatives in the UK are not, and never have been, spread evenly across the economy. They tend to cluster in various

ways, and successful co-operatives are even more clustered. This isn't just by economic sector, but by geography and demographics, too. Therefore, engagement and development pathways need to work at two levels: the vertical approach, specific to a sector, where there is opportunity to develop and test proven models and build capability. And from the bottom up, building a community of practice and partnerships to spread innovation in relation to defined needs. The horizontal approach, sees framework changes which can reduce barriers to co-operative business development across sectors. These may include increasing understanding of the co-operative option among business advisers; co-operative education and learning, access to finance, policy support, and recognition.

A programme of co-op development practitioner training, perhaps building on the work of the barefoot initiative, can upskill business advisers within existing networks so

they can offer direct support in a responsive, easy to understand and compelling manner. Spotting a co-operative when they see one, acting as enablers to the start-up journey, and signposting to specialist support.

Despite the recent enthusiasm at the policy level, limited funding and a declining number of co-op development experts highlights the severe limitations of the current co-op development landscape. In building for the future, we need to respect previous and future value provided by those in co-op development roles, and welcome new ways of working. This invitation needs to be open and structured, so that organisations and individuals understand their roles based on what the ecosystem requires. As an effective network jointly investing in shared resources, assets, infrastructure and expertise, able to collectively articulate the value of our offer so that we're able to demand and secure the resources required, anything is possible.

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