Cooperative Development and a

Cooperative Development Agency

A Paper for the Cooperative Development Forum

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| Executive Summary  Based on previous experience of policy development and implementation, the author submits this paper and recommendations to the Cooperative Development Forum.  Section 1 provides a background summary, including the Implementation Group and Loomio discussion. Both of these are now overtaken by Labour’s urgent need to produce a Manifesto for a General Election.  Section 2 comments on the recent Loomio discussion, which overlooks Labour’s proposed support for the wider third sector, much of which is growing at a rapid rate, especially Community Interest Companies Limited by Shares.  Section 3 comments on the activities of the Labour’s previous Cooperative Development Agency and other successful elements of Labour policies during the 1970s and 1980s which doubled cooperatives. These include local authorities and local cooperative support organisations, ICOM and Beechwood College  Section 4 underlines the need for a vision of an Alternative Local Social Economy and for Local Democracy.  Section 5 proposes a National Cooperative Development Agency, with cooperative support services to be delivered under contract by nine Cooperative Regional Partnerships |

COOPERATIVE DEVELOPMENT IN THE UK

# Background

Following the publication of the New Economics Foundation’s (NEF) “Cooperatives Unleashed” Report in July 2018 and Cooperative Party Implementation Group meetings in the London, Manchester, Cardiff and Edinburgh, in June 2019 the Cooperative Party produced two papers - “Review and Recommendations” and “Cooperative Development Agency”. These two papers represent the latest Cooperative Party policy proposals for doubling the size of the cooperative economy and are summarised as Appendices below. They provide a basis for central government infrastructure funding for cooperative development. However, since their publication, they have been overtaken by an urgent need for preparation of Labour’s General Election Manifesto, towards which this paper offers a contribution for consideration in Section 5.

Government funding for third sector infrastructure already exists in Wales and Scotland. Seeking to replicate some of the successful policy components of the 1970s and 1980s – Labour’s previous period of doubling coops, as shown in Section 2 below – this paper advocates an infrastructure funding model, using Cooperative Regional Partnership tenders in English regions under a national Cooperative Development Agency.

This paper makes positive practical proposals for increasing the size of the cooperative sector, many of which have no need for major legislative changes advocated by NEF. At this stage, these proposals are primarily for England, since Scotland, Wales and Northern Ireland already have national cooperatives’ support frameworks – though in Northern Ireland this lacks funding.

# Loomio Discussion

## Policy Proposals following Implementation Group and Loomio Discussion

There has been no mention in the recent Loomio discussion about the wider third sector, despite Labour commitments already made for additional support. Social enterprises and a range of community organisations have been recognised In the UK since the 1970s (Gostyn et al., 1981). Despite often different histories, national representative organisations for the voluntary, community and social enterprise (VCSE) sector will seek to emulate and replicate any infrastructure funding promised by the Labour Party for cooperatives. To support its case, Social Enterprise UK claims that there are 100,000 Social Enterprises, employing 2mn people, contributing £60bn and representing 3% of UK GDP. This is three times the size of the agricultural sector and 5% of UK employment.

“Hidden Revolution: Size and Scale of Social Enterprise in 2018” was part funded and signed by Steve Murrells, Chief Executive of the Coop Group (Gregory and Wigglesworth, 2018, p. 6). In contrast the size of the cooperatives sector is less than half of this, with its numbers falling (Cooperatives UK, 2019, p. 3):

“There are 7,215 independent coops operating across the UK, a drop of 51 from 2018 levels. But fewer coops are doing more business, with turnover at a record high of £37.7bn – up more than £400mn. The modest decline in the number of coops can be attributed to fewer new starts, with awareness of the cooperative business model remaining relatively low. The UK’s coops are owned and controlled by 13.7mn members, the equivalent to more than a fifth of the population …. with 233,733 people earning their livelihoods directly through coops”.

Alongside support for cooperatives, Labour also supports social enterprise. “It’s great that the sector is doing so well. But we want it to do a lot better,” said Rebecca Long Bailey, Shadow Secretary of State for Business, Energy and Industrial Strategy (BEIS) (Patton, 2019) She was speaking at an event hosted by [Social Enterprise UK](https://www.socialenterprise.org.uk/) (SEUK) and [Labour Business](http://lfig.org/) on Wednesday (January 16 2019)

“In a speech warmly received by an audience of social enterprises, councillors and NGOs, Long Bailey reiterated policies from Labour’s Manifesto… “We think that social enterprises are integral to our industrial strategy.” In particular, she highlighted the role of cooperatives and social enterprises in delivering renewable energy…Government bodies need to be better equipped to advise and support on setting up a social enterprise, which needs to be part of “the cultural DNA” at government level” (Patton, 2019).

Shadow Treasury Minister Anneliese Dodds said Labour wants to see “many more people” employed by the sector. “Labour is also reviewing taxation, including Social Investment Tax Relief (SITR), which channelled just £1.8mn to 25 social enterprises in 2016/17. Though this was a mechanism to improve the funding landscape for social enterprise, “It just hasn’t happened”.

In summary, the Cooperative Movement should recognise that the wider third sector – which though bigger in size and numbers, lacks political links with the Labour Party - will make similar demands for government funding for infrastructure development.

## Community Interest Companies Limited by Shares

Labour commitments to support social enterprise were made in a third sector context where most rapid growth is in Community Interest Companies, especially those Limited by Shares. The Annual Report of the Community Interest Companies Registrar July 2019 shows that 21% of Community Interest Companies are Limited by Shares. There are no figures for asset locks (Community Interest Company Regulator, 2019, p. 15):

* Community Interest Companies on Register: 15,729
* Companies Limited by Guarantee: 12,358
* Companies Limited by Shares: 3,371

The Annual Report also indicates that there are 872 CICs in Scotland, 23% of which are Limited by Shares – around 200. Further investigation, with which the author is familiar, shows that many of these are set up by individuals and partners seeking to maintain control of their organisation and are not compliant with the Code for Social Enterprise in Scotland since they distribute dividends (SE Code Steering Group, 2019). Maintaining individual directors’ control was one of the main purposes of Community Interest Company legislation in 2004 (Lloyd, 2010).

# Previous Cooperative Development Agency

## Previous CDA Limitations

Much of the Loomio discussion arises from Mark Simmonds’ and colleagues’ analyses of the previous Cooperative Development Agency from 1978 to 1990. But most of these contributions omit recognition of a different economic context and a much restricted agenda (Simmonds, 2019). Much of the Loomio discussion makes little realistic attribution to the roles of other players, including ICOM, Beechwood College, local CDAs and local authorities – though all were dominant throughout this period of cooperatives’ expansion.

During the Second Reading of the Cooperative Development Agency Bill on Thursday 06 April 1978, Bob Cryer MP, as Under Secretary of State made clear the reason for the limited objectives of the Agency (Cryer, 1978):

“The meat of the Bill is in Clause 2, which specifies the Agency's functions. These are designed to further the interests of the cooperative movement generally and are based on the majority recommendations of the working group's report…. The role of the Agency is advisory and promotional”

Even more restricted was the perspective of the Conservative Government when winding up the Agency. During the Commons debate on Wednesday 10 January 1990, Minister of State at the Department of Employment, Tim Eggar MP, sought to explain that the CDA had done its job:

“…This Government extended the life of the agency through the 1981 Cooperative Development Agency (Grants) Order and allowed funding for the agency up to the maximum of £1.5mn provided for under the 1978 Act.…

“The ceiling of £3mn set in the 1984 Act was due to be reached around the second half of 1990.

“…We accepted the CDA's case that the work of supporting and promoting cooperatives could be carried out by other organisations at local level.

“In January 1989, …..There was a general impression in those responses that the CDA had done its job and that there was no continuing need for a statutory body to promote cooperative development”.

Though the 1978 CDA existed for nearly 12 years, only one was under the Labour Government which created it. Roger Sawtell’s blog is more accurate (Sawtell, 2009):

“Although accepting the CDA as a means of generating jobs in a time of recession, the Thatcher government was lukewarm towards cooperatives and happier to encourage private ownership and equity share companies”.

## Labour Doubles Cooperatives

Much of the initiative for the creation of cooperatives during this period came from Labour controlled councils and local CDAs to save and create jobs. The author finds difficulty in accepting the criticism in the Simmonds paper (Simmonds, 2019, p. 2):

“The fragmentary nature of the cooperative movement in the 1980s, before the merger of the Cooperative Union and the Industrial Common Ownership movement to form Cooperatives UK, was key in the lack of support for, and relevance of, the national CDA”.

During this period Labour’s programme and policies were successful in more than doubling the size of the cooperative economy. After the 1976 Act, ICOM was soon registering more than 200 new cooperatives each year. Sawtell describes the effect of these changes: (Sawtell 2009b)

“The first Directory published by the CDA in 1980 listed 330 worker cooperatives and the third Directory in 1984 showed 911. …A directory published by the Cooperative Research Unit (CRU. Open University) in 1989, listed 1400 worker cooperatives, probably the highest figure recorded.”

60 Local Cooperative Development Agencies supported by local authorities provided start up assistance. Over ten years, this triggered the creation of 1,176 coops employing 6,900 people – an average of six staff per coop (Cornforth, Thomas et al. 1988). Worker cooperative numbers rose from 73 in 1975 to 1200 in 1992 (Cornforth et al., 1988). As the main registration body, after 1976 ICOM registered over 2,700 cooperatives (Cooperative Commission, 2001, p. 73). Many accounts of the development of cooperatives during the 1980s showed up to 1500 of these organisations across the UK (Sawtell 2009a, Sawtell 2009b, Cornforth, Thomas et al. 1988, Cornforth 1983, Ridley-Duff 2009a). Spear (Spear 2006) wrote that worker coops are a widely recognised form of social enterprise and have close local community and/or trade union links. He described more than 20 employee owned local bus companies (Spear 1999). Woodin et al (Woodin, Crook et al. 2010) described cooperative housing and other cooperative developments during this period.

There was a similar expansion in Scotland. “January 1997 CBS Network - 110 community businesses in Scotland, 1,095 full-time employees, 68 part-time, combined turnover £13.67mn” (Kay, Community Business Scotland Network 2003).TheCENTRIS Report shows that in 1991 there were about 150 community businesses and cooperatives with about 8,400 members and shareholders, and an annual turnover of more than £15 million. Community businesses employed 700 people full-time, with another 200 part time, and 450 on a sessional or outworker basis (Knight, 1993, p. 181). Though covering a wider range of third sector organisations in Scotland, a 1997 University of Glasgow Training and Employment Research Unit (TERU) Census reported 3,700 local organisations employing 42,000, with 60,000 volunteers (McGregor, Clark et al. 1997). In summary, the period from the 1970s onwards was highly successful in expanding cooperatives and third sector structures.

### Local Authorities

Others have written about local councils’ cooperative support agencies (Lawless, 1989, p. 125):

“By 1984 there were more than eighty of these, most of which were either independent, local authority funded or voluntary cooperative development agencies (Cornforth and Lewis, 1985). Support mechanisms tended to be strongest in areas that had high levels of unemployment or were suffering from multiple deprivation. In the early 1980s, the Greater London Enterprise Board was particularly influential in enhancing the formation of coops in the capital in that it invested in more than 100 coops between 1983 and 1986”.

“There seems little doubt that, where support organizations are installed, co­operative-formation rates increase substantially (Cornforth and Lewis, 1985). Between 1980 and 1982, for instance, areas with cooperative development agencies appeared to create coops at five times the rate apparent in areas without support.”

Taylor also wrote on the role of local authorities (Taylor, 1983, pp. 277, 279)

“Table 1 showing Changes in the workers cooperatives movement, 1980-2, by industry, with increase from 300 to 479 cooperatives between 1980 to 192 and jobs increasing from 4679 to 5079.

“The contrast between areas with development agencies and those without can be illustrated by comparing socially and economically similar London boroughs. In Islington and Hackney, for example, the number of cooperatives rose from 18 to 41, and the number of jobs from 99 to 327. In Tower Hamlets the number of cooperatives rose from 9 to 11 but the number of jobs fell from 85 to 40. Islington and Hackney had local CDAs; Tower Hamlets on the other hand did not”

“This version of the voluntary sector - with its emphasis on the more radical elements of its development, mutual aid and pressure group functions, as opposed to its more traditional ser­vice-provision role - chimed with political goals, was to be the grass-roots mechanism which some left-wing Labour local authori­ties, and most prominently of all, the Greater London Council” (Salamon and Anheier, 1997, p. 266)

Many Labour controlled local councils stimulated economic activity through cooperative and community structures. Centres against unemployment, women's employment projects, industry-wide campaigns against closures, trade union and community resource centres, welfare rights campaigns and training projects for young people, women and ethnic minorities, “mushroomed over the past 4 years, and have altered the pattern of non-governmental activity in several cities… A whole number of grassroots community organisations and rank and file trade union initiatives are enabled to move beyond hand-to-mouth survival, and to use local authority grants to come in out of the cold, to employ staff, develop campaigns and make a more visible mark” (Benington, 1986, p. 16).

From 1972 to 1986, the Metropolitan County Councils of Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, the West Midlands and West Yorkshire sought to develop local social economies through cooperative development agencies. The scale of activity, “including their district authorities, preserved or created well over 10,000 jobs” (Benington, 1986, p. 19).

Benington summarises these initiatives (Benington, 1986, p. 12):

*“The new left economic initiatives can be clustered into 3 broad categories:*

* *Job-creation and business development*
* *Resourcing trade union and community employment initiatives*
* *Using the economic leverage of the local authority*

Newman illustrates the strategy of the Greater London Enterprise Board (Newman, 1986, p. 59):

“Despite the emphasis on restructuring and large companies, GLEB's most successful investments have been predominantly venture capital investments in new enterprises. ……. The cooperatives in the sector have grasped the opportunities that exist”

Outside London, many Labour local authorities placed employment growth at the centre of their economic development strategies. Sheffield set up an Employment Committee, an Employment Department and a Sheffield Cooperative Development Group, with cooperatives as an “alternative to ‘capitalist-oriented economic development policies” (Cochrane, Allan, 1991, p. 362). “The City Council has contributed to the local cooperative movement by granting it funds to pay for two full time development workers. And in the first year, half a dozen industrial cooperatives had been created” (Blunkett and Green, 1983, p. 17).

“The Conservative government was extremely hostile to the ideological manifesto of the leading urban ‘left’ authorities and their approach to economic restructuring”(O’Toole, Mo, 1996, p. 29). Others describe this period as a struggle between municipal socialism and urban entrepreneurialism “During the 1980s local authorities engaged in a wide range of economic development activities…….Many encouraged cooperative and community enterprise to provide permanent local jobs in socially useful products for people marginalised by market forces” (Parkinson, 1989, p. 430).

Above all, this period of successful coops expansion shows that most pressure came from those “on the ground”, especially in local communities which believed that local indigenous structures might help to safeguard their economic and social wellbeing.

### Industrial Common Ownership Movement

The other major player in this significant expansion of cooperatives was ICOM.

In 1974 13 common ownership firms were registered with ICOM, modelled broadly on the Scott Bader system of common ownership. In 1976 ICOM drew up and registered a set of model rules which was to become widely used by groups wishing to set up worker controlled enterprises (Spreckley, 1981, p. 9).

There was also a network of collectives – the Northern Federation of Wholefood Collectives (FNWC), with 40 separate wholefood collectives by 1976 in the North of England – and an extensive network of collective bookshops. By 1977 FNWC had 60 wholefood collectives (Spreckley, 1981, p. 9).

ICOM continued to expand, introducing rules for smaller cooperatives. **“**This is in response to a perceived need for a set of rules which reflects the reality of running a small worker cooperative on a collective basis, with no differentiation between ‘members’ and ‘management’. “The rules are in the form of a Memorandum & Articles of Association for a Company Limited by Guarantee, which allow for a minimum of two members, as opposed to the seven required by the Industrial & Provident Societies Acts” (The New Cooperator, Journal of the Industrial Common Ownership Movement, 1985, p. 3). This trend is confirmed (Former Senior ICOM/ICOF Management II, 2015):

“It was mainly guarantee companies with common ownership and then we started to have some co-ownership creeping in, particularly when the founder members found themselves putting in so much work that they thought that they deserved some kind of recompense. If they figured it had closed or voluntarily stopped performing, but it was still a majority of common ownership coops limited by guarantee”.

Though ICOM was the main registration body, structures assumed a wide variety of forms and functions. In the “proliferation of self-organized com­munity nurseries, disabled mutual aid groups, allotment societies, black supplementary schools, women's aid centres, gay coun­selling services, tenants' cooperatives, public transport cam­paigns, community bookshops, cyclists' action groups lies a very old political tradition" (Worpole quoted in Brenton, 1985). In 1987, the ICOM Journal reported “These new cooperatives, as usual, cover diverse activities: an African restaurant, distributors of recycled paper, motorcycle hire, manufacture of products for disabled people, market research and surveys, black women's publishing and medical supplies manufacture to mention just a few” (ICOM, 1987, p. 2). The Report continued “ICOM also processed registrations for four voluntary sector bodies: an unemployment project, two arts/media projects, and a Credit Union Development Agency Work is also underway on registering two new local CDAs, two women's centres, a sheltered workshop for the mentally ill, a les­bian and gay centre, and other community, employment and arts projects”. As testimony to the flexibility of ICOM rules, the Report concluded (ICOM, 1987, p. 2):

*“Anyone interested in non model rules registration of any type should phone or write to Charlie Cattell at ICOM Central Office. Charlie will send you general information on the service and a questionnaire to fill in about the structure required”*

ICOM continued to broaden its range of company registrations. The ICOM 1985 Annual Report states “ICOM is improving its legal services and has received a steady flow of requests for "one-off constitutions, such as co­operative development agencies and community groups”. The Report includes ICOM 1982 White Rules for a common ownership cooperative registered under the Industrial and Provident Societies Act, 1982 Blue Rules for a common ownership company registered under the Companies Act, “Leicester” 1984 Yellow Rules for a common ownership cooperative registered under the Companies Act and ICOM 1984 Green Rules for a common ownership cooperative registered under the Industrial and Provident Societies Act.“

### Beechwood College

Throughout the 1970s and 1980s Beechwood College provided much of the theoretical underpinning for these developments. Founded in 1977, the College played a major role in this period of cooperative expansion (Social Enterprise Advisor, 2017):

“and Beechwood was just a derelict mansion and we got a job creation programme from EU, and we got about £170,000 to renovate the building for the purpose of running it as ICOM’s college … and centre”

By 1981 Beechwood had a definition of good practice in cooperatives and commercial organisations that adopted social accounting and audit as part of their normative annual measurement (Spreckley, 2015, p. 2). Spreckley continues (2015, p. 16):

“In 1978 at Beechwood College in Yorkshire, UK, (a workers cooperative college) the concept and structure of social enterprise were firmly established and defined. The then new social enterprise had the basic rules of cooperative and common ownership businesses, each member owning one share and each share giving each member one vote in the general governance of the enterprise”

In 1981 Beechwood published the Social Audit Toolkit (“A Management Tool for Cooperative Working) (Spreckley, 1981). “Keynesian economic theories, despite the great hopes placed upon them, have failed to resolve the problems of poverty in developed societies. A Social Enterprise Advisor summarised these developments (Social Enterprise Advisor, 2017):

“And all of a sudden, ICOM grew from the thirteen original members to something like 50…”

“I mean, it sounds very small, but we sold 2,000 copies of that booklet (‘Social Audit: A Management Tool for Cooperative Working’) and we ran out …”

A former trainer amplified the significance of social enterprise training at Beechwood College (Cooperatives Advisor II, 2016):

*“What sold well was ‘How to start a Coop’ - a three-day course that we ran over and over and over again. Lots of the stuff on finance, stuff on marketing, a little bit around organisation and leadership and then subsequent development work, training and then running events and spaces. Beechwood itself was used 80% by the broader social movement field”.*

Beechwood’s mission was to enable the growth of more social enterprises and cooperatives. “At the grass roots level business based on cooperative ideals are springing up which demand systems of accounting based on broader criteria than mere money” (Spreckley, 1981, p. 2). Spreckley listed “criteria which can measure social performance in terms of benefit or loss to the working members, the local community and the wider community” (Spreckley, 1981, p. 3).

# A Need for Vision

## Alternative Social Economy and Local Democracy

The author believes that as closely as possible, based on a wide range of active organisations, the spirit and mission of this earlier period should be resurrected. The Loomio discussion lacks a vision for an alternative local economy, especially to strengthen economic democracy. Labour’s “Alternative Models of Ownership Report” had a vision (Report to the Shadow Cabinet, 2017, p. 7)

“Increasing the role of democracy and representation in governing our economy would serve as a means of broadening the range of voices involved in making economic decisions, which would in turn help to ensure that our economy meets a wider range of needs and serves a more diverse set of interests.

“This objective can only be realised through ownership models that embody genuine agency and collectivism, which requires attention to the social and cultural aspects of ownership models as well as their economic ones”.

The Wales Mutuals Commission expressed similar aspirations (Welsh Cooperative and Mutuals Commission, 2014, p. 3)

“The Commission wholeheartedly shares that vision and believes that a historic opportunity has opened up for an alternative approach to economic development, public policy and service provision, one based on mutualism, cooperation and shared ownership, creating the opportunity for better government and a fairer society. We believe that this can also contribute to the restoration of trust in government and the ways in which our economy and society are organised”.

Apart from lack of vision, there has been little in the Loomio discussion on understanding difficulties which cooperatives face in a capitalist economy (Cornforth, 1989, pp. 114, 115):

“Cooperatives have to survive within the economy in which they are located, be it capitalist or socialist. In the West today, cooperatives are being formed at a time when capital is highly concentrated and decisions over how this capital is allocated are dominated by large corporations, Government and financial institutions.

“However, if policy makers wish cooperatives to gain a more significant position in any industrial sector then more radical action will be required”.

## The Political Context

Apart from a lack of spirit or mission, many contributors to the Loomio discussion have overlooked the wider political context in which Labour’s proposals to double the cooperative economy are made. The wider cooperative movement should not forget its roots, which are closer to the Labour Party than other parts of the third sector. Stephen Yeo wrote in his letter to David Blunkett before publication is his book “Politics and Progress: Renewing Democracy and Civil Society” (Yeo, 2001, p. 8):

“Long before the Labour Party formed as an electoral presence, in 1900, these associations (cooperatives and mutuals) constituted what became known, in the mid nineteenth century, as 'the social movement'… Working people's associations were the soil in which a Party for Labour grew, to a greater extent than anywhere else in the world”

Labour’s assimilation of social movements was complete (Yeo, 2002, pp. 12, 14):

“Independent forms and forces tended to assimilate to its Party form, to such an extent that the associational forms and forces which generated the Labour Party in the first place (between 1893 and 1918) were either pushed aside from Politics or buried as independent, progressive, small p political forces”

After the Great War, cooperatives’ expansion continued, with intense competition between the Labour Party and the Cooperative Movement (Gurney, 2015, p. 1486):

”It was not immediately clear after the war that the Labour Party—which was not yet a truly national party—would dominate working-class politics at the expense of organised consumers: many activists among the latter group thought that the Cooperative Party would better serve the interests of workers as consumers…”

The most recent opportunity to promote the Cooperative Movement was missed after the Cooperative Commission in 2001 (Yeo, 2002, pp. 16, 19):

“The Cooperative Advantage was not written or marketed, as text, as if it could excite widespread interest outside the Cooperative Movement. So the most pertinent performance indicator for the Report will be whether its recommendations are put into action by retail Coops, more quickly and completely than were those of the 1958 Independent Commission”.

In summary, faced with claims from other parts of the third sector, especially from Social Enterprise UK in England, the wider Cooperative Movement should remember its historic links with Labour. There is little of this in the Loomio discussion.

## Learning from Previous Labour Experience

The thrust of this submission is that any proposals for doubling the cooperative sector should heed the lessons of the 1970s and 1980s. There should be no doubt that it was a combination of the 1976 Industrial Common Ownership Act, the 1978 Cooperative Development Agency, local councils, local CDAs, ICOM and Beechwood which together drove the expansion of coops. There is a need to resurrect a vision in which partners work together, underpinned by Labour’s forthcoming Election Manifesto. Section 5 below seeks to accomplish this. Above all, there was a demand from those “on the ground” to form cooperatives (Cornforth, 1989, p. 119):

“It is argued that the success of a cooperative depends vitally on the commitment and involvement of its members, and that this is not likely to develop if a cooperative results mainly from the initiative and actions of the development workers

In support of this membership driven approach, Cornforth and Thomas cite the 1970s and 1980s as a cooperative ‘new wave” (Cornforth and Thomas, 1991, pp. 455, 459):

“The 'new wave' can be attributed partly to the rise in importance of non-material motivations such as those mentioned as part of various linked social movements, and partly to the lack of other options on the part of certain displaced sectors of the industrial labour force. In both cases it is a response to crisis, whether at a personal, social or industrial level. Perhaps the biggest challenge facing those who wish to promote cooperative development is to find ways of helping to create a culture, or sub-cultures, which are sympathetic to cooperative ideals and forms of enterprise”.

The real drive of the ‘new wave’ came from workers themselves (Cornforth, 1984, p. 276):

“There was a high degree of consensus among development workers that the initiative for new cooperatives must come from the workforce if they are to be successful”

In all of this, Cornforth recognises local CDAs as important (Cornforth, 1984, pp. 275–278).

“Research has shown that local cooperative development agencies (CDAs) have been a major factor in the growth of cooperatives in the UK since 1980. Since that time it has only been in areas with local CDAs that the number of cooperatives has grown significantly.

But Central Government support was needed too (Cornforth, 1984, p. 278):

“Finally we would like to conclude by considering the more immediate future for worker cooperatives and local CDAs in the UK. Although the number of worker cooperatives has grown rapidly the sector is not firmly established. ….The number of small cooperatives will continue to grow in these areas supported by CDAs, but the sector is unlikely to become important economically unless it receives much greater backing and support from central Government.

For the author, this Section above forms a preface for proposals in Section 5 below.

# Proposal for National Cooperative Development Agency and Delivery by Cooperative Regional Partnerships

Alex Lawrie provides a thoughtful context in which some future cooperative developments might expand, which, above all, shows that different approaches may be needed in different regions (Lawrie, 2018, p. 54):

“Emergent sectors – renewable energy, internet and communications technology, and the sharing economy, to name but three – have created opportunities for small, new coops to outflank the giant capitalist enterprises; non-user share capital crowdfunded in multi stakeholder coops has turned a cooperative weakness into a cooperative strength; and community shares has begun rescuing a slew of businesses that could not otherwise survive (though principally small, village enterprises as yet). The means for cooperative development are there: but the bodies who should be replicating, publicising and refining these tools are losing their identity, their human resources and their funding”.

## Tendering by Regional Partnerships

To maintain and build on the successful ingredients of partnerships which operated previously, the author advocates that Cooperative Regional Partnerships (CRPs) from local councils, the wider Cooperative Movement and others, within an approved tendering framework, should seek to deliver of Regional CDA services. Each Regional Partnership would have a project lead, which could involve Coops UK or its members. For example, in the North West, the CRP might include Greater Manchester Cooperatives Commission and Preston Council. As suggested by Alex Lawrie above, structures should vary between regions. It is envisaged that contracts for CRPs for delivery of services would last for three years. These would be contracts with the national CDA - a similar arrangement to the delivery of Business Gateway services in Scotland – the equivalent of Business Link.

## Logic Model for Outputs and Outcomes

It is suggested that each CRP contract might replicate some features of the current contract between Scottish Government and the Social Entrepreneurs’ Network Scotland, with which the author is familiar. Based on this, the Logic Model to be specified within the contract might include (all subject to further discussion and amendment):

* **Specification of inputs** – staff time, knowledge and expertise; board time knowledge and expertise, digital expertise, funding and partnerships/collaborative working
* **Activities/Outputs** – advising, supporting and funding development of new and emerging cooperatives and clusters, producing newsletters; holding directors’ meetings, ensuring participation in local and national policy fora, providing updates on national policy developments, organisation of community learning exchange visits and developing the sector generally
* **Training and Education**. Holding seminars and training events, including promotion of cooperative education in schools, FE and HE. Awareness raising with local professional bodies, including finance professionals, accountants and solicitors
* **Supporting cooperatives and clusters to achieve outputs and outcomes** within a strategy agreed by the national Cooperative Development Agency
* **Measurement and evaluation of impact**, including economic, social and environmental contribution, including within local communities; ensuring cooperatives and clusters are better placed to influence debates locally and nationally; ensuring cooperatives and members are strengthened through sharing good practice and information and are better placed to bid for contracts and work in collaboration

## Funding for Regional Partnerships

Funding would normally be provided by the CDA to CRPs on a quarterly basis. Funding would only be made available for the relevant financial year, following submission and agreement of business and delivery plan covering the period. The delivery plan would detail key activities, including inputs, outputs and outcomes (if possible, using the Logic Model format), with relevant milestones against which progress can be measured. Within each financial period, there will be provision and opportunities to discuss and agree adjustments if needed.

## Payment of Grant

Monitoring of progress will be a joint and shared process between national CDA and CRPs, to include provision for independent assessment of delivery milestones. Targets for delivery of outputs and outcomes will be detailed in the business plan submitted by each CRP. The eligible costs for which funding may be claimed are the core costs for delivery objectives and outcomes.

In the event of the amount of grant paid exceeding the amount of the expenses reasonably and properly incurred or required by CRPs in connection with delivery of their business delivery plan, the CRP will repay to the CDA the amount of any excess which is identified.

## Confidentiality and Data Protection

Each CRP will be expected to implement its own GDPR policy in respect of any information held. The national CDA may disclose information in compliance with the Freedom of Information Act 2002, or any other law. The national CDA shall also disclose information as required by Government Departments, the UK Parliament and other designated authorities.

### Basic Documents

The national CDA would produce the following:

* Grant Acceptance Form, including Statement of Compliance with Logic Model
* Grant Claim Form, setting out payment periods and amounts
* Statement of Compliance with Conditions of Grant, supported in records of CRP
* Schedule of Definitions in Agreement between national CDA and CRPs

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