

## Position paper

# A National Co-operative Development Agency

September 2019

*“The most successful co-operative economies are underpinned by a thick ecosystem of institutions and cultures that provide the information, advice, expertise and support necessary for co-operatives to grow” (Co-operatives Unleashed, 2018)*

## 1 Introduction

- 1.1 Co-operatives UK welcomes the proposal to establish a National Co-operative Development Agency (NCDA). We do so on the basis that this could deliver on our members’ priority: for an adequately resourced programme of co-operative development that supports more people across the UK to form and develop successful co-operatives.
- 1.2 Following extensive consultation with those closely involved in co-operative development, we wish to suggest principles to inform the purpose, governance, operation and legacy of an NCDA. Partnership with the co-operative sector is a theme that runs throughout. In order to succeed the NCDA will need to mobilise the knowledge, know-how and social capital in the sector. Co-operatives UK is uniquely well-placed to help in this regard.
- 1.3 Our long-term aspiration is for government to help endow the sector with its own powerful, autonomous developmental capabilities.
- 1.4 In this vein, we commit to working with any future Labour Government to help establish an NCDA and then to work with the latter to ensure it makes a significant contribution to growing the co-operative economy.

## 2 Purpose

- 2.1 We suggest the NCDA should be tasked with working in partnership with the UK co-operative sector, to support the development of existing co-operatives, the formation of new co-operatives and the conversion of existing businesses/organisations into co-operatives.<sup>1</sup>
- 2.2 To do this the NCDA should be tasked with co-producing and facilitating programmes with the following aims:
  - To help individuals, groups, communities (of place and/or interest) and businesses/organisations to become aware of, understand and explore their co-operative options
  - To ensure newly forming co-operatives, existing co-operatives and businesses/organisations converting into co-operatives have access to the expert advice and support they need to achieve their aspirations
  - To support co-operation between co-operatives, in areas such as knowledge exchange, research and development, innovation adoption and joint venture

- To grow the pool of available co-operative development expertise in the UK
- To support the growth of new types of co-operative in new parts of the economy through action-research and innovation
- To inform public policy with the potential to affect the conditions for co-operative development
- To endow the co-operative sector with its own independent, powerful, self-sustaining developmental capabilities

2.3 Co-operatives UK is well-placed to assist in the co-production such programmes.

### 3 Governance

3.1 We suggest that the NCDA be established as a partnership between government and the co-operative sector in the UK. The emergent ‘public-commons partnership’ approach<sup>2</sup> provides practical inspiration for how this could evolve in practice.

3.2 There is a clear desire from our members for the NCDA to be governed in a way that allows co-operatives and their representatives to participate in the strategic decision-making of the NCDA and to hold it to account. As the apex representative body for co-operatives in the UK, formally recognised by the International Co-operative Alliance,<sup>3</sup> Co-operatives UK should be given a role here.

3.3 We recognise that the preferred option proposed by the Co-operative Party is for an ‘executive non-departmental public body’ with a core budget allocated by central government, to which it will be directly accountable. We welcome that the Co-operative Party’s preference is for the NCDA board to include some democratic representation from the co-operative sector, alongside government appointees. But this does, inevitably, create a rather asymmetrical partnership and does not lend itself to the degree of co-production needed at every level to make a positive impact.

3.4 It may be that at the beginning of our new partnership, the arrangement described above is necessary. Public money is certainly needed to drive a step change and government has a duty to ensure it is spent in a way that maximises public value. However, our aspiration is for a partnership with government through which, over time, our sector is endowed with its own powerful, independent capabilities (see **part 5**).

### 4 Operation

4.1 We suggest subsidiarity and partnership could be useful operating principles for the NCDA. The emergent ‘public-commons partnership’ approach offers practical inspiration for how these principles could be applied in practice.

4.2 We suggest the NCDA should limit itself to what can only be delivered effectively by a public body at a national level. The Co-operative Party’s proposal for nine regional sub-agencies could provide a degree of subsidiarity. But we suggest the principle could extend beyond considerations of geographic hierarchy, to inform the division of labour at every

level between the NCDA (including any regional sub-agencies), and the co-operative sector.

- 4.3 There are distinct cultures, approaches and systems that make co-operatives work. To succeed, the programmes we suggest in **part 3** must draw on the knowledge, know-how and experience in the co-operative sector. Our sector contains a small yet invaluable pool of co-operative development expertise, held mainly by independent practitioners. And within co-operatives there are people with knowledge and experience that could be a great help in the development of other co-operatives. There are ‘infrastructure’ organisations that are very successful in particular aspects of co-operative development, in no small part because they can mobilise the knowledge and social capital in the sector. For example, Co-operatives UK’s successes in developing the Community Shares model, the Hive support programme, the platform co-operative accelerator and our highly-regarded advisory services, all depend on bringing co-operatives together and forging partnerships with other organisations and networks.
- 4.4 Furthermore, many of the programmes we suggest in **part 3** will need to be developed and delivered by engaging and empowering communities of place and interest. Success will depend on forging strong partnerships between co-operatives, community organisations, solidarity networks, activists, local government and anchor institutions. The social capital in and around the co-operative sector will be an essential, irreplicable, enabler in this regard.
- 4.5 With the above in mind, we welcome the Co-operative Party’s proposal that the NCDA “*not replicate existing effective activity*”. But we would like to add to this. There are no activities the NCDA and its sub-agencies could do effectively without working in partnership with the co-operative sector. We suggest there will be few occasions when replacing existing activity wholesale will lead to optimal outcomes. Instead, when evidence suggests that a developmental activity is not being done as effectively as it could be, the default should be for the NCDA to explore whether it could work in partnership to enhance or augment existing impact.
- 4.6 To conclude, we suggest that rather seeking to deliver the bulk of the developmental activity itself, the NCDA should play a facilitative and commissioning role, nationally and locally. **But this must not be done using competitive outsourcing.** Rather, the NCDA should forge long-term, nurturing ‘public-commons partnerships’ with many parts of the co-operative sector, with other parts of the social and solidarity ecosystem, and with the communities of place and interest it will need to serve.
- 4.7 Co-operatives UK is uniquely well-placed assist in facilitating these partnerships.

#### Devolution

- 4.8 The Co-operative Party proposes that the NCDA will function in England only while Northern Ireland will be encouraged and supported to develop its own approach. In its proposal the Co-operative Party suggests that publically-funded activity is already delivering what is required in Scotland and Wales. In our view the evidence is clear that co-operative development in Scotland and Wales is also in need of enhancement.<sup>4</sup> This is not a criticism of those involved in co-operative development in these countries. These outcomes are in part a result of the priorities set by politicians and civil servants, and in part because

existing programmes are not designed and resourced to significantly increase awareness of and demand for co-operative options. We suggest that efforts to encourage and support a government in Northern Ireland to implement co-operative development programmes should be extended to Scotland and Wales as well.

## 5 Legacy

- 5.1 As stated in **part 2** we believe one purpose of the NCDA should be to endow the co-operative sector with its own independent, powerful, self-sustaining developmental capabilities. We take this view because the overwhelming weight of evidence of what works around the world, points towards co-operative sectors having such capabilities. We also take this view because even statutory agencies are at the mercy of changing political priorities and preoccupations.
- 5.2 Ideally, we would like the NCDA's existence as a government-controlled agency to be an explicitly time-limited incubatory period. The ultimate objective could either be for the NCDA to become a fully autonomous entity, controlled by and accountable to the co-operative sector, or a joint venture between government and the sector, using the 'public-commons partnership' approach.
- 5.3 While central government will need to fund the NCDA in its incubatory period, there could be a gradual transition to the co-operative sector providing the core funding, through *tax advantaged* contributions of surpluses. To make this work, a specific new tax relief could be created that exempts from corporation tax a percentage of any surplus that a co-operative chooses to pay into an accredited co-operative development institution, of which the NCDA would be one.
- 5.4 Over time this would nurture the *"thick ecosystem of institutions and cultures that provide the information, advice, expertise and support"* the Co-operatives Unleashed report rightly identified as the key to high-impact co-operative development.

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## About Co-operatives UK

Co-operatives UK is the network for Britain's thousands of co-ops. We work to promote, develop and unite member owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-ops are everywhere and together they are worth £37.7 billion to the British economy.

## References

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<sup>1</sup> By “co-operative” we mean an organisation that we recognise as a co-operative in line with the International Co-operative Alliance (ICA) Statement on the Co-operative Identity, in our role as the ICA-appointed apex body for the UK. This includes credit unions. It also includes the minority of employee owned businesses that have democratic governance wherein employees have significant control. In pursuit of a new economy it may also be beneficial to support the development of other mutuals, where these contribute to economic democracy, such as building societies.

<sup>2</sup> <https://common-wealth.co.uk/Public-common-partnerships.html>

<sup>3</sup> <https://www.ica.coop/en/directory/member/241>

<sup>4</sup> Our data shows that while government funding in Wales and Scotland does have a positive impact compared to England and Northern Ireland (where no such provision exists), the overall impact in terms of co-operative growth in these nations is still very modest. The total number of co-operatives in Scotland grew by 1.5 percent last year, while in Wales there was a decline of 0.6 percent. Scottish Enterprise’s impact has overwhelmingly been in supporting employee ownership conversions, without any emphasis on democratic (i.e. co-operative) employee control. Meanwhile Wales Co-operative Centre’s Social Business Wales programme has supported more non-co-operative social enterprises and employee owned businesses than it has co-operatives.