

CO-OPERATIVES UK

Scottish Policy Summit Briefing

April 2023

1 Policy context

- 1.1 2023 is set to be a critical year as Scottish Government undertakes a major review of how to support co-operative growth and introduces a Community Wealth Building Bill.
- 1.2 This briefing is intended to inform discussion and debate at the forthcoming Scottish Policy Summit (1 pm – 4.30 pm, 19 April at Dynamic Earth, Edinburgh). This summit brings together representatives from the Scottish co-operative sector to discuss these opportunities and the potential of co-operatives in Scotland.

Co-operative growth policy

- 1.3 In their Shared Policy Programme (2021), the SNP and Scottish Greens committed to: *“set out how we will provide tailored support for co-operatives with a view to increasing their representation in the Scottish economy.”*¹

- 1.4 In its National Strategy for Economic Transformation (2022), Scottish Government committed to:

*“Undertake and publish a review of how best to significantly increase the number of social enterprises, employee-owned businesses and co-operatives in Scotland, supporting regional regeneration and the wealth of local communities. This will learn lessons from best practice in other countries.”*²

- 1.5 Scottish Government has committed to publishing the findings of this review by the end of 2023.

Community wealth building

- 1.6 Scottish Government is also currently consulting on its community wealth building agenda, with a view to introducing legislation and identifying non-legislative actions.³ This consultation closes on 25 April.

- 1.7 In its consultation, Scottish Government confirms ‘inclusive ownership’ of the economy is a fundamental pillar of community wealth building and that this includes: *“Promotion of more generative forms of business models including locally-owned businesses, employee ownership, co-operatives, social enterprises and community enterprises.”*

2 The opportunity

- 2.1 The potential for co-operative growth and positive impact in Scotland is huge. But while Scotland boasts many strong and impactful co-operatives, by international comparisons its co-operative economy is small and growing slowly.

- 2.2 It is often rightly pointed out that active communities and existing co-operatives can do a lot to build a fairer, greener economy without waiting for government to act. However, looking at examples of contemporary and historical co-operative growth around the world, enabling government policy is often an important contributing factor.
- 2.3 Scottish Government's Community Wealth Building Bill and forthcoming Review present an all-too-rare opportunity to kick-start a new era of rapid and impactful co-operative growth. Through these processes, Scottish co-operatives could establish a powerful new partnership with government. This partnership could then be used to address major barriers to co-operative growth, such as:
- **Low awareness and limited practical understating of co-operatives, in communities and among potential entrepreneurs and businesses, and those who advise them**
 - **Mainstream business support not catering to people exploring and adopting a co-operative model**
 - **Business finance markets and government enterprise finance schemes not catering to co-operatives**
 - **Strategic partnerships between private business and the state (e.g. in areas such as procurement and regeneration) squeezing out co-operatives and other inclusive ownership models**

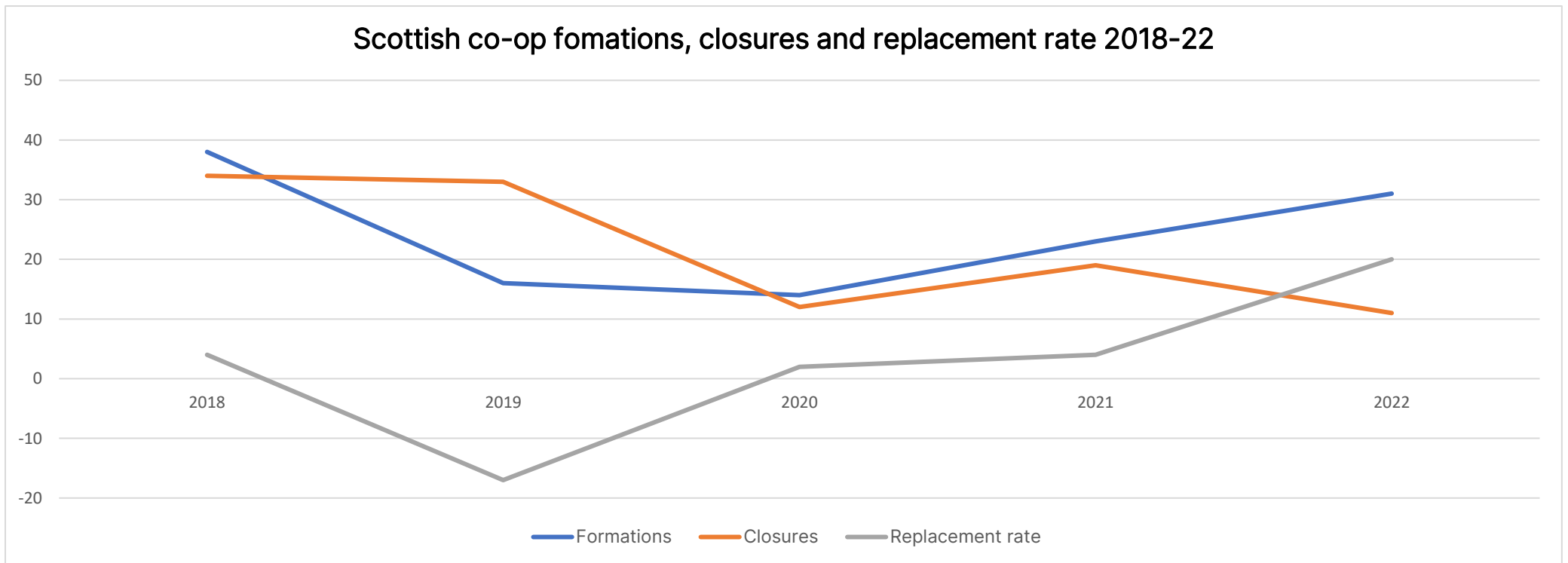
3 Preparatory thinking

- 3.1 The Scottish Policy Summit will be a participative, deliberative event. Please come prepared to contribute your ideas and insights. At the summit we will address the following questions that we ask you to consider ahead of time:
- **How can co-operatives and co-operation make a significant contribution to the creation of a high-wellbeing and low-carbon Scotland?**
 - **What are the strategic enablers (e.g. information and advice, capital) of co-operative growth in Scotland?**
 - **How could the sector partner with Scottish Government to enable co-operative growth and impact?**

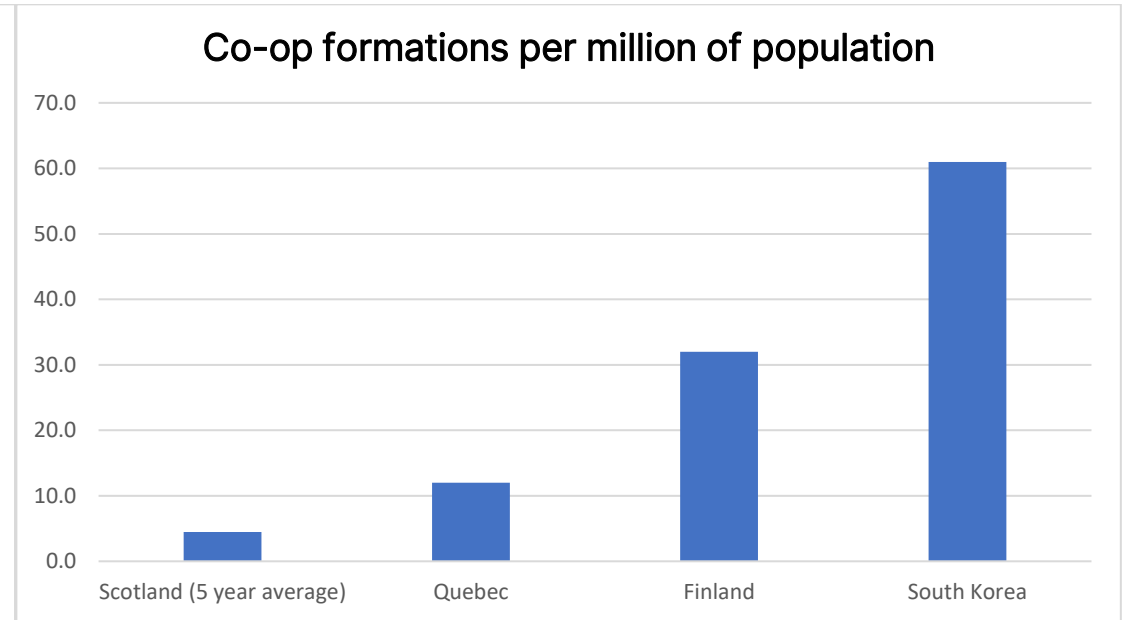
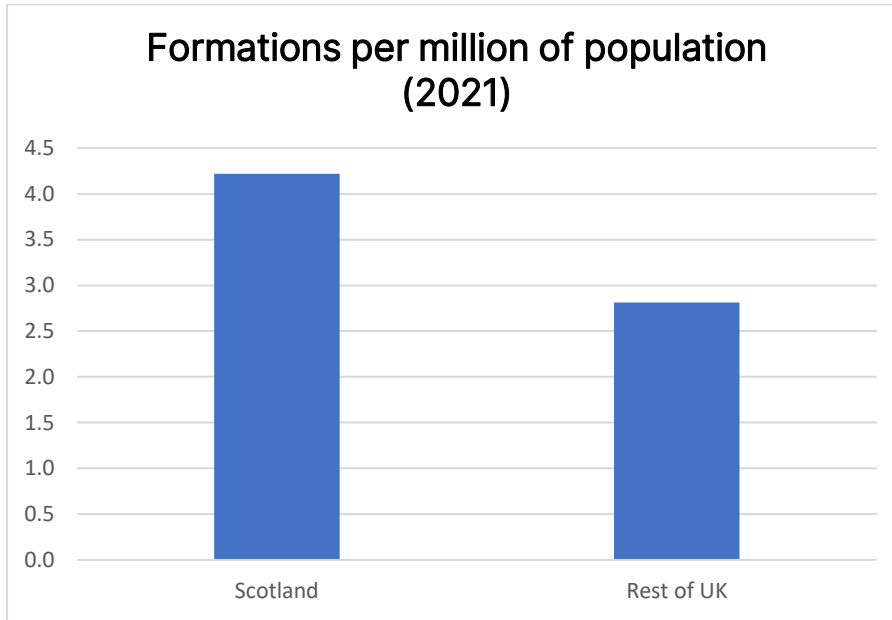
Annex: Baseline data

Number of Scottish co-operatives	607
Number of members of co-operatives	694,677
Combined annual turnover	£1.784bn
Number of employees	8,806

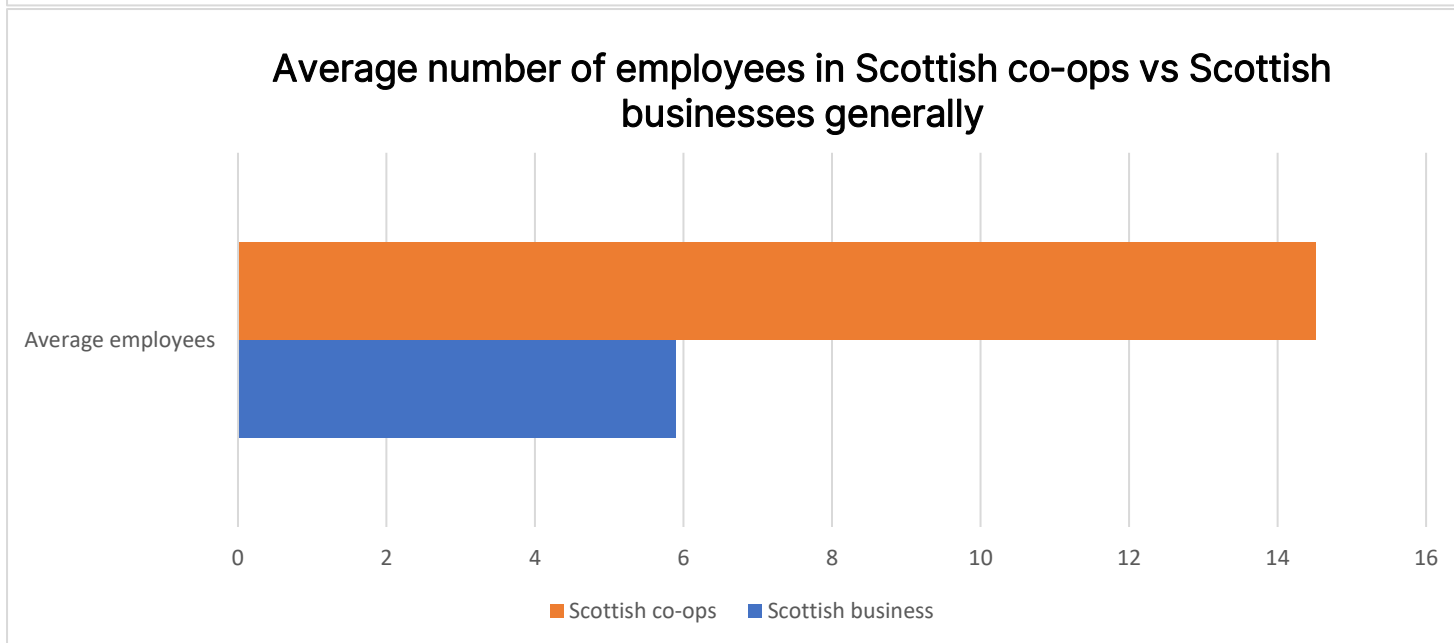
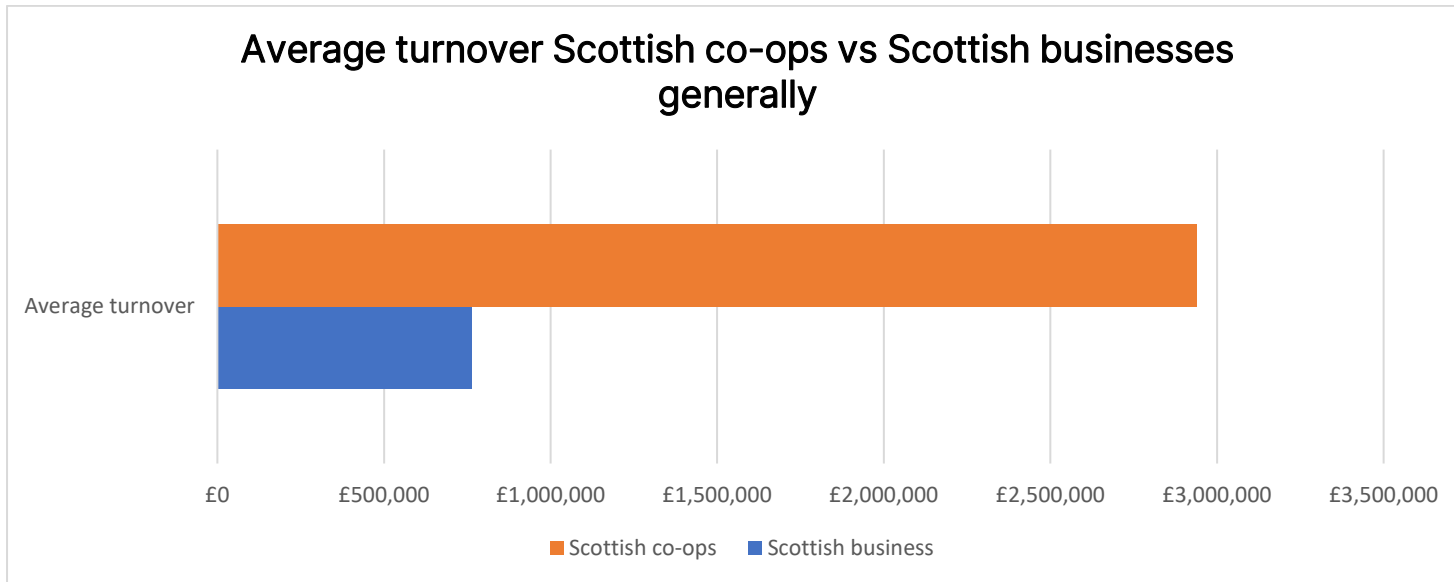
Co-operative formation and overall replacement rates (formations minus closures) in Scotland are trending in the right direction.



Scotland leads the rest of the UK in terms of co-operative formations in proportion to population. This is not surprising given that Scottish Government has led the rest of the UK in resourcing of specialist co-operative start-up support. However, Scotland's co-operative formation rate (per 1 million of population) is far below that of leading regions and countries: less than half that of Quebec, 7 times lower than Finland's, 13 times lower than South Korea's.⁴



While fewer in number (co-operatives make up less than 1 % of all Scottish businesses), Scottish co-operatives are on average bigger in terms of turnover and number of employees. The data suggests that people do achieve more together than they do on their own.



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¹ <https://www.gov.scot/publications/scottish-government-scottish-green-party-shared-policy-programme/documents/>

² <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/documents/>

³ <https://www.gov.scot/publications/building-community-wealth-scotland-consultation-paper/>

⁴ International start-up comparisons from research by Leo Sammallahti