

CO-OPERATIVES UK

Scottish co-operatives consultation results 2022

April 2022



Introduction

In Jan and Feb 2022 Co-operatives UK ran a consultation with Scottish co-operatives, asking them about their business support needs and the extent to which these are currently met by Scottish Government (SG) and its agencies.

This was prompted by the following commitment in the Shared Policy Programme:

“We will set out how we will provide tailored support for businesses with alternative ownership models, including cooperatives, with a view to increasing their representation in the Scottish economy.”

We will use the insights gained from this consultation to help inform SG’s work in this area.

Methodology

We created an online questionnaire, which asked questions covering:

- the extent to which SG's business support schemes cater to the needs and aspirations of existing co-operatives
- areas currently given focus by Scottish Enterprise (productivity and performance, capital raising, scale-up) and the extent to which co-operatives need tailored support in each
- how to improve conditions for co-operative entrepreneurship

We directly invited more than 500 contacts in over 100 Scottish co-operatives to complete. Our partner organization, Scottish Agricultural Organization Society (SAOS) sent an invitation to its members – all farmers' co-operatives – to do the same.

The Cross Party Group on Co-operatives in the Scottish Parliament also held an evidence session, in which three co-operatives discussed their developmental ambitions and possible support needs.

Responses

The online questionnaire received 39 responses from 33 different co-operatives.

In all 35 different Scottish co-operatives participated in this consultation process, giving us a sample of 6% of all Scottish co-operatives.

Respondents varied in:

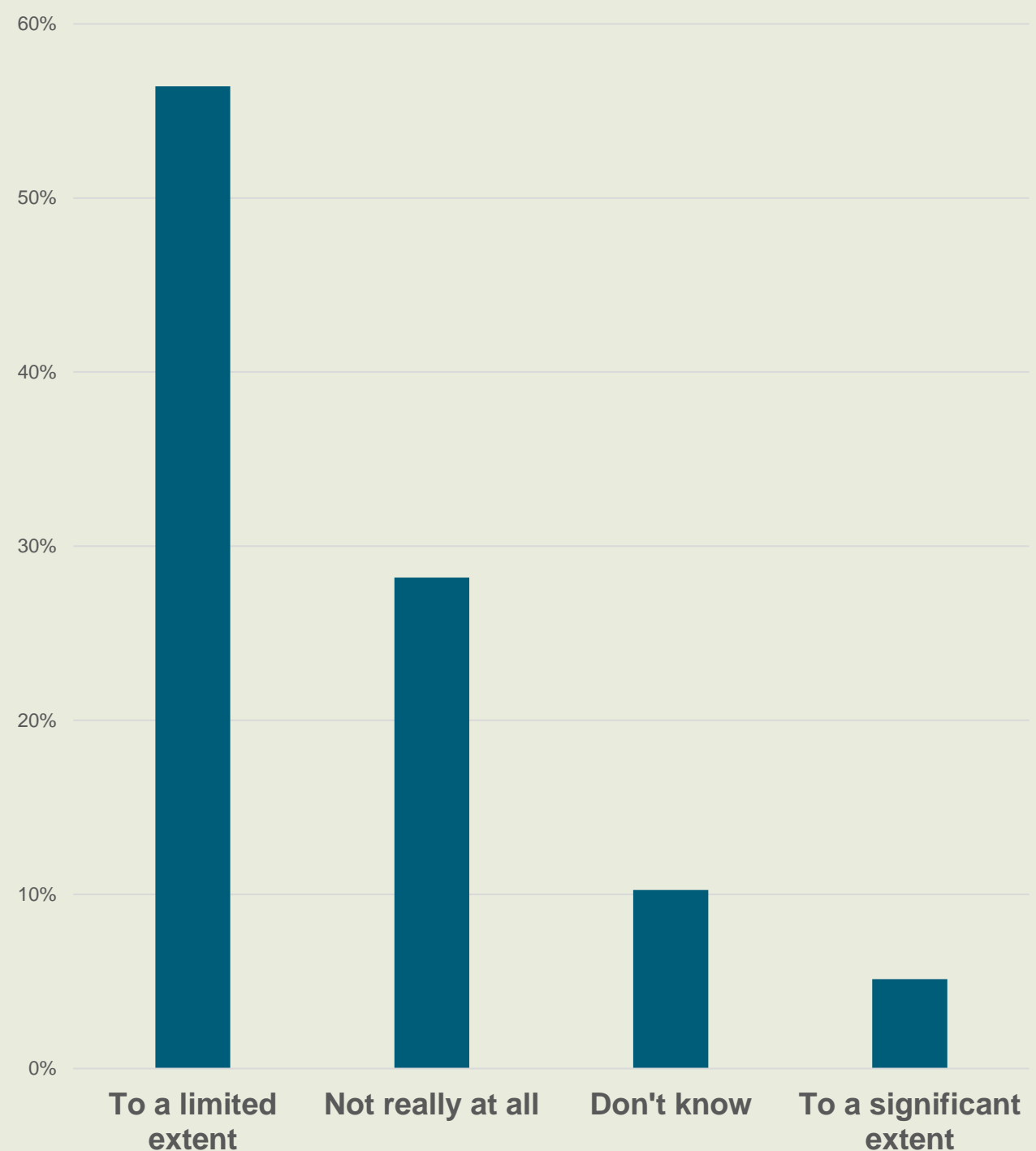
- **Size:** sample includes micro enterprises through to businesses with over £280 million annual turnover
- **Age:** sample includes new starts, businesses in their growth phase, through to some that are many decades old
- **Type:** sample includes co-operatives made up of customers/service users, people in a local community, workers and enterprises
- **Sector:** over half the respondents were co-operatives trading in agriculture, including supplying farm businesses, on-farm innovation, downstream processing and joint marketing. Other respondents trade in retail, wholesale, creative, media, digital, energy generation, retrofitting, property.

Q1: To what extent do Scottish Government's business support schemes cater to the needs and aspirations of existing co-operatives?

Respondents who answered 'to a limited extent' were mostly farmers' co-operatives and some cited specialist support, funded by SG and provided by SAOS as an example of support that does cater to them. It should be noted that this support is well-regarded but SG's funding of SAOS is rather limited in focus and does not cover many fundamentals of co-operative business development.

Respondents who answered 'not really at all' were a mix of farmers' co-operatives and others. A common theme was that agencies do not seem to understand co-operative business and are preoccupied solely with traditional shareholder owned, only-for-profit business.

A number of respondents said that co-operatives 'fall between two stools' and neither social enterprise/third sector or 'mainstream' business support caters to them.

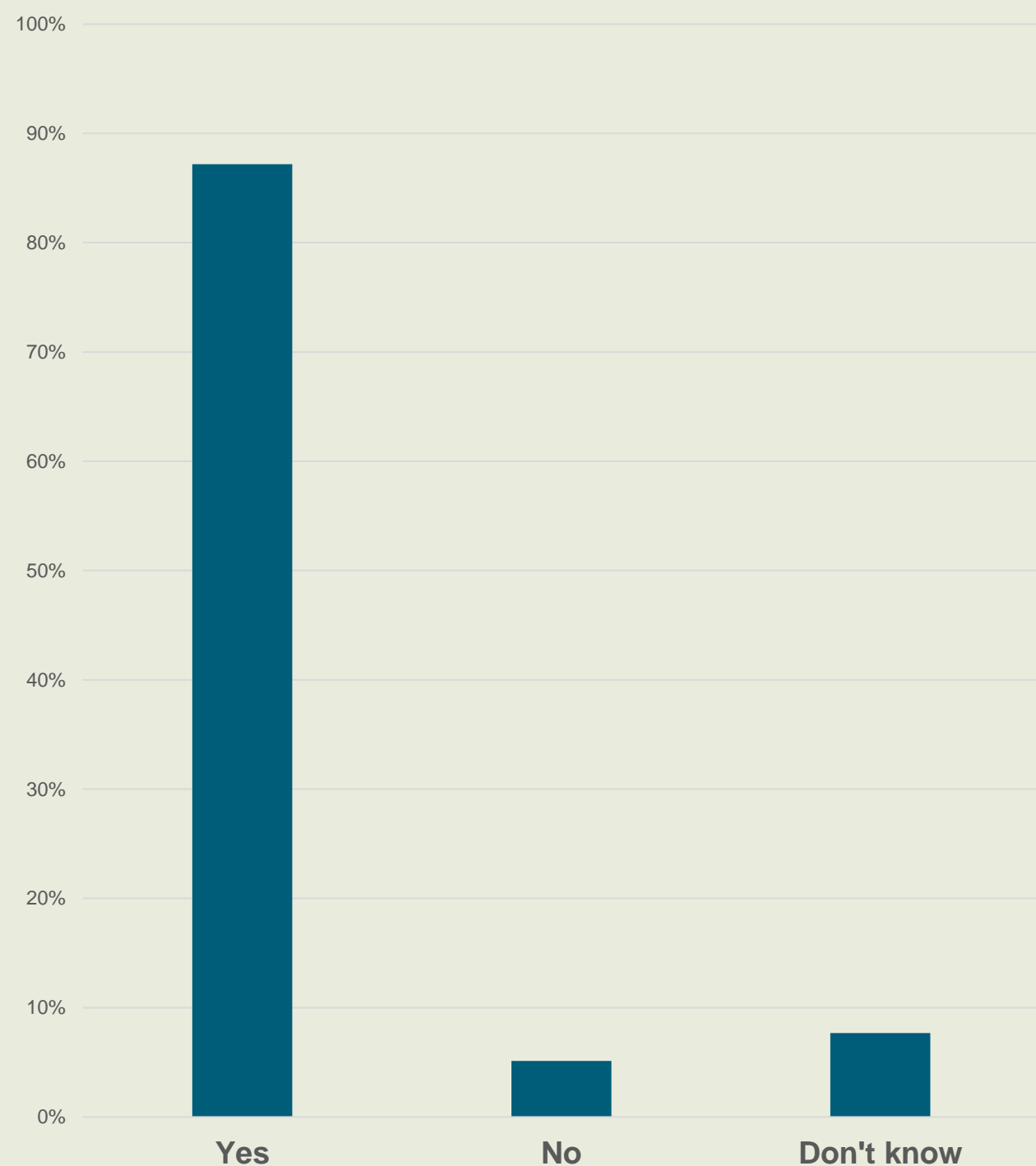


Q2: Do co-operatives need support on productivity and performance to be tailored to their model, purpose and values?

Among those you answered 'yes', the link between investment, capital raising and productivity enhancement was mentioned many times. Co-operatives must take a distinctive approach to capital raising because of their democratic ownership and governance.

Another common theme among those answering 'yes' was how co-operatives have mutual and social purposes, which demand a nuanced approach to productivity and performance. For example co-operatives may have to balance efficiency with their mission to enhance worker wellbeing or maximize environmental sustainability.

It was also noted that democratic membership, ownership and governance in co-operatives can be used to generate greater efficacy and productivity, but that this is not well-understood.

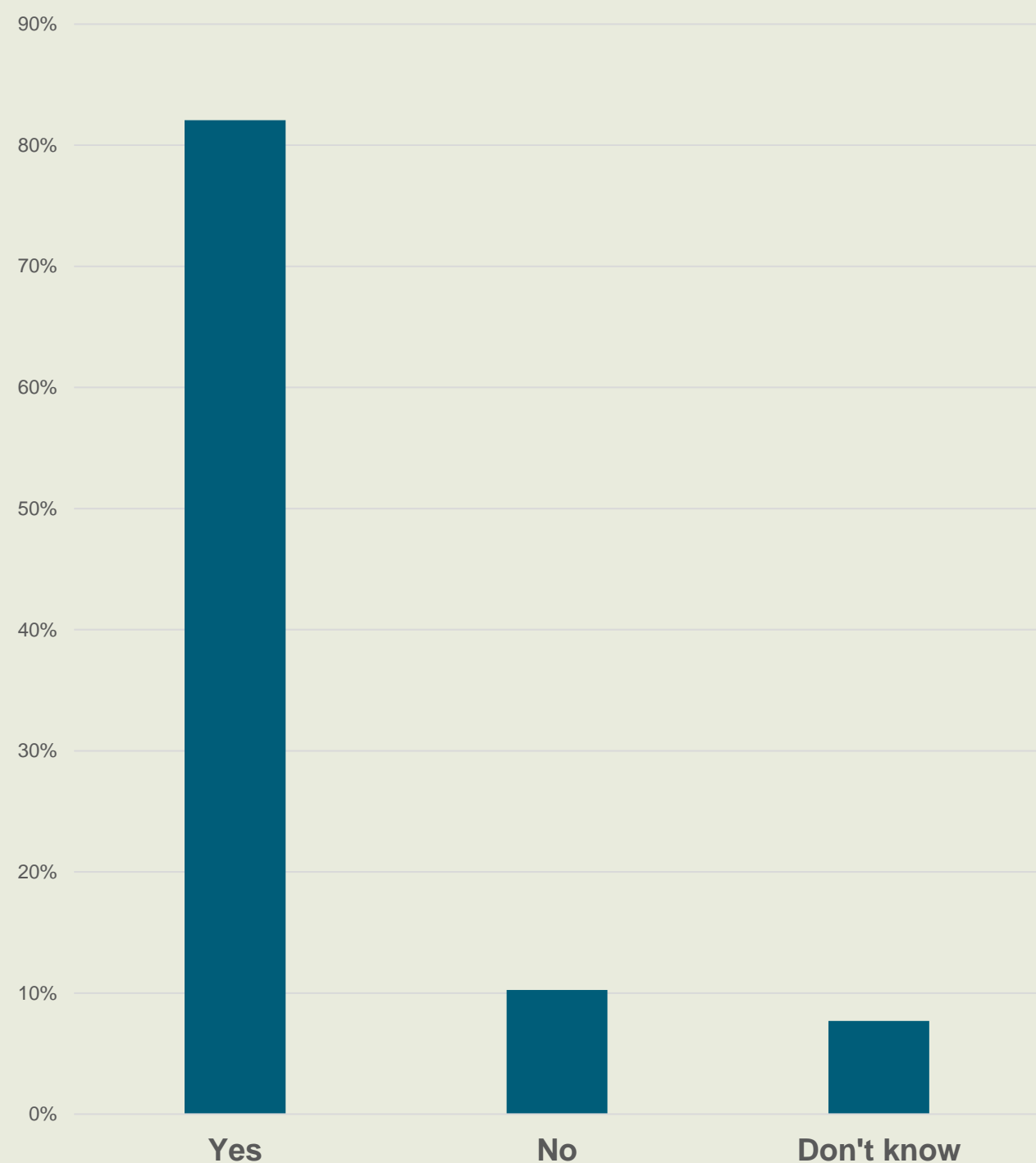


Q3: Do co-operatives need support relating to investment and capital raising to be tailored to their model, purpose and values?

Many respondents that said 'yes', reiterated that co-operatives must take a distinctive approach to capital raising, and equity raising in particular, because of their democratic ownership and governance.

It was suggested that co-operatives need very specialist advice and support services to help them explore their options and raise funds appropriately.

Some respondents explained that very few private and social investors engage with co-operatives and mutuals.



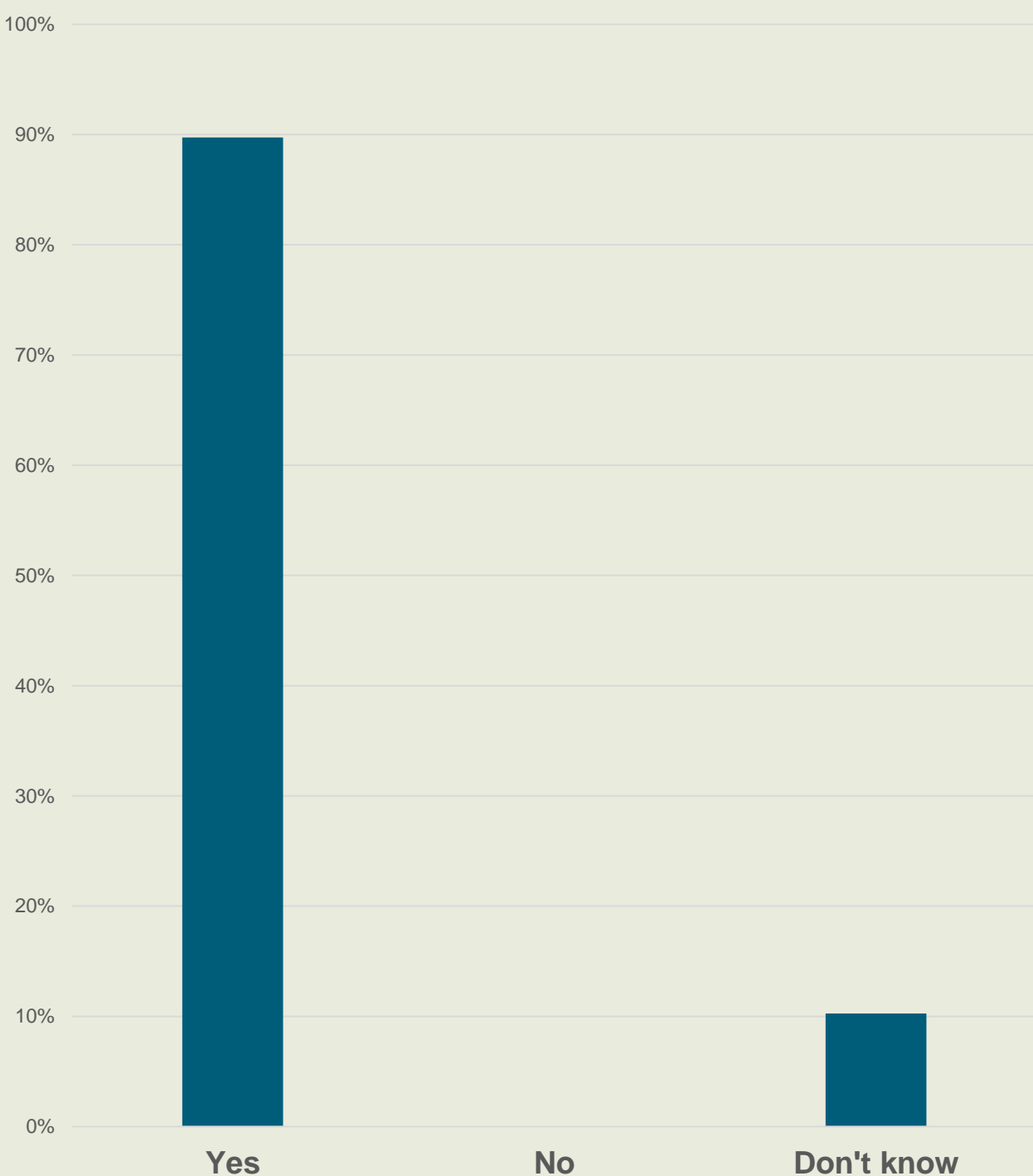
Q4: Do co-operatives need 'scale up' support to be tailored to their model, purpose and values?

A common theme among those who responded 'yes' was that when it comes to scale-up support needs to be tailored to the specific purpose, aspirations, opportunities and needs of a co-operative.

It was noted that co-operative scale-up may need to be more patient, more cautious and more framed by mutual and social purpose than SG agencies are used to.

Because of the need to very tailored and often even bespoke support in this area, it was suggested that peer-to-peer support among co-operatives could be especially impactful

When unpacked, the areas of support in Scottish Enterprise's scale-up offer (investment and capital raising, leadership, innovation, productivity) are ones that co-operatives also tell us they need more tailored support in.

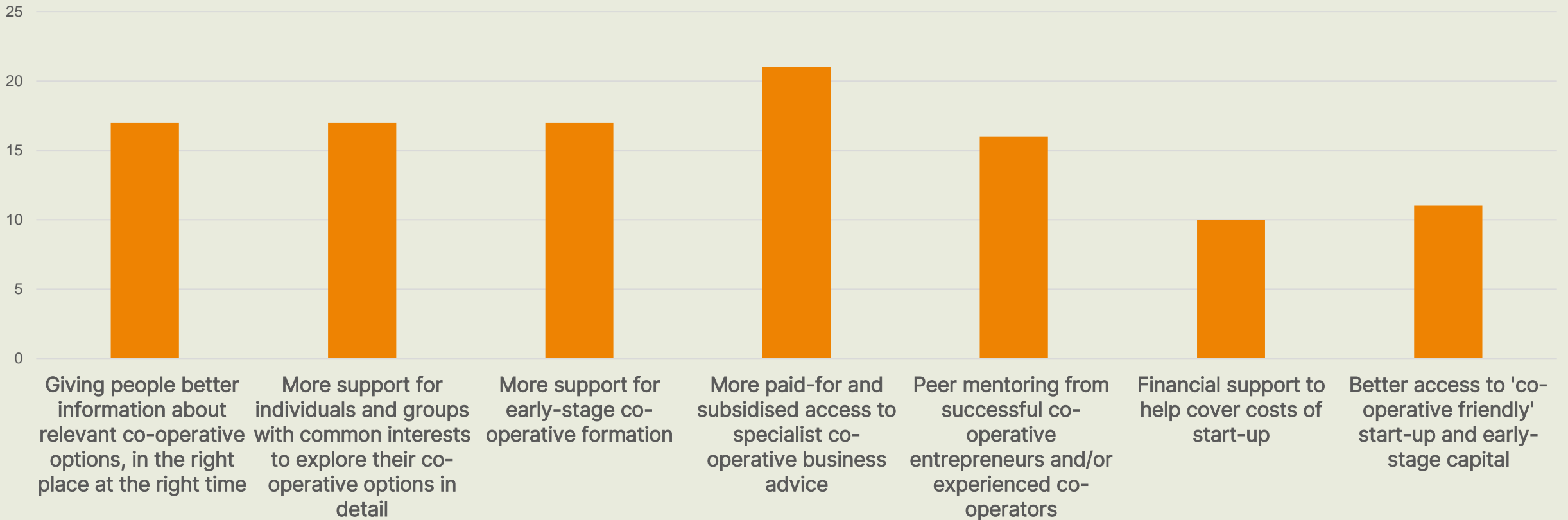


Q5: What could Scottish Government do to improve conditions for co-operative entrepreneurship?

A clear view emerged that interventions to unlock more co-operative entrepreneurship should focus on 'pre-technical' support (awareness raising, outreach, cultural change, support to explore co-operative options), as well as more paid-for and subsidized access to specialist co-operative business advice.

It is notable that peer mentoring was a common priority among respondents.

There is less support for finance-related interventions being critical to co-operative entrepreneurship.



Insights from Cross Party Group on Co-operatives evidence session

Open Data Services Co-operative – on scale-up

Open Data Services Co-operative had grown from 4 to 24 worker-members in a few years and given demand for their services, there was every chance that they could grow to 40 worker-members in the medium term.

The co-operative has ambitions to grow, diversify and invest, but to do so equitably, in a way that maintains its purpose and democratic governance and is in keeping with its values. The potential for more tailored diversification and scale-up support, and mentoring from other co-operatives, were discussed as ways to help achieve this.

Midsteeple Quarter – on consolidation

This community co-operative is relatively new and has a volunteer board, a small staff team and hundreds of members drawn from the local community in Dumfries. It brings property on Dumfries Highstreet into community ownership.

Until it reaches a scale at which revenue from property is sufficient to cover running costs, the co-operative faces challenges in securing revenue grant funding. The funding landscape is not geared to helping such entities through the 'valley of death' and this is holding the co-operative back.

The co-operative also has distinctive challenges with board recruitment and skills, and with member recruitment and engagement. It takes engagement with at least 20 local people to recruit one new member. And the co-operative needs to improve its member offer and utilise its membership model better to achieve its objectives. Progress here is hampered by limited revenue funding and staff time. A huge opportunity to utilize democratic community membership to boost efficacy and impact, is in danger of being under-realized.

Conclusions and recommendations

The views of Scottish co-operatives captured here largely back up and build on insights gleaned from other surveys of co-operative support priorities and other research into the environment for co-operative formation and development in the UK.

Existing co-operatives

Existing co-operatives do need better-tailored support that caters to their distinctive approach in areas like capital raising, organizational development, member recruitment and engagement, and purposeful growth strategy. This becomes most apparent when it comes to scale-up, where purpose, aspirations, opportunities and support needs tend to be very distinctive.

Co-operative entrepreneurship

Efforts to enable co-operative entrepreneurship need to give more focus to 'pre-technical' co-operative development and peer support, as well as technical co-operative business advice.

For new starts, tailored finance support is less of a priority.

For full policy recommendations drawing on this consultation and other insights, see our submission to SG's 2022 Resource Spending Review: <https://www.uk.coop/resources/submission-scottish-government-spending-review-2022>.

About Co-operatives UK

We are the politically independent national association for co-operative businesses. As the voice of the UK's co-operative movement, we empower and support co-operative enterprise with specialised knowledge and expertise, to grow the co-operative economy and create a fairer society.

Find out more at www.uk.coop

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