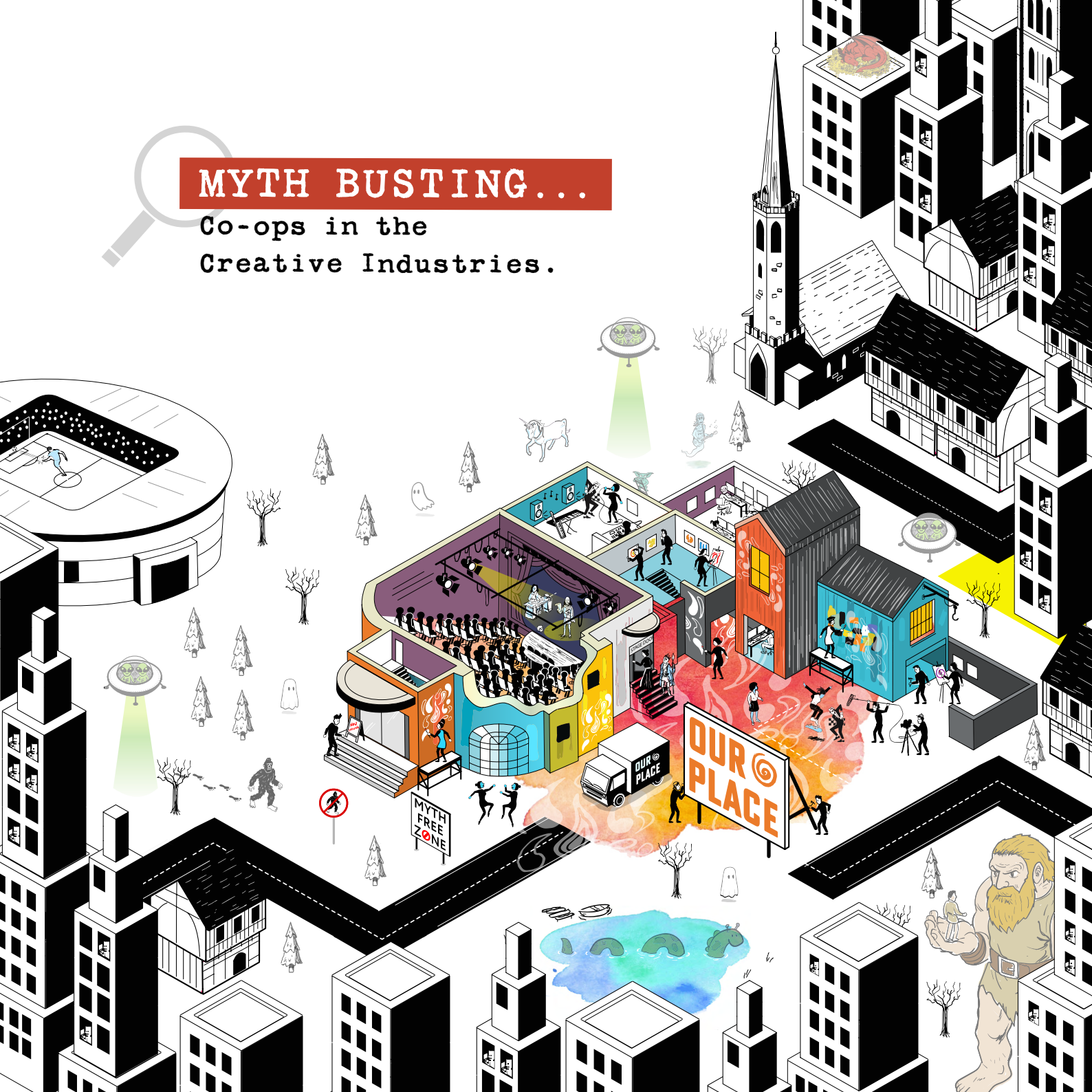


MYTH BUSTING...

Co-ops in the
Creative Industries.





What is a co-operative?

A co-op is a democratic business or organisation that's owned and controlled by the people closest to it, known as its members. Members of a co-op may be freelancers, employees, customers or those who use its services. This makes it different from other kinds of businesses which may be owned and controlled by one or two people, external investors or by shareholders. In a co-op in the creative industries, the creatives can own the organisation and be in control. The precise way in which this works depends on the type of co-op.

Co-ops can be a good option for creatives who want to:

- own their creative output
- own where they work
- work collaboratively to increase opportunities or benefit a community
- generate income from both sales and grants

Examples

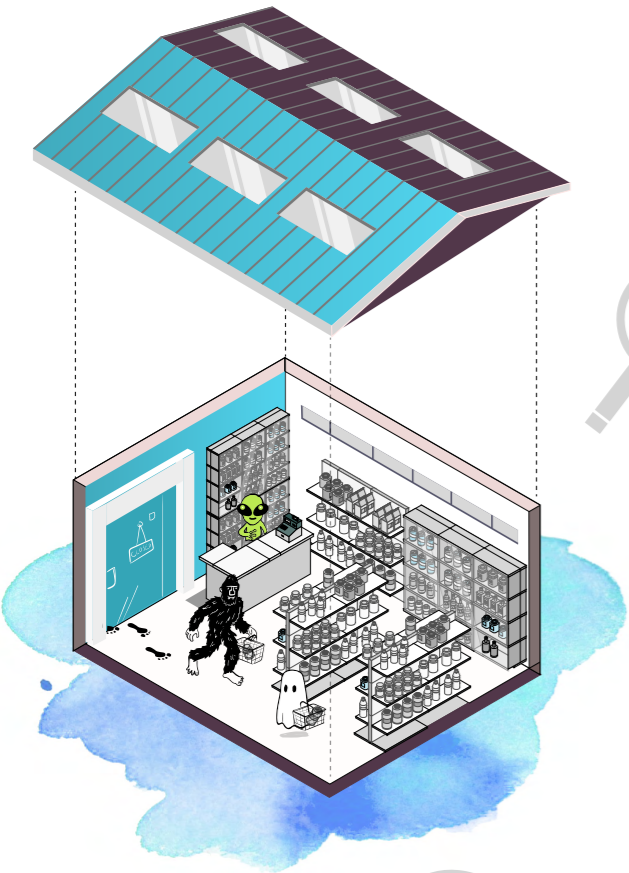
- **Dance Co-operative Birmingham:** a co-op of freelance dance artists that helps them pursue their artistic visions through a CPD programme and shared resources, including studio space
- **The Developer Society:** a not-for-profit co-operative owned and run by its members, who are passionate technologists, creatives and digital specialists with a shared vision of using digital expertise to empower changemakers and mission-driven organisations
- **Stirchley Co-operative Development:** a co-op of co-ops - Artefact Projects, Birmingham Bike Foundry, Loaf Bakery and Cookery School and others own and manage a High Street building for their homes and businesses as a co-operative

Twelve myths about co-ops...

MYTH 1.

Co-ops are just a chain of supermarkets.

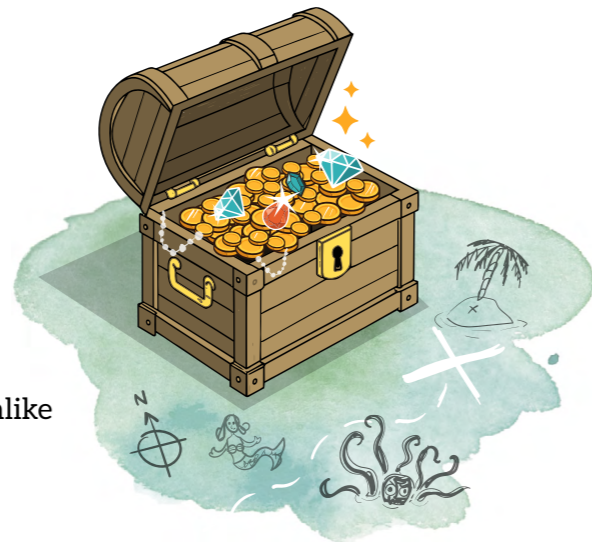
The well-known blue-and-white brand - Co-op Group - that runs supermarkets are but one example of a co-op. Co-ops can be found in the arts, agriculture, finance, housing, energy and finance - in fact every sector right across the world.



MYTH 2.

All co-ops are non-profits.

Co-ops can be for-profit or non-profit. The co-operative difference is that, unlike other organisations, it's the members that decide what happens to profits, depending on the co-op's purpose.



MYTH 3.

Co-ops must be one legal form.

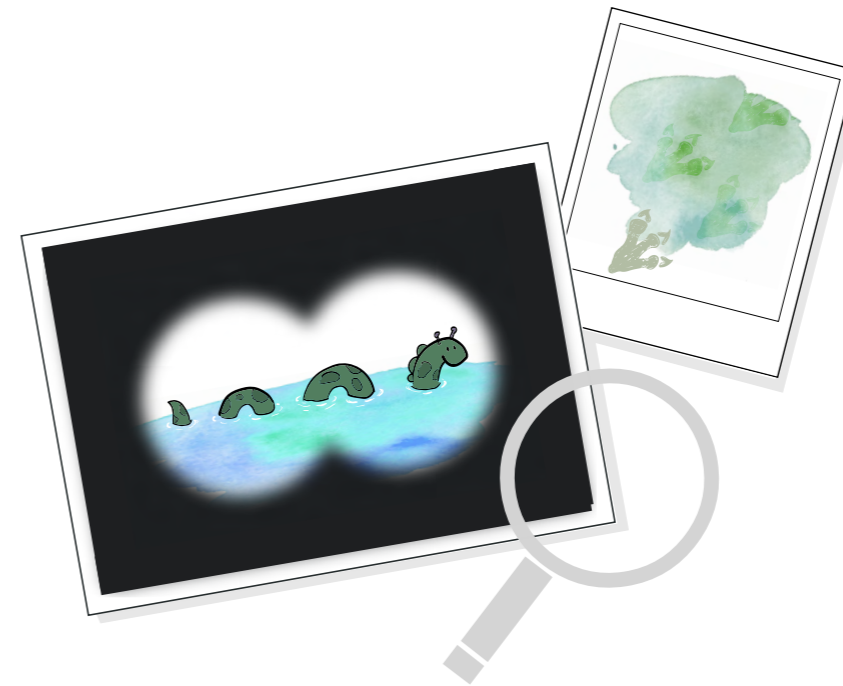
There is no single legal form for co-operatives in the UK. A co-operative is a way of doing things and a layer of governance that can be implemented in plenty of legal forms - private companies limited by guarantee, private companies limited by shares, co-operative societies, community interest companies or community benefit societies to name but a few.



MYTH 4.

Funders can't verify co-ops.

All incorporated co-ops are listed on public online registers, enabling funders to look at governing documents and financial returns. These include Companies House, the Mutuels Public Register (held by the Financial Conduct Authority) or the Charity Commission, depending on a co-op's legal form.

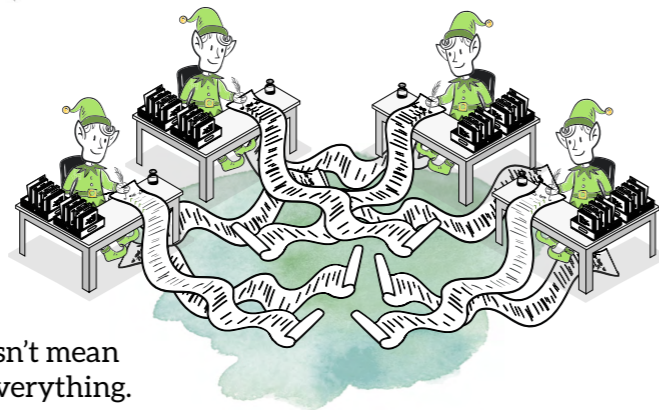




MYTH 5.

Co-ops are unproductive.

The evidence says otherwise. Businesses owned and controlled by the people that work in them are around 10 per cent more productive than other types of business¹ and co-op start-ups are more than twice as likely to survive beyond the first five years as conventional businesses².



MYTH 6.

Co-ops are inefficient and bureaucratic.

Co-ops are democratic but that doesn't mean everyone has to have a say about everything. They can be set up to ensure there's a balance between efficiency and democracy.

¹ People Powered Growth Report, 2023

² Co-operative and Mutual Economy Report, 2025



MYTH 7.

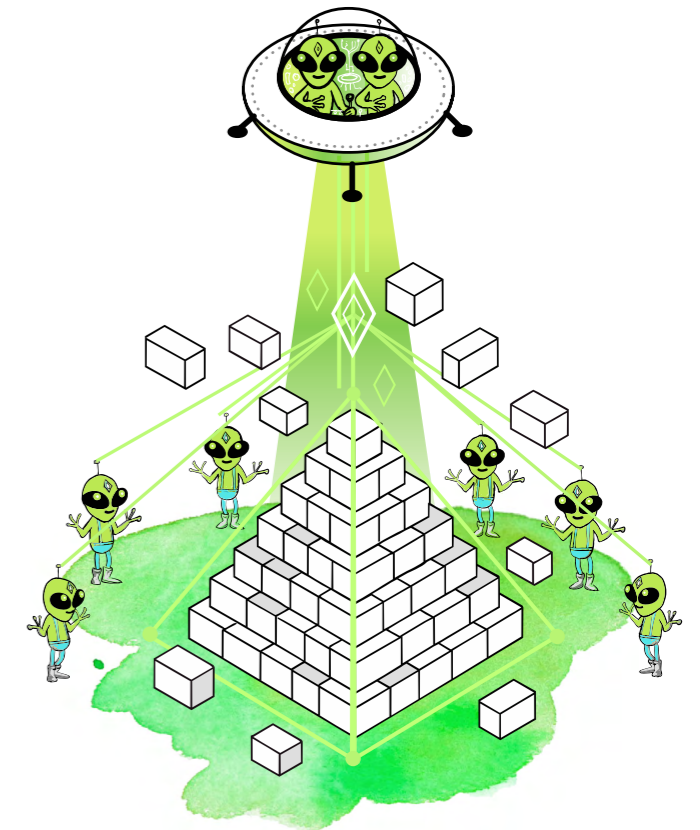
Art is made by committee in a co-op.

Not necessarily. A co-op could appoint a creative director to hold the vision and have the final say, just like any creative endeavour. A co-op needs a committee to run the organisation, but it's not necessary for the committee to have a say in the creative decisions.

MYTH 8.

Intellectual property is owned by the co-op.

Intellectual property, by default, is owned by the creator. It's only passed onto the co-op if there's a contractual agreement, in just the same way that creatives might agree to passing their IP onto employers, producers or studios.





MYTH 9.

Everyone gets paid the same.

Some co-ops have an equal-pay-for-all policy but this is not common. Other co-ops may have a differential pay structure but impose a maximum wage gap ratio between the highest and lowest paid worker.

MYTH 10.

Freelancers can't be in co-ops.

Many co-ops support freelance creatives as members by offering services such as marketing, acting as an agency or providing spaces to work. If the co-op wins a contract, the freelancers can work to fulfil it and invoice the co-op, just as they would any other organisation.



MYTH 11.

You can't scale-up a co-op.

One of the UK's largest retail networks is a co-op. Co-op Group has more than 2,500 stores. The household brands Lurpak and Cravendale have been established by one of the world's largest dairy businesses – Arla, a co-op owned by almost 10,000 farmers.



MYTH 12.

Funders don't make grants to co-ops.



Many funders will make grants to co-ops, provided certain conditions are met. Paying attention to the following will increase your chances of making a successful application.

- Ensure your governance structure is clear and understandable
- Consider having an asset lock – a legal mechanism designed to ensure your organisation's assets will be used for its charitable or community purpose and not for private gain
- Be clear that the activities for which you are applying for funding could be considered charitable, where required, even if your organisation isn't a charity in itself

What funders say about co-ops...

Arts Council England

Can fund co-ops if they are constituted as a CIC, Co-operative Society, Community Benefit Society or Registered Charity. It also funds co-ops that are Private Companies Limited by Guarantee, if they can demonstrate the work will promote the public good. There will be some funding programmes where criterion is more specific.

Heart of England Community Foundation

Only considers co-ops that are formally established as being for public benefit and not-for-profit. Would fund those that are constituted as a CIC, Community Benefit Society or Registered Charity. The governing document needs to state that members, directors or trustees do not benefit financially from the organisation. Profits would need to be reinvested into the organisation. They also need an asset lock.

National Lottery Heritage Grant

Funds owners of heritage assets and not-for profits, whether they are a co-op or not, that connect communities with heritage. Applications must demonstrate how they will save heritage, protect the environment, benefit organisational sustainability, and increase inclusion, access and participation in heritage.



HS2 Community and Environment Fund delivered by Groundwork UK

Can fund co-ops that are formally established as being for public benefit and not-for-profit. The governing document needs to state members, directors or trustees do not benefit financially from the organisation. They also need an asset lock.

HS2 Business and Local Economy Fund delivered by Groundwork UK

Funds co-ops, provided they have an asset lock and the projects are for community benefit.

Paul Hamlyn Foundation

Can provide funds to co-ops if they are used for charitable purposes. Would expect an asset lock to be in place.

Barrow Cadbury Trust

Only funds in very specific areas but can provide funds to co-ops if they are used for charitable purposes and contribute to their programme aims. The clearer the governance framework of the co-op and the closer it is to programme aims, the more likely it is to pass due diligence test.

Esmée Fairbairn Foundation

Can only provide funds to co-ops if they are used for charitable purposes. Like Barrow, the clearer the governance framework of the co-op, the more likely it is to pass due diligence.

Always check with a funder to see what their current funding arrangements are.



Further resources

Co-operatives UK offers advice on setting up co-ops and subsidised support. It also has an online guide: uk.coop/start

Co-operatives West Midlands is the regional body representing and supporting co-operatives, who can also provide subsidised co-op development support to people in the region: westmidlands.coop/support-for-coops



This document is based on a research project by students on an MA in Creative and Media Enterprises, University of Warwick. It was produced by the West Midlands Ownership Hub, a pilot project funded by Power to Change, delivered in partnership with Co-operatives UK, the Employee Ownership Association and West Midlands Combined Authority to stimulate worker and employee-ownership in the creative industries in the West Midlands (2023-25).



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