Consultation Response from Co-operatives UK
September 2014

Community Empowerment (Scotland) Bill

About Co-operatives UK
Co-operatives UK is the national trade body that campaigns for co-operation and works to promote develop and unite co-operative enterprises. We have a unique role as a trade association for co-operatives. We work to promote co-operative businesses across all sectors of the economy – from retail and finance where co-operatives are most recognised to key growth areas such as renewable energy, agriculture and education. Together the co-operative economy is worth some £36.7 billion, is owned by 15.4 million adult members in the UK and has grown by nearly 20 per cent since the start of the credit crunch. Co-operatives UK has 75 per cent of the UK co-operative sector in membership.

1. To what extent do you consider the Bill will empower communities, please give reasons for your answer?

We recognise the positive changes the Bill will make to communities across Scotland, in particular by extending the community right to buy to urban areas and by simplifying the process whereby communities can register and progress their interest.

However, as we detail later on in this response, we would like to see a greater diversity in the structures that communities can use to achieve their objectives. Specifically we want to see the Community Benefit Society structure included as a permitted legal form with the Community Interest Company considered as an option.

It must be recognised though that legislation only creates a framework for community empowerment and the success of the Bill’s aspirations rests largely on whether the support is there to allow communities to take advantage of the provisions.

2. What will be the benefits and disadvantages for public sector organisations as a consequence of the provisions in the Bill?

Our experience tells us that in any co-operative or collaborative action it is necessary for different participants to develop a high degree of mutual trust and understanding. The benefits of greater community involvement in the operation of public services is that the
users of the service can provide a greater level of understanding and feedback in order to continually improve the service.
It is our understanding that in order to achieve this level of mutual trust among community and public sector organisations there will need to be a significant culture change. In terms of the implementation and success of the Bill it is vital that consideration is given by Government as to how to effect this culture change in order to allow community organisations and the public sector to deal with each other as equals and to recognise the strengths each brings to the process.

3. **Do you consider communities across Scotland have the capabilities to take advantage of the provisions in the Bill? If not, what requires to be done to the Bill, or to assist communities, to ensure this happens?**

   Our view is that communities across Scotland have a range of capabilities and are at different stages of development and capacity. Some are dynamic and ready to take on the challenge of having direct control of the assets and services in their community. Others have the desire but need assistance and support to get to this stage.

   A mechanism or programme of peer support between communities, ie those who have already achieved being able to assist those who are starting out on the journey, would help close the gap and build the appropriate knowledge and experience to increase the chances of successful long-term outcomes. It would also assist those successful development organisations by providing them with a possible income stream.

   While this may not be within the scope of the Bill itself it is a key component of the Government action that must support the Bill’s introduction.

4. **Are you content with the specific provisions in the Bill, if not what changes would you like to see, to which part of the Bill and why?**

   Our main concern is that in prescribing the legal form of a ‘community body’ the Bill is overly restrictive, and will simply create legalistic and regulatory barriers in a field full of potential innovation. Being too prescriptive on matters such as legal form tends to have unintended consequences that the public then have to work around.

   The Bill clearly defines the make-up characteristics and purposes required of any legally recognised ‘community body’. We are satisfied that within the parameters this Bill sets out communities will have ample opportunities to work together in ways that are open, accountable and economically viable. At the same time the definition of a community body provides adequate protections against misuse and abuse.

   That said, if policymakers decide to push ahead with restrictions on legal form we would highlight the opportunity to strengthen the Bill by including the right to use the Community Benefit Society (CBS) structure, particularly in reference to Parts 4 (Community Right to Buy) and 5 (Asset Transfer). The inclusion of the option to use a CBS would extend the range of financial options open to communities, primarily through the use of Community Shares, a unique feature of the CBS structure. In this regard including the CBS structure would be entirely consistent with the aims of the Bill and would considerably strengthen it.
Due to their member-based democracy, registered community purpose, access to different forms of finance such as Community Share issues, and asset lock, CBSs are ideal organisational forms for asset transfers. When communities utilise community co-operative models they are an excellent form of community owned and controlled enterprise serving a community purpose. The co-operative principles of collective ownership and democratic member control will empower communities to a great effect.

We recognise that the Bill provides the Minister with power to recognise other forms of 'community body' at a later date through subordinate legislation and we agree with this provision. We believe that at some point in future co-operative societies may also be 'asset locked', and so hope that this power will be used to give communities the option to use this legal form as well.

There is also a case to be made for including Community Interest Companies (CIC) which would provide communities with another legal option to use and potentially broaden the circumstances in which communities are able to take control and operate local assets and services.

5. What are your views on the assessment of equal rights, impacts on island communities and sustainable development as set out in the Policy memorandum?

We see no issue in the Bill that causes concerns in regard to equal rights and have no specific view in terms of the impact on island communities or sustainable development.