

Scottish Parliament, Cross Party Group on Co-operatives

Wednesday 29 May 2013, Press Room P1.02, 6pm.

Annual General Meeting Minutes

1. Attendance
3 MSPs (Willie Coffey, James Kelly, Claudia Beamish), 24 Non-MSP.
2. Apologies
Apologies were received from: MSPs: Jim Hume, John Scott and Non-MSP: Highland Home Carers, Dunira Strategy, Baxi Partnership, GMB Scotland, Paul Farrell and Jim Lee
3. AGM – Appointment of office bearers
 - All co-conveners had indicated their willingness to continue. **Agreed by all.**
 - James Proctor of Co-operatives UK had agreed to take over the secretariat of the group. **Agreed by all.**
4. AOCB – none

Meeting closed at 6.30pm

Notes of CPG Meeting

1. Attendance

3 MSPs (Willie Coffey, James Kelly, Claudia Beamish), 24 Non-MSP.

2. Apologies

Apologies were received from: MSPs: Jim Hume, John Scott and Non-MSP: Highland Home Carers, Dunira Strategy, Baxi Partnership, GMB Scotland, Paul Farrell and Jim Lee

3. Co-operative Development Scotland (CDS) Presentation

Sarah Deas, Chief Executive of CDS, gave a review of the previous year which had been designated the UN Year of the Co-operative. CDS used this to drive the co-operative model forward, launching a Collaboration Prize which generated three successful outcomes:

- excellent winners who were assisted by CDS to create new co-operatives,
- high profile media coverage, and,
- many new contacts who CDS could assist to develop their new co-operative businesses.

CDS discussed the outreach work they were involved in particularly using their Business Ambassadors to showcase the co-operative business model across Scotland, engage with professional advisors directly and, through the Business Gateway service, increase awareness of co-

operative forms of business. Internal research indicated that employee owned businesses outperformed their peers.

CDS use three distinct business models and each speaker discussed one model:

- Carron Tobin from Heart of Argyll Tourism Alliance (Consortium Co-operative)

CDS provided assistance to start the co-operative in 2012 and around 50 member businesses now collaborate to promote tourism in Mid Argyll. The consortium allows a diverse group of businesses to get involved and the democratic model ensures there's an equal say with no dominant member.

- Dick Philbrick of Clansman Dynamics (Employee Ownership)

Since transferring the company to employee ownership there has been a steady increase in the workers involvement in the business. They had gone from joint meetings where nothing was asked to vibrant meetings where every aspect of the business was discussed. In an engineering business it is important to have long-term patient capital that isn't under pressure to create an immediate financial return and the employee ownership structure allows this organic growth to happen.

- Sarah Deas discussing Harlaw Hydro (Community Co-operative)

Harlaw Hydro is a community energy project which will generate income by providing power to the National Grid from a small hydro-electric generator at Harlaw Reservoir near Balerno. Using a Community Share issue the co-operative has raised around 77% (£240,000) of the finance required to go ahead with the project.

In closing it was pointed out that CDS had a small core team with access to a wider range of advisors with which to help people develop their plans. In general Scotland was ahead of the UK average in terms of employee ownership. There are three main areas CDS focus on:

- Consortium Co-ops to bring economies of scale in strategic areas,
- Employee Ownership where they wanted to see a substantial increase, and,
- Community Shares issues to directly finance co-operatives.

4. Question & Answer with CDS

There was a wide ranging discussion on the areas CDS covered. Two main themes of this discussion were finance and education/awareness.

Access to finance was seen as a particular consideration for co-operative businesses. Retained earnings were important to grow the business as debt or share capital is difficult to access. The traditional banks often show little understanding of the co-operative form of business meaning that they are not keen to provide debt finance despite businesses often having strong profits and earnings. In this way co-operatives are at a disadvantage to other business ownership models despite their strong performance. This has consequences for expanding the co-operative model.

Restrictions in the amount of share capital any one investor could subscribe in a co-operative (currently £20,000) means it's difficult to get start-up capital which also impacts on the amount that can be borrowed overall.

It was pointed out that other European countries were ahead of Scotland in this respect with France having a large co-operative banking sector and Germany's regional banks being more responsive.

The Scottish Government had recently published a Banking Strategy and this would be examined for its impact on the issues raised in the discussion.

Work is also ongoing with the UK Government to re-draft legislation underpinning co-operatives (Industrial and Provident Societies) which would hopefully lead to the £20,000 limit being raised.

The other main theme of education covered both the knowledge of professional advisors (lawyers, accountants, etc) and the information given about co-operative forms in secondary and higher education. It was pointed out that no UK University offered a Masters qualification in Co-operative business and that at secondary school level very little reference to co-operatives was made.

5. Co-operatives Fortnight

It was noted that Co-operatives Fortnight was taking place from 22 June to 6 July and would be supported by many local activities. A collaborative film to promote the event had been produced by Media Co-op.

Co-operative Congress was being held in Cardiff over three days(27,28 & 29 June) and all were invited to attend.

6. News and Updates from Co-operative Sector

It was noted that Easthall Park Housing Co-operative had won the UK small social landlord of the year award at the Chartered Institute of Housing awards and congratulations were extended to the co-op.

Owenstown, the planned co-operative town development, are awaiting planning decisions which would determine the next step in the project.

7. AOCB

No other business was put forward.

8. Date of Next Meeting

The next meeting was provisionally agreed for September 2013, early in the next session of business in the Scottish Parliament. Details of a firm date, time and subject would be circulated closer to the time.