

Minutes

Cross Party Group on Co-operatives

24 January 2022, Online

Attendees

CPG members: Paul Sweeney MSP, Claire Baker MSP, Colin Smyth MSP

Others: James Wright (Co-operatives UK), Rose Marley (Co-operatives UK), Stephen Gill (VME Co-op), Jack Lord (Open Data Services Co-operative), Alison Macleod (Midsteeples Quarter), other stakeholders from the co-operative sector in Scotland

1. Introductions and welcome

James Wright (Head of Policy, Co-operatives UK) welcomed people to the meeting. Rose Marley (Chief Executive, Co-operatives UK) thanked everyone for giving their time to the Cross Party Group (CPG) and offered the support of Co-operatives UK in whatever the CPG decides to do.

Paul Sweeney MSP (CPG Convenor) set out his ambitions for what the CPG could work on and achieve.

2. VME Co-op

Stephen Gill (Chief Executive, VME Co-op) gave an overview of VME as a business and how it has transitioned over time into a democratic worker co-operative, using the Employee Ownership Trust (EOT) model.

Stephen suggested that helping more existing businesses to convert into co-operatives would be a great way to grow the co-operative economy on Scotland.

He explained that under current tax rules the EOT was the only viable vehicle for most employee buyouts, but that most EOTs do not create true co-operatives. The EOT model also does not lock in employee ownership.

VME has pioneered a 'co-operative EOT' but advisors in Scotland need to be encouraged to offer this as an option to businesses. Stephen suggested that Scottish Government could provide businesses with £50,000 grants to pay for professional advice on using a 'co-operative EOT' model that can lock in employee ownership and keep ownership routed in Scotland. Such grants would drive interest in the model among businesses and advisors.

Stephen also suggested that the sector should lobby to amend the employee ownership tax relief so that it can apply to worker co-operatives as well as EOTs.

Claire Baker MSP asked Stephen to circulate a note on his proposals and suggested that the Co-operative Party at a UK level could raise the issue of employee ownership tax reliefs.

Paul Sweeney MSP said there should be efforts to change the political economy of Scotland to reduce levels of foreign ownership of Scottish businesses

Action: Note on Stephen Gill's proposals to be circulated to CPG members.

Action: CPG to consider how to raise tax issues with UK government.

3. Open Data Services Co-operative

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

Open Data Services 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, and mentoring from other co-operatives, were discussed as ways to help achieve this.

Jack also suggested that Scottish Government should be doing more to promote and support tech co-operatives and to recognise and promote the creation of digital assets for the public good.

4. Midsteeple Quarter

Alison Macleod (Midsteeple Quarter) summarised the community ownership model their community benefit society is creating, which brings property on Dumfries Highstreet into community ownership and brings together local people and small businesses.

The society has a volunteer board, a small staff team and hundreds of members.

Through community ownership, the society seeks to tackle high street challenges in a unique way, having a positive impact that local government and businesses alone cannot.

Alison report that while the society has been successful so far in raising the capital grant funding it needs to acquire and develop property, it is very challenging to get the revenue grant funding it needs to maintain an effective, professional operation in the short-medium term. Longer-term, revenue from property should be sufficient. Grant funding is currently inflexible for what the society is trying to do and this holds the society back.

Alison also reported challenges with board recruitment and skills. The society has received very good governance support from DTAS but this does not mean people in the membership and community come forward.

Alison also reported challenges with member recruitment and engagement. It takes engagement with at least 20 local people to recruit one new member. And the society 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.

The current difficulties in using the Community Right to Buy in urban communities was discussed.

Claire Baker MSP highlighted the relevance of Midsteeple Quarter to the Economy and Fair Work Committee's inquiry into town centres and retail.

5. Any other business

Action: Invite Engergy4All to future CPG wo talk about its new arrangement for community energy involvement in offshore wind.

Action: CPG and Co-operatives UK to explore an in-person event and exhibition in Parliament to engage more MSPs on co-operatives.

Action: Explore a Scottish Government visit to Mondragon in Spain to give them a sense of the potential of co-operatives.